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Public Financial Management Reforms Programme

Programme Operational Manual

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Programme Operational Manual

Public Financial Management Reforms Programme

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LIST OF ACRONYMS AND ABBREVIATIONS

AIE	: Authority-to –Incur Expenditure
CBK	: Central Bank of Kenya
CoB	: Controller of Budget
CoG	: Council of Governors
CRA	: Commission on Revenue Allocation
DN	: Delivery Notes
DP(s)	: Development Partner(s)
EFT	: Electronic Funds Transfer
FMR	: Financial Monitoring Reports
GFSM	: Government Financial Statistics Manual
GoK	: Government of Kenya
GRN	: Goods Received Note
IBEC	: Inter-Governmental Budget and Economic Council
ICTA	: Information Communication Technology Authority
IFMIS	: Integrated Financial Management Information System
JTC	: Joint Technical Committee
KERP	: Kenya External Resources Policy
KRA	: Kenya Revenue Authority
LPO	: Local Purchase Order
MDAs	: Ministries Departments and Agencies
MoPSYG	: Ministry of Public Service, Youth and Gender
MTEF	: Medium Term Expenditure Framework
NCBF	: National Capacity Building Framework
NT	: National Treasury
NT&P	: National Treasury & Planning
OAG	: Office of the Auditor General
OSR	: Own Source Revenue
PC	: Programme Coordinator
PFM	: Public Financial Management
PFMR	: Public Financial Management Reforms
PFMRS	: Public Financial Management Reforms Secretariat
PFM-SWG	: PFM Sector Working Group
POM	: Programme Operational Manual
PPARB	: Public Procurement Administrative Review Board
PPRA	: Public Procurement Regulatory Authority
PSASB	: Public Sector Accounting Standards Board
PV	: Payment Voucher
RMD	: Resource Mobilisation Department
SAGAs	: Semi-Autonomous Government Agencies
SC	: Steering Committee
SOEs	: Statement of Expenditures
TA	: Technical Assistance

1.0 INTRODUCTION

The Chapter sets the context for the rest of the chapters. It also provides the programme objectives, themes, scope, and objectives of the manual.

Context and Background

The Public Financial Management Reforms (PFMR) Strategy 2018-2023 notes that over the past 20 years the Government of Kenya (GoK) has invested significantly in the policies, laws, systems, institutions, and capacity of public officials to improve public financial management (PFM). Significant investments have been made in the recent past especially under the PFMR Strategy 2013-2018 to translate the provisions of the 2010 Constitution into reality. The milestones achieved include the enactment of major PFM legislation for national and the county governments; the Integrated Financial Management Information System (IFMIS) has been rolled out to all Ministries, Departments and Counties; accounting standards have been established, financial reporting has improved with timely and consolidated financial statements prepared; revenue mobilisation has improved, and the Public-Private Partnership policy has been implemented. Fiscal devolution has also been achieved by establishing revenue sharing arrangements, a system of fiscal transfers, and inter-governmental institutions for facilitating the process.

Despite the successes, the reforms have faced various setbacks, recently validated through studies and analytical work carried out during the formulation of the PFMR Strategy 2018-2023.

Considering this context, the PFMR Strategy 2018-2023 has been developed with the following vision and overall objective:

Strategic Vision:

‘A public finance management system that is efficient, effective and equitable for transparency, accountability, and improved service delivery’.

Overall Strategic Objective:

“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 PFMR Strategy 2018-2023 focuses on eight (8) result areas as follows:

- **Results Area 1:** Sustainable and predictable fiscal space to deliver government programs;
- **Results Area 2:** Strategic and transparent spending on public investment and service delivery in line with national and county policy commitments;
- **Results Area 3:** Reliable cash for service delivery and public investment;
- **Results Area 4:** Value for money in procurement and contract management;
- **Results Area 5:** Value for money, performance & accountability in staffing for service delivery;
- **Results Area 6:** Education Institutions, health, and other service facilities effectively manage public resources;
- **Results Area 7:** Disciplined financial management and accurate reporting; and
- **Results Area 8:** Accountability delivered through audit, oversight and follow up.

Arising from the lessons learnt during the implementation of the PFMR Strategy 2013-2018 and the aspirations of the PFMR Strategy 2018-2023, it became prudent to develop an Operational Manual for the Public Financial Management Reforms Programme. The Programme Operational Manual (POM) is instrumental in supporting the implementation of the PFMR Programme.

1.2 Programme Objectives

The overall objective of the PFMR Strategy 2018-2023 is to support and promote transparency, accountability, equity, fiscal discipline, and efficiency in the management and use of public resources for improved service delivery and economic development

1.3 Themes and Implementing MDAs

The implementing MDAs engaged in the PFMR programme are grouped into six (6) broad technical themes aligned with the strategy, and for administrative purposes, as follows:

- Aggregate Fiscal Management, Public Investment, Planning and Budgeting;
- Financial Management and Procurement;
- External Audit and Oversight;
- Revenue Mobilization and Inter-Governmental Fiscal Relations;
- Human Resource Management and Payroll; and
- Strengthening PFM Coordination in MDAs and Counties.

Table 1: National MDAs Participation in Result Areas by Theme

Theme and MDAs	RESULTS AREAS							
	RA1	RA2	RA3	RA4	RA5	RA6	RA7	RA8
	Sustainable Fiscal Space	Budgeting	Reliable funding	Procurement	Consolidated HR data	Service Delivery	FM and reporting	Audit Oversight
Aggregate Fiscal Management, Public Investment, Planning and Budgeting								
Macro & Fiscal Affairs Department	✓	✓	✓					
Debt Policy, Strategy & Risk Management Department	✓	✓	✓				✓	
Resource Mobilization Department	✓	✓	✓				✓	
Central Bank of Kenya	✓		✓		✓			✓
Budget Department	✓	✓	✓	✓	✓	✓	✓	
Controller of Budget	✓	✓	✓	✓		✓	✓	✓
State Department of Planning	✓	✓	✓			✓		
PIM Unit		✓		✓		✓		
Public Private Partnership Unit		✓				✓		
Government Investment & Public Enterprises Dept	✓	✓				✓	✓	
National Assets & Liabilities Management Dept	✓						✓	

Theme and MDAs	RESULTS AREAS							
	RA1 Sustainable Fiscal Space	RA2 Budgeting	RA3 Reliable funding	RA4 Procurement	RA5 Consolidated HR data	RA6 Service Delivery	RA7 FM and reporting	RA8 Audit Oversight
Financial Management and Procurement								
Accounting Services Department			✓	✓		✓	✓	✓
Internal Audit Department								✓
IFMIS Department	✓		✓	✓	✓	✓		
Public Sector Accounting Standards Board					✓	✓	✓	✓
Public Procurement Department			✓	✓	✓	✓	✓	✓
Public Procurement Regulatory Authority				✓				
Kenya Institute of Supplies Management				✓				
Government Digital Payments	✓		✓					
External Audit and Oversight								
Office of the Auditor General							✓	✓
Parliamentary Budget Office	✓	✓						
Public Accounts Committee		✓			✓	✓		✓
Public Investments Committee		✓			✓	✓		✓
National Parliament	✓	✓						✓
Revenue Mobilization and Inter Governmental Fiscal Relations								
Kenya Revenue Authority (KRA)	✓		✓					
Inter-Governmental Fiscal Relations Department	✓	✓	✓			✓		
Commission on Revenue Allocation	✓	✓						
Council of Governors	✓	✓	✓	✓	✓	✓	✓	✓
Human Resource Management and Payroll								
Ministry of Public Service, Youth & Gender	✓				✓			
Public Service Commission	✓				✓			
Salaries and Remuneration Commission	✓				✓	✓		
Teachers Service Commission	✓				✓	✓	✓	✓
Public Service Performance Management Unit					✓			
Pensions Department	✓				✓			
PFM Coordination in MDAs and Counties								
PFMR Secretariat	✓	✓	✓	✓	✓	✓	✓	✓
Support to Counties	✓	✓	✓	✓	✓	✓	✓	✓
IBEC Nominated Counties	✓	✓	✓	✓	✓	✓	✓	✓
Intergovernmental Relations Technical Committee	✓	✓	✓	✓	✓	✓	✓	✓
Line Ministries, Departments and Agencies	✓	✓	✓	✓	✓	✓	✓	✓

Table 2: County MDAs Participation in Results Areas

	RESULTS AREAS							
	RA1	RA2	RA3	RA4	RA5	RA6	RA7	RA8
	Sustainable Fiscal Space	Budgeting	Reliable funding	Procurement	Consolidated HR data	Service Delivery	FM and reporting	Audit Oversight
Theme and County MDAs								
Aggregate Fiscal Management, Public Investment, Planning and Budgeting								
Budget Department	✓	✓						
Macro & Fiscal Planning						✓		
Financial Management and Procurement								
Accounting Services Department		✓					✓	
Internal Audit Department		✓						✓
IFMIS Department	✓	✓	✓	✓	✓	✓	✓	✓
Public Procurement Department								
External Audit and Oversight								
County Assembly	✓				✓			✓
Office of the Governor	✓				✓			✓
Revenue Mobilization and Inter Governmental Fiscal Relations								
Kenya Revenue Authority (KRA)	✓	✓						
County Revenue Boards	✓	✓						
Human Resource Management and Payroll								
Public Service Administration and Legal Affairs	✓				✓			
County Public Service Board	✓				✓			
PFM Coordination in MDAs and Counties								
Semi-Autonomous Government Agencies	✓	✓		✓		✓	✓	
Line Department	✓	✓	✓	✓	✓	✓	✓	✓
Service Facilities						✓		
Legal and Institutional Frameworks								
County Assembly	✓				✓			✓

1.4 Scope, Objectives and Users of the POM

The POM provides overall guidance in the implementation of the PFMR Programme. The manual incorporates policies and procedures of the existing programs including GESDeK. The POM should be read together with all other Programme documents and manuals including the PFMR Strategy, the GESDeK Programme Operational Manual, and PFM policies, procedures, and guidelines.

The objective of the POM is to guide implementing MDAs and Counties on PFMR Strategy 2018-2023 and the basic procedures of project implementation.

The POM shall achieve the following broad objectives:

- Guide the implementing MDAs and the Secretariat in accessing, utilizing and accounting for the Programme funds;
- Serve as a reference and training resource on the Programme to the Implementing MDAs; and
- Serve as a guide for Consultants, Development Partners and other stakeholders who may wish to understand or evaluate the Programme's operational procedures.

Specific objectives to be achieved include the following: -

- Improve implementing MDAs and counties capacity in project management;
- Improve accountability in managing Development Partners' resources;
- Improve the operating environment for long term sustainability of the Programme;
- Improve the MDAs financial and programme management performance;
- Strengthen the MDAs reporting arrangements;
- Strengthen the communication arrangements for the Programme; and
- Determine the MDAs goals, objectives, and work to achieve these objectives.

Specific users of the manual include: -

- Implementing MDAs, as per **Table 1** and **Table 2** in **Section 1.3** of this manual and the PFMR Secretariat as the Coordinating Unit;
- Consultants and service providers in areas such as management, training, and technical assistance support;
- Development Partners supporting PFMR Programme activities;
- Internal Auditor General and the internal auditors of the Implementing MDAs;
- Office of the Auditor General; and
- Other External Auditors as may be appointed by the Office of the Auditor General in consultations with Development Partners.

1.5 Structure of the Programme Operational Manual

This manual is organized into the following chapters:

- Chapter 1: Introduction
- Chapter 2: Institutional and Implementation Arrangements
- Chapter 3: Planning and Budgeting
- Chapter 4: Banking, Disbursement and Receipting Arrangements
- Chapter 5: Procurement Arrangements
- Chapter 6: Payment Procedures
- Chapter 7: Assets Management
- Chapter 8: Accounting and Reporting Policies and Procedures
- Chapter 9: Auditing and Oversight Arrangements
- Chapter 10: Training and Capacity Development Guidelines
- Chapter 11: Communication Arrangements
- Chapter 12: Compliments and Complaints Handling
- Chapter 13: Monitoring and Evaluation Arrangements; and
- Annexes

1.6 Amendments to the Operational Manual

The POM shall be reviewed and refined in consultation with relevant stakeholders. The manual shall be reviewed by the Secretariat in consultation with the Joint Technical Committee (JTC), at least every three years or as and when the need arises.

2.0 INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

This section focuses on the institutional and implementation arrangements for the Programme in line with the PFMR Strategy 2018-2023. It identifies the various institutions involved in the implementation of the Strategy and their roles.

2.1 Result Teams

Each results area involves a complementary set of PFM results focused on addressing a core PFM challenge. Achievement of the results requires coordinated actions from more than one MDA. Result Teams, organized around result areas, comprising of MDAs and Counties are responsible for implementing and achieving specific results.

The main tasks of the result teams include developing a collective understanding of the challenges; identifying the changes required to deliver success and MDAs responsible; coordinating the collective implementation of the activities; and prepare progress reports.

Result teams include, but not limited to, a core membership of technical officers from implementing MDAs, and a member of the Secretariat. In addition, representatives of service delivery MDAs, technical advisors, and Development Partners may be included. Where necessary, county representation is included and coordinated through the Council of Governors (CoG) Secretariat. The Result teams have a lead MDA responsible for the delivery of results. Result Team members are appointed by the Accounting Officer of the respective implementing MDAs. Result teams may form a working sub-committee to deliver specific results.

2.1.1 Lead Ministries, Departments and Agencies

Lead Ministries, Departments and Agencies

Broadly, the achievement of specific Strategy results requires coordination by different implementing MDAs. The MDAs will carry out the activities to ensure the delivery of PFM results. The MDAs are responsible for a) ensuring activities important for delivering results are reflected in departmental work plans b) resources are allocated to the activities, c) implementing the activities and d) reporting on the achievement of activities to the result teams.

Each result area has lead implementing MDAs responsible for the delivery of the results, reporting on the achievement, and providing supporting evidence that the results have been achieved.

Beyond the achievement of the Strategy results which are focused on a limited number of challenges, implementing MDAs are custodians of the functioning of the entire PFM system. Implementing MDAs have important responsibilities including:

- Capacity building in their areas that includes: a) development and updating of the core curriculum; b) dissemination and support to any changes in policies and systems; and c) routine capacity building.
- Implementing other policy, process and system strengthening activities not directly related to the Strategy results, but important for the enhancement of the underlying PFM system.

- Preparing, implementing, and reporting on annual PFMR work plans which include: a) activities to deliver the Strategy results; b) other PFM reform activities not directly related to Strategy results; and c) capacity building activities.

2.1.2 Reform Authorizers

They comprise of technical leadership and senior management of the institutions comprising of the implementing MDAs and Counties which provide the oversight of reforms and ensure that they are being implemented as intended. If the Reform Authorisers are to play this role effectively, it is necessary that during implementation they are involved in reviewing:

- The Key PFM results commitments under the Strategy;
- The progress in achieving the results; and
- Issues in implementation which require their attention and action.

2.1.3 MDAs, Counties and Broader Coalition

MDAs and Counties either contribute to the achievement of PFM results through implementing PFM systems reform (e.g., implementing the e-procurement system), or are beneficiaries of PFM results achieved by other institutions (e.g., increased domestic revenues and more reliable cash). The Strategy results are focused on MDAs and counties that are responsible for the delivery of public investments and services, and associated expenditures related to investment and service delivery. Other stakeholders are also important in the achievement of some results, for example, the Parliament, County Assemblies, the private sector, and civil society groups.

2.2 Coordination across Result Teams and implementing MDAs and Counties

The Strategy implementation will be undertaken by MDAs and Counties with reform activities agreed and progress discussed in Result Teams comprised of MDAs. The implementing MDAs are coordinated by the Secretariat and report through the JTC, SC, and the PFM Sector Working Group. This structure includes stakeholders at both national and county government levels and Development Partners with the Secretariat as the coordinating unit.

2.2.1 The PFMR Joint Technical Committee (JTC)

The PFMR Joint Technical Committee provides technical guidance to strategy implementation and facilitates cooperation and collaboration among the various implementing MDAs.

- **Functions:** Coordination of result teams, and consolidation of quarterly Results Area PFM Reform Matrices, consolidation and review of annual Strategy work plans, resource allocation to achieve Strategy results before submitting for approval to the Steering Committee and consolidation of annual Strategy reports; agreement of technical actions to address implementation issues.
- **Meetings:** The JTC will meet at least twice a year, aligned to the second and fourth quarterly of the Result Teams, and the meetings will be chaired by the PFMR Secretariat Coordinator.
- **Composition:** Comprises of members of the result teams; Development Partners; and members of the PFMR Secretariat. The secretariat of the JTC shall be the PFMR Secretariat.

The JTC may form subcommittees to handle specific crosscutting and coordination issues with relevant technical staff rather than the full JTC. For example, a systems technical sub-committee

would deal with the integration of systems and a capacity building technical sub-committee would deal with coordinating capacity building activities.

2.2.2 The PFMR Steering Committee (SC)

The PFM Steering Committee is the key authorizing and decision-making organ for the Strategy in charge of the strategic direction and the provision of oversight and guidance on the delivery of the results.

- **Functions:** Providing the authorizing environment for achieving reform implementation and functional change; ensuring cooperation across implementing MDAs; reviewing progress on achievement of the strategy results and agree to follow up actions using the reforms matrix; reviewing and approving consolidated annual strategy work plans and progress reports.
- **Meetings:** The Committee meets at least twice a year. The decisions made by the Steering Committee are final and are implemented by the relevant PFM stakeholders and the PFM Secretariat.
- **Composition:** The PFM Steering Committee is chaired by the PS National Treasury and comprises of: PSs responsible for Devolution, Planning, Public Service; Heads of implementing departments, NT; CEOs of PSC, KRA SRC, CRA, CoG, ICTA, TSC; Auditor General; Office of CoB; the PFM Development Partners Group (PFM DPG), the PFMR Secretariat and any other relevant MDA by invitation.

2.2.3. The PFM Sector Working Group

The PFM Sector Working Group is a forum for dialogue that meets at least once a year to discuss PFM reforms policy issues.

- **Functions:** Providing the engagement with the Government leadership and reform authorizers for achieving reform results; reviewing progress on achievement of strategy results and providing guidance and validation on follow up actions developed by the Steering Committee; policy dialogue, broad consultation, information sharing and coordination among key stakeholders in line with the Kenya External Resources Policy (KERP); alignment of development partners' activities with government PFM priorities including consideration of the Partners' strategies; promotion of mutual accountability in management of PFM policies; promotion of consensus building on funding practices to ensure transparency and predictability of external assistance; facilitation of resource mobilization towards sector programmes and projects; promotion of harmonization and simplification of external assistance implementation procedures including procurement, accounting and financial reporting in line with KERP promotion and support of the use of country PFM systems in implementation of donor funded projects and programmes.
- **Meetings:** The PFM SWG meets once a year. The decisions made by the SWG are final and are communicated through the Steering Committee to be implemented by the relevant PFM stakeholders and the PFM Secretariat.
- **Composition:** The PFM SWG is chaired by the CS National Treasury & Planning and comprises of the CSs from implementing MDAS and members of the Steering Committee.

2.2.4 Complementary Coordinating Forums

Individual institutions are responsible for ensuring the coordination of reforms across MDAs within their organizations through senior management meetings and other relevant forums.

2.2.5 The PFMR Secretariat

The PFMR Secretariat is responsible for: -

- coordination of implementation including action planning, work planning, reporting and M&E across result teams. It provides technical support in programme management. The Secretariat communicates the reforms to stakeholders in line with the PFMR Communications Strategy.
- collecting M&E data for reforms and coordinating the reporting and verification of results. The Secretariat ensures that the capacity for the MDAs and Counties is built for effective and efficient monitoring and evaluation. In its role as Chair of the Joint Technical Committee and Secretariat to the Steering Committee, the Secretariat compiles reports for authorizers on the status of results and key steps and prepare annual progress reports on PFMR results. The Secretariat consolidates MDAs annual work plans and,
- coordinating financial management with respect to reform activities and DP support. The Secretariat helps to ensure that Strategy timelines are adhered to.

2.2.6 Development Partners

The Development Partners are involved in the following: -

- **Dialogue on PFM Reform:** This is led by the Chair PFM Development Partners Group supported by DP thematic leads. The dialogue focusses on achievements of key PFM Strategy results, formally through the PFMR Steering Committee and Joint Technical Committee and through interactions with result teams and lead MDAs.
- **Financial support to Strategy implementation and capacity building:** There are three broad categories of this support. First, budget support linked to the achievement of Strategy results is the preferred modality from the perspective of the Government of Kenya, as this gives greater flexibility to achieve the results in line with the Strategy. Secondly, direct support towards Strategy implementation channelled via the Secretariat, and support to the implementation of MDAs work plans. This still provides flexibility and transparency in the allocation of resources and expenditures. Thirdly, DPs may provide direct project support to implementing MDAs and Counties. However, the details of the support are to be provided to the Secretariat to ensure comprehensive reporting of reforms.
- **Complementary flexible support for reform facilitation:** Using this channel, DPs aim to support behavioural change through a problem based, collaborative and iterative approach to reform implementation. Support is focused on result teams and the Secretariat. The support is expected to be flexible, responsive, and timely and in the form of parallel provision of TA.
- The PFMR Secretariat and the PFM DPG Group, coordinate DP support to ensure complementarities and alignment with the Strategy.

3.0 PLANNING AND BUDGETING

3.1 Context

The chapter guides the various PFMR actors in their planning and budgeting activities as they implement the various strategic activities.

The various principles outlined in the Constitution of Kenya 2010, the provisions of relevant legislation such as the PFM Act 2012, relevant PFM regulations for national government institutions and the county governments shall be broadly applied. More specifically the existing national and county governments planning and budget cycle as well as the MTEF shall be followed. Budgets shall be prepared in line with the PFMR Strategy 2018-2023 to ensure that both Secretariat and implementing MDAs objectives are realized to the extent possible. In the event DPs provide support through other parallel arrangements that are not aligned with the planning and budgeting cycle, they shall be required to work with implementing MDAs to ensure that the supported activities are reported in advance through the Secretariat and are well-coordinated to avoid duplication.

3.2 Key Considerations for Budget Preparation

The following considerations shall be made:

- a) All planning and budgeting activities shall be based on the approved funding arrangement for the Programme;
- b) Result Team shall prepare work plans and report quarterly on progress, using an agreed template to respective heads of MDA and the JTC;
- c) MDAs work plans shall be categorized as per the PFMR work plan guide (**Table 3**);
- d) Result teams shall review and identify key steps to achieve the PFMR Strategy results and prepare annual work plans for delivering the key steps; and
- e) After the Cabinet Secretary/National Treasury and Planning issues the budget Circular by 30th August, the Secretariat should allocate resources over the medium term and prepare indicative allocations for MDAs for the FY. This will be conducted in consultation with MDAs.

Table 3: PFMR Work Plan Guide

a) Plan 1: Activities to achieve PFMR Strategy Reforms Results

Activities to achieve PFMR Strategy reforms results	
<i>Activities to directly address actions and key steps in the PFMR Strategy Action Plan</i>	
<i>Diagnostic Studies and Reviews</i>	Preliminary work to guide the design of the reform
<i>Policy, legal, process & guideline development</i>	Development of the policy or process reform in question
<i>IT Systems & Tools development and adaptation for results</i>	New systems or system components being developed or restructuring of systems
<i>Reform development activities</i>	Choose if it doesn't fit in either of the above
Dissemination and Implementation of Policies, Processes and Systems	
<i>Once policies, processes and systems are developed, these activities cover dissemination</i>	
<i>Dissemination and Training</i>	General classroom training and other dissemination activities
<i>On the job support</i>	Hands-on support to users
<i>Reform implementation activities.</i>	Choose if it clearly does not fit in either of the above

b) Plan 2: Existing Systems

Existing PFM Systems <i>Includes upgrades, interface, licenses, and user support on already established PFM systems</i>	
<i>Existing IT systems software and hardware</i>	Purchase of equipment, licenses etc. for existing systems
<i>Support on existing systems</i>	Help desk and other support provided to users of the system

c) Plan 3: Institutional Performance Improvement and Staff Capacity Building

Capacity Building provided by the institution Tailored MDA and County Support <i>Training and support provided by other GoK institutions to strengthen capacity for PFM reforms</i>	
<i>Tailored MDA Support</i>	Capacity building support provided to MDAs based on needs
<i>Tailored County Support</i>	Capacity building support provided to MDAs based on needs
<i>Tailored Support for Facilities</i>	Capacity building support provided to MDAs based on needs
Support for the institution	
Specialist Institutional Development <i>Institutions may require technical assistance, tools and equipment and study tours to develop skills for reforms.</i>	
<i>Study Tours</i>	Visits to reciprocal or other relevant departments to observe practices
<i>Short Term Technical Assistance</i>	Contracted expert(s) to strengthen practices in the department (up to 6 months)
<i>Long Term Technical Assistance</i>	Contracted expert(s) to strengthen practices in the department (6 plus months)
<i>Tools and Equipment</i>	Computers or other basic equipment to support the departments activities
Capacity Building for staff	
Capacity Building for Reforms <i>The staff may require capacity building to gain the skills required to implement the reforms in the Strategy</i>	
<i>Design of capacity building training</i>	Activities to design training programmes
<i>Delivery of capacity building training</i>	Implementation
Specialist Skills Development <i>The staff in MDAs may require specialized training for skills in certain areas</i>	
<i>International specialist training courses</i>	Training abroad
<i>Kenya based specialist training courses</i>	Training locally
Professional Qualifications <i>Certain staff may require professional qualifications to establish required competencies for PFM Reforms</i>	
<i>Professional Qualifications of staff</i>	Support to staff members to achieve professional accreditation etc. required for their position

3.3 Budget Preparation

The Programme budget preparation process shall be aligned to the National Government budget cycle as outlined in **Table 4**. The budget preparation process is outlined in **Figure 1** and comprises the following steps:

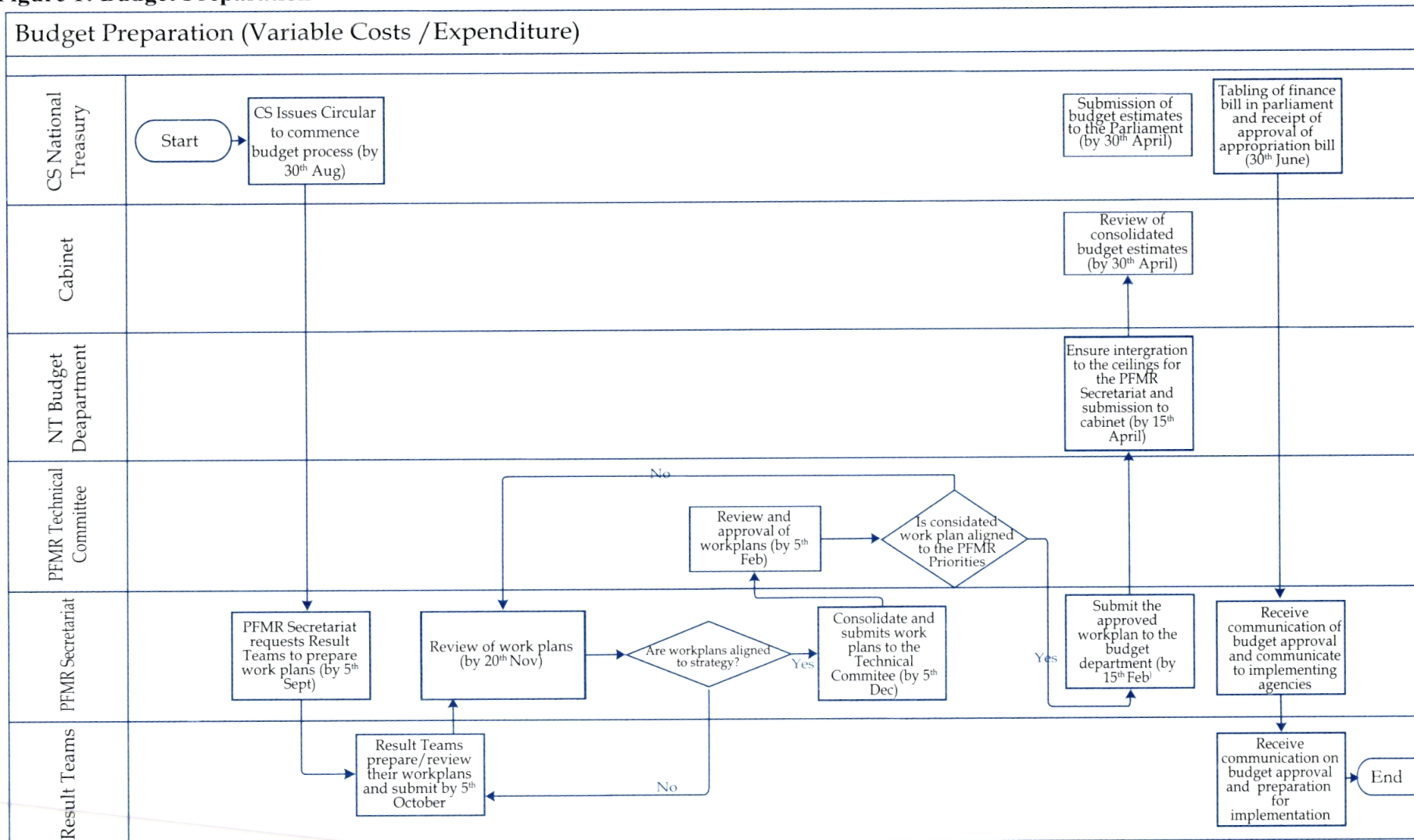
- The Secretariat by the 5th of September of each fiscal year, through the Programme Coordinator shall request all the Result Teams to consolidate activities into work plans based on the ceilings provided in the Programme. The work plans shall be linked to the PFMR Strategy.
- The request shall be made in writing after the CS/NT&P issues the budget Circular by 30th August (See **Annex 1**).

- The Result Teams shall approve the work plans by the 5th of October.
- The Secretariat shall consolidate the work plans (see Annex 1) within 15 days (by 20th October) and submit to the JTC (as constituted in Section 2.2.1) latest by 5th December.
- The final PFMR Work plan shall be reviewed and approved by the JTC within 60 days (by 5th February).
- The Secretariat shall submit the approved work plan to the Finance Unit of the National Treasury for consolidation within 10 days (by 15th February) after approval by the JTC.
- The National Treasury Budget department shall ensure that costs are integrated into the medium-term ceilings for the PFMR Programme in line with the respective budget codes.
- The PFMR Budget forms part of the Treasury budget and shall be submitted to the Cabinet for review and approval by 15th April.
- The CS National Treasury shall submit the budget to Parliament by 30th April.
- The Parliament passes the Appropriation and Finance Bills by 30th June.
- The Secretariat communicates the outcome of the approved budget and work plans to the Result Teams and the implementing MDAs by 5th August.

Table 4: National Budget Preparation Timelines

30th August	NT CS Issues budget circular
30th September	NT Submits budget review outlook paper to parliament
1st January	CRA submit recommendations on division of revenue
15th February	Budget policy statement, division of revenue & debt management paper submitted to parliament
28th February	Budget policy and debt management paper approved
15th April	Budget estimates reviewed, consolidated, and submitted to the cabinet
30th April	Budget estimates reviewed, consolidated and submitted to parliament
30th June	Appropriation and Finance Bills passed by Parliament.

Figure 1: Budget Preparation



3.4 Budget Execution

- Budget execution for the Programme shall commence after the Budget is approved and becomes operational based on the approved work plans.
- Budget implementation requires implementing MDAs to submit quarterly activities implementation cash flow plans.
- The Secretariat shall consolidate cash flow plans to determine the total cash requirements during the quarter.
- The Secretariat shall submit the consolidated cash flow for approval by the Director General, Accounting Services & Quality Assurance (DG-AS&QA).
- The JTC shall review the reliability of cash flow plans against the approved budget.
- Request for funds by the Secretariat to the Development Partners shall be made through Resource Mobilization Department (RMD).
- The Secretariat shall be informed by the Resource Mobilization Department once funds have been received from Development Partners.
- The Secretariat shall make request to RMD for the funds to be transferred from the designated account to the National Exchequer account for onward transfer to the programme operational account.
- The Secretariat shall make direct payments on behalf of Implementing MDAs based upon receipt of their payment requests.

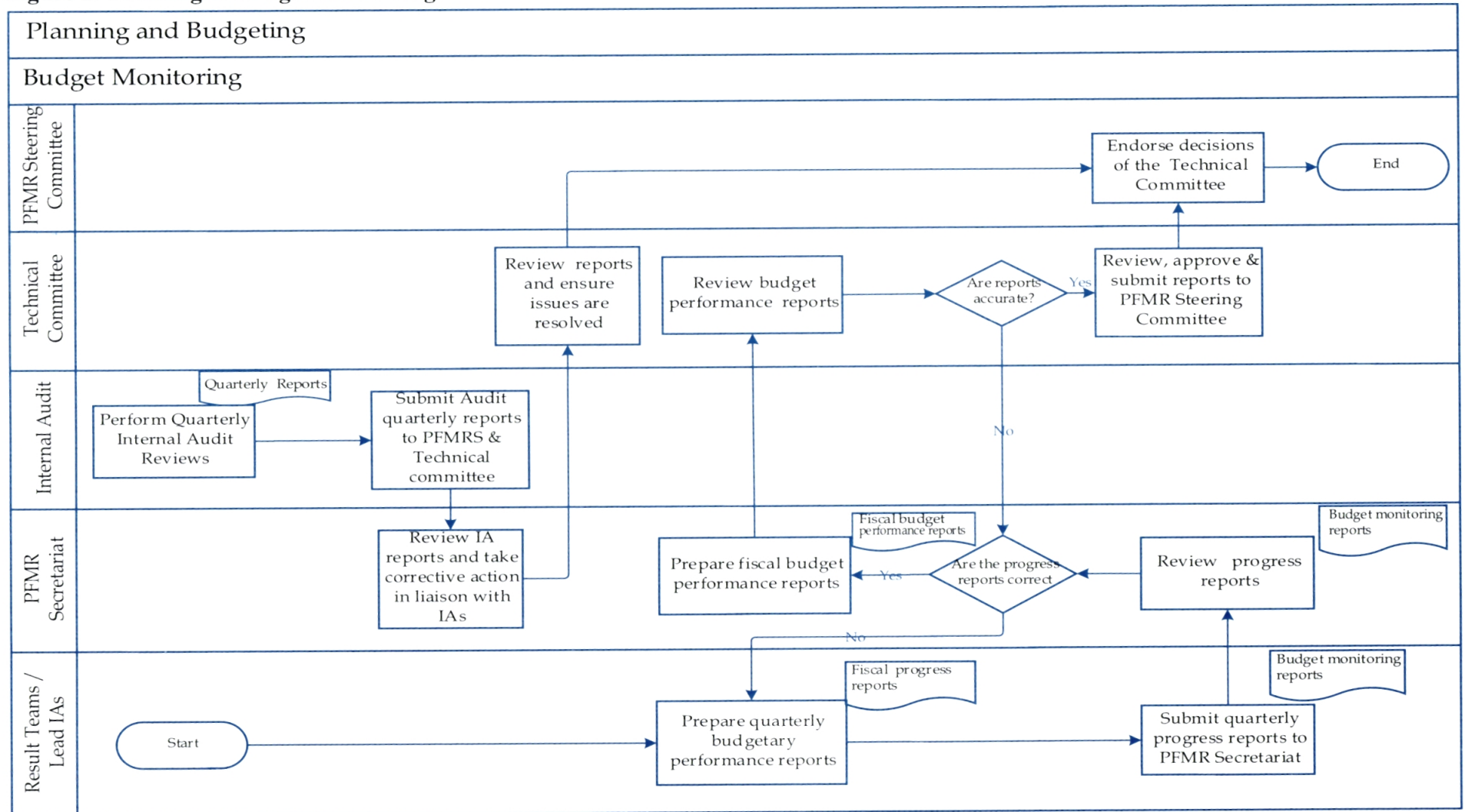
3.5 Budget Monitoring and Control

Budgetary control involves, putting in place an adequate mechanism for ensuring that eligible expenditures are incurred against approved budgets by preparing quarterly programme monitoring reports, which shall include financial and programme performance based on reports received from the Result Teams and the lead implementing MDAs by the 15th day after the end of each quarter.

The quarterly reports shall provide the implementing MDAs and the Secretariat the opportunity to monitor the implementation of the programme activities. The Financial Report shall be monitored based on the reporting format prescribed and published by the PSASB from time to time. The Secretariat shall ensure that the reports contain the comparison between the current quarterly expenditure and the previous amount spent against the current and cumulative variances.

The budget reports from the implementing MDAs shall identify variances in excess of $\pm 10\%$ for explanation before the reports are consolidated by the Secretariat. Variance report shall be sent to the implementing MDAs and JTC.

Figure 2: Planning & Budget Monitoring



4.0 BANKING, DISBURSEMENT AND RECEIPTING ARRANGEMENTS

The chapter outlines the banking, disbursements and receipting arrangements for the Programme. It also provides guidance on the operation of bank accounts, signatories and reconciliation. In addition, the chapter provides highlights on how funds are received by the Secretariat once received.

4.1 Bank Accounts

The Secretariat shall rely on the following procedures in operating its bank accounts:

- Identify the need for various types of bank accounts, which shall be opened for the sole purpose of implementing the PFMR Strategy. The accounts may include disbursement (for receiving programme funds), operational (for making frequent payment for programme activities) and investment (for investing any unutilized funds) accounts. The bank accounts shall be in the name of the Programme and the nature of the account.
- Hold the designated account for the Programme at the Central Bank of Kenya to receive funds from DPs and transfer to the National Exchequer account. The Programme operation account may be opened in a commercial bank with authorization from DG-AS&QA. The operational account shall be maintained in Kenya shillings.
- Ensure compliance with other procedures for opening, closing and operating government bank accounts as outlined in the Public Finance Management Act and its Regulations. The CS/NT&P may issue instructions and guidelines for operating such bank accounts.

4.2 Authorised Signatories to the Programme Operational Account

There shall be four (4) authorized bank account signatories. The signatories shall include the following: -

- The Programme Coordinator (the Principal A-I-E holder)
- The officer who shall deputize the Programme Coordinator (the Alternative A-I-E holder)
- The officer in charge of Finance
- One other officer of the Secretariat
- All bank instructions including the request for cheques replacement, payment instructions such as cheques payments and bank transfers shall be authorized by at least three (3) of the signatories.
- The Principal A-I-E holder shall be a signatory to all instructions, which authorize a bank to amend bank signatories. In the absence of the Principal A-I-E holder the other bank signatories shall obtain written approval from the DG-AS&QA for any changes in bank signatories.
- The Secretariat shall keep all specimen signatures in a secure file together with other accountable documents.

4.3 Closure of Bank Accounts

- Instructions for bank account closure shall always be initiated by the Secretariat;
- All bank account closure instructions shall be reviewed and approved by at least three (3) bank signatories which shall include that of the Programme Coordinator; and
- A final approval for bank account closure shall be sought from the DG-AS&QA of the National Treasury.

4.4 Reconciliation of PFMR Bank Accounts

- The bank reconciliation statement shall be prepared monthly by the Secretariat's Finance Officer and approved by the Financial Specialist and properly filed.
- Accounting transactions shall be posted on daily basis and cashbooks closed by the 5th day of the succeeding month.
- Monthly bank statements shall be obtained to facilitate reconciliations.
- Unreconciled differences shall be investigated and resolved promptly by the Financial Specialist.
- The Programme Coordinator shall be kept informed of any significant matters arising out of bank reconciliations.
- After closing and balancing all the subsidiary books and the General Ledger, the Secretariat shall obtain position on the General Ledger from the IFMIS for reconciliation and report preparation.

Bank Reconciliation Procedures shall include the following:

Step 1:

- Check Previous Bank Reconciliation Statement.
- Confirm that outstanding items and errors included in the last Bank Reconciliation Statement appear on the bank statement for the current period.
- Any items still outstanding from the previous reconciliation and carried forward to the current Bank Reconciliation Statement should be explained and follow-up action noted.

Step 2:

- Compare the Cash Book (ledger) and the bank statement.
- Compare the ledger entries for receipts with the deposit transactions on the bank statement, and the ledger entries for payments with the payment transactions on the bank statement. Entries that appear in both the cash-at-bank ledger account and the bank statement should be marked off. The remaining items, where the ledger and bank statement vary, may be due to:
 - ✓ Outstanding or late deposits that appear in the cash-at-bank ledger account and not on the bank statement;
 - ✓ Cheques not presented or electronic funds transfers (EFT) that appear in the cash at bank ledger account and not on the bank statement;
 - ✓ Items appearing only on the bank statement that do not appear in the cash-at-bank ledger account, for example fees charges and electronic deposits; or

- ✓ Errors made in entering items in the cash-at-bank ledger account and/or errors made by the bank (providing the transaction banking services) on the bank statement.

Step 3:

- Prepare journals for entries in the ledger.
- Prepare journals for the transactions appearing only on the bank statement that are confirmed as being legitimate transactions (*when these items have been recorded in the cash-at-bank ledger account they can be marked off, since they are now common to both sets of records*).

Step 4:

- Prepare adjusting journals for any corrections to a ledger.
- Prepare adjusting journals for any errors identified in the cash-at-bank account (*when these errors have been adjusted in the cash-at-bank ledger account, the entries should match the bank statement transactions and they can also be marked off*).

Step 5:

- Advise the bank of any errors in the bank statement.
- The banks should be notified of any errors appearing on the bank statement (*these items shall appear on the Bank Reconciliation Statement; the errors should be corrected by the bank and should be recorded on the subsequent bank statement*).

Step 6:

- Prepare the new Bank Reconciliation Statement.
- The remaining differences that are included on the Bank Reconciliation Statement are the items that appear in the cash-at-bank ledger but not on the bank statement, i.e., outstanding deposits and unrepresented checks or EFTs.
- Errors made on the bank statement and any items still outstanding from the last Bank Reconciliation Statement also need to be included on the new Bank Reconciliation Statement.

Step 7:

The final approved bank reconciliation statement shall be properly signed and submitted by the Financial Specialist to the Programme Coordinator by the 10th date of the following month.

4.5 Receiving of Programme Funds

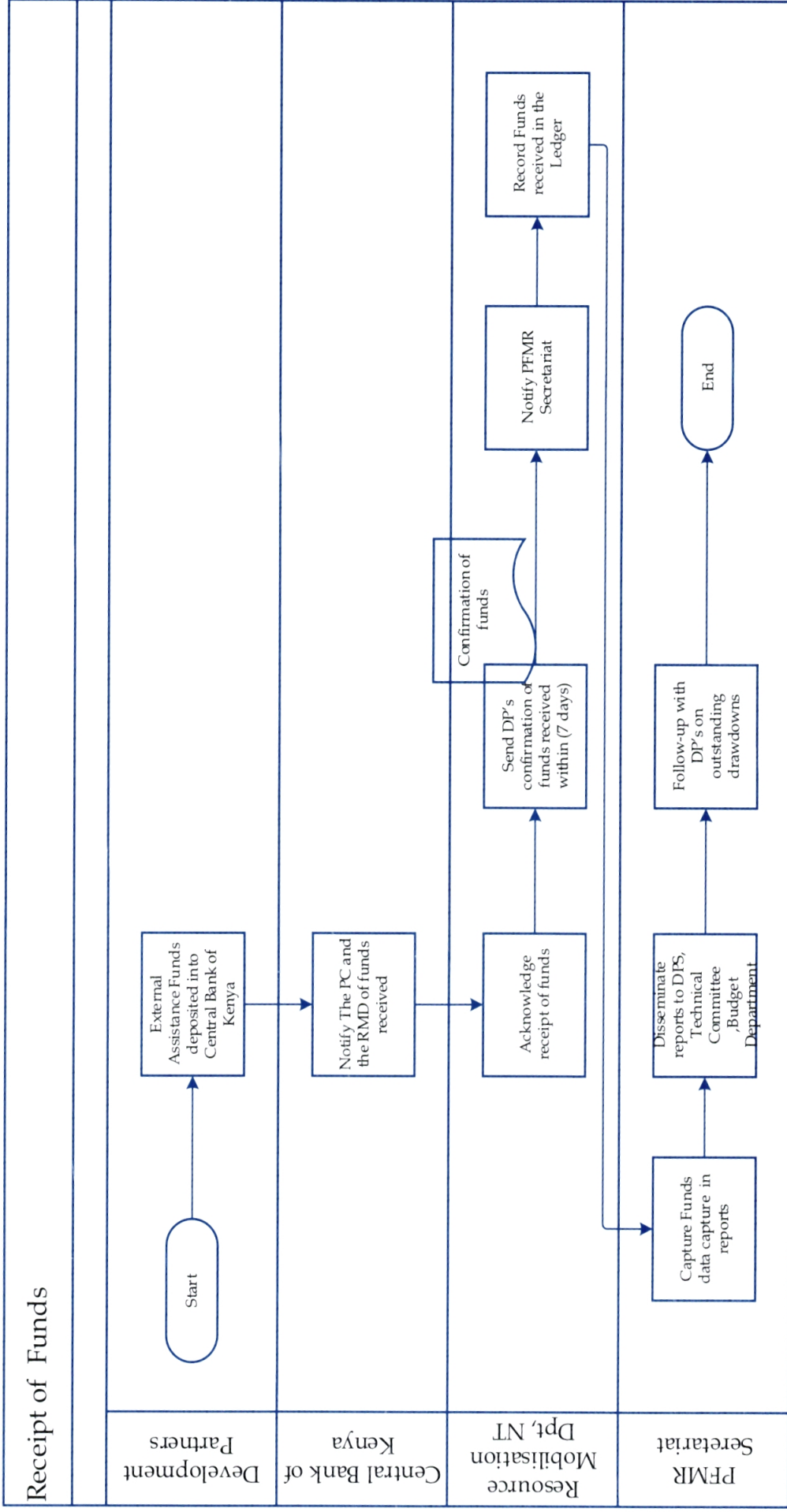
The procedure for receiving Programme funds is shown in Table 5 which assumes multilateral funding.

Table 5: Receipt of Funds

No.	Responsibility	Activity/Procedure
1.	PFMR Secretariat	<ul style="list-style-type: none"> • Consolidate requests for replenishment • Checks that expenditure meets grant conditions • Provide financial status reports to the Technical Committee every quarter. • Disseminate reports to Development Partners, the Technical Committee and Budget Department in National Treasury • Follow up with DP's on outstanding drawdowns
2.	Development Partners	<ul style="list-style-type: none"> • PFMR Programme funds deposited into Central Bank of Kenya in foreign currencies
3.	Central Bank of Kenya	<ul style="list-style-type: none"> • Notify the RMD of Programme funds deposited into Central Bank of Kenya
4.	Resource Mobilisation Department	<ul style="list-style-type: none"> • Acknowledge receipt of funds • Send DPs confirmation of funds received • Notify the Secretariat that programme funds have been received • Record transactions in Ledger • Transfer fund to the Secretariat Main Operational Account in the bank based on the replenishment reports and or the approved budget for the Secretariat

A grant/loans register shall be maintained by the RMD and the Secretariat. A reconciliation statement shall be prepared by comparing the grant/loan statement with the DP(s) drawdown balances (on a category-by-category basis) and differences arising there from investigated and promptly resolved.

Figure 3: Receiving Flow



5.0 PROCUREMENT ARRANGEMENTS

The Secretariat and the implementing MDAs shall ensure that procurement for Programme Goods, Services, Works, and Consultancies are carried out in strict conformity with the Public Procurement and Asset Disposal Act 2015 as well as related regulations and guidelines that may be issued from time to time by the CS/NT&P.

5.1 Guiding Principles in Procurement

5.1.1 General Principles

- **Competition, Economy and Efficiency:** Implementing MDAs must ensure that economy and efficiency prevail in the procurement of goods, works, and services.
- **Eligibility to Compete:** Implementing MDAs must provide eligible bidders a fair opportunity to compete in providing goods, works and services. Exceptions to this may be:
 - ✓ As a matter of law or official regulation; and
 - ✓ If the potential bidder is restricted
- **Domestic Preference:** Implementing MDAs must encourage the development of domestic industries by engaging, as much as possible suppliers of goods produced in Kenya.
- **Transparency:** Implementing MDAs must provide for transparency in the procurement process.

5.1.2 Other Principles

- Implementing MDAs shall prepare procurement plans based on approved budgets and work plans before the commencement of each financial year. Asset disposals shall also be planned and budgeted for accordingly.
- MDAs shall ensure that at least 30% of the budget allocation is reserved to firms owned by women, youth, persons with disabilities and other disadvantaged groups.
- The procurement plans shall be in the prescribed format (as per the PPADA and regulations) which includes procurement methods, detailed activities, budgets and the target category of firms and percentage.
- Implementing MDAs shall avoid splitting procurements to two or more components to avoid the use of certain procurement procedures. In addition, implementing MDAs shall ensure that the goods, services and works procured with the Programme funds are within known market prices i.e. at the prevailing market prices.
- Implementing MDAs shall ensure that bidders are eligible to bid for the goods, services and works. MDAs shall ensure that the bidders are tax compliant, not debarred from participating in procurement proceedings, have the legal capacity to enter into a contract, not convicted of fraudulent or corrupt practices etc.
- Implementing MDAs shall maintain and update lists of registered suppliers, contractors and consultants.

- Implementing MDAs shall prepare detailed terms of reference and or technical specifications of goods, services and works to be procured. These terms of reference and or technical specifications shall be reviewed and approved by the respective accounting officers before procurement.
- All tenders, proposals or quotations shall include a declaration by the bidder that they shall not engage in any corrupt or fraudulent practices and a declaration that they have not been debarred from participating in procurement.
- Implementing MDAs shall keep all procurement records for at least six years after the resulting contract has been completed or procurement proceedings terminated as appropriate.
- All approvals relating to any procedures in procurement shall be in writing and properly dated, documented, and filed.

5.2 Basic Procurement Rules

- Implementing MDAs shall use standard procurement documents and form in the format provided by the Public Procurement Regulatory Authority (PPRA).

Submission of all tender documents to the implementing MDAs whether electronic or manual, shall be in writing, signed and in the case of manual submission sealed in an envelope.

- All tender documents shall contain the following at a minimum:
 - ✓ Contract Agreement Form;
 - ✓ Tender Form;
 - ✓ Price schedule or bills of quantities submitted by the tenderer;
 - ✓ Schedule of Requirements;
 - ✓ Technical Specifications;
 - ✓ General Conditions of Contract;
 - ✓ Special Conditions of Contract; and
 - ✓ Notification of Award.
- The Accounting officer for each Implementing MDA shall appoint a tender opening committee specifically for the procurement which shall comprise at least three (3) members who shall not be involved in processing or evaluation of the tenders.
- All implementing MDAs shall appoint ad hoc tender evaluation committees for each procurement. The committee shall be constituted and operated as per section 46 of the PPADA. The evaluation committee shall comprise of three (3) to five (5) members and shall deal with technical and financial aspects of the procurement as well as negotiation.
- An evaluation committee shall produce an evaluation report which shall contain details of the comparative score for each bidder per evaluator and summarized score sheet.
- The evaluation report shall be signed by each member of the evaluation committee and shall be used as the basis of writing the professional opinion by a qualified procurement officer (Head of Supply Chain Management) of the implementing MDA. The report and

the professional opinion shall be reviewed and approved by the accounting officer of the implementing MDA.

- The accounting officer of the implementing MDA shall award the tender based on the professional opinion and the evaluation report.
- The accounting officer of the implementing MDA shall establish an ad-hoc inspection and acceptance committee.
- The inspection and acceptance committee shall be composed of a chairman and at least two other members appointed by the accounting officer or the head of the implementing MDA on the recommendation of the procuring unit.
- The inspection and acceptance committee shall immediately after the delivery of the goods, works or services:
 - ✓ Inspect and where necessary, test the goods received;
 - ✓ Inspect and review the goods, works or services in order to ensure compliance with the terms and specifications of the contract; and
 - ✓ Accept or reject, on behalf of the implementing MDA, the delivered goods, works or services.

5.3 Procurement Methods

Procurement of Goods, Services and Works under the Programme

Open tendering shall be the preferred method for procurement of goods, works and services under the Programme.

Other procurement methods may include:

- Two-Stage Tendering;
- Design Competition;
- Restricted Tendering;
- Direct Procurement;
- Request for Quotations;
- Electronic Reverse Auction;
- Low-Value Procurement;
- Force Account;
- Competitive Negotiations;
- Request for Proposals; and
- Framework Agreements.

5.3.1 Open Tender

- The accounting officer of Implementing MDAs shall take such steps as are reasonable to bring the invitation to tender to the attention of those who may wish to submit tenders.
- If the estimated value of the goods, works or services being procured is equal to, or more than the prescribed threshold the implementing MDA shall advertise in the dedicated

Government tenders' portals or in its website, or a notice in at least two daily newspapers of nationwide circulation, below which Kenya's dedicated tenders portal or any other electronic advertisements as prescribed; and posting advertisements at any conspicuous place reserved for this purpose in the premises of the implementing MDA shall be used.

- The time allowed for the preparation of tenders shall be a minimum of fourteen days.
- Upon advertisement, the implementing MDA shall immediately provide copies of the tender documents and in accordance with the invitation to tender and the accounting officer shall upload the tender document on the website.

5.3.2 Two - Stage Tendering

- An implementing MDA may engage in procurement by means of two-stage tendering when due to complexity and inadequate knowledge on its part or advancements in technology, it is not feasible for the procuring entity to formulate detailed specifications for the goods or works or non-consultancy services in order to obtain the most satisfactory solution to its procurement needs.
- The first stage of tendering document shall call upon tenderers to submit, in the first stage of the two-stage tendering proceedings, initial tenders containing their proposals without a tender price.
- In the second stage, the implementing MDA shall invite tenderers whose tenders were retained to submit final tenders with prices with respect to a single set of specifications and in formulating those specifications, the procuring entity may modify any aspect, originally outlined in the tendering document.
- The final tenders shall be evaluated and compared to ascertain the successful tenderer.

5.3.3 Restricted Tendering

An implementing MDA may use restricted tendering if the following conditions are satisfied:

- Competition for contract, because of the complex or specialized nature of the goods, works or services is restricted to prequalified tenderers.
- The time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured.
- If there is evidence to the effect that there are only a few known suppliers of the whole market of the goods, works or services; and
- An advertisement is placed, where applicable, on the procuring entity website regarding the intention to procure through limited tender.

5.3.4 Direct Procurement

An implementing MDA may use direct procurement as long as the purpose is not to avoid competition if the following conditions are satisfied:

- The goods, works or services are available only from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights in respect of the goods, works or services, and no reasonable alternative or substitute exists.
- Due to war, invasion, disorder, natural disaster or there is an urgent need for the goods, works or services, and engaging in tendering proceedings or any other method of procurement would, therefore, be impractical, provided that the circumstances giving rise to the urgency were neither foreseeable by the procuring entity nor the result of dilatory conduct on its part.
- Owing to a catastrophic event, there is an urgent need for the goods, works or services, making it impractical to use other methods of procurement because of the time involved in using those methods.
- The implementing MDA, having procured goods, equipment, technology or services from a supplier or contractor, determines that additional supplies shall be procured from that supplier or contractor for reasons of standardization or because of the need for compatibility with existing goods, equipment, technology or services, taking into account the effectiveness of the original procurement in meeting the needs of the procuring entity, the limited size of the proposed procurement in relation to the original procurement, the reasonableness of the price and the unsuitability of alternatives to the goods or services in question.
- For the acquiring of goods, works or services provided by a public entity provided that the acquisition price is fair and reasonable and compares well with known prices of goods, works or services in the circumstances.

5.3.5 Request for Quotation

An implementing MDA may use quotation method if:

- The estimated value of the goods works, or non-consultancy services being procured is less than or equal to KES.3, 000,000 for goods and services and KES.5, 000,000 for works.
- The procurement is for goods, works or non-consultancy services that are readily available in the market.
- The procurement is for goods, works or services for which there is an established market.
- The Implementing MDAs shall give such requests for quotations to registered suppliers only.
- A successful quotation shall only be for the supplier with the lowest quotation that meets the requirements set out in the request for quotation.

5.4 Framework Agreement

- An implementing MDA may enter into a framework agreement if:
 - ✓ **The required quantity of goods, works or non-consultancy services cannot be determined at the time of entering into the agreement; and**
 - ✓ **A minimum of seven alternative vendors are included for each category**
- The maximum term for the framework agreement shall be three years and, for agreements exceeding one year, value for money assessment undertaken annually to determine whether the terms designated in the framework agreement remain competitive.
- The implementing MDA may procure through call-offs order (an order made using a framework agreement with one or more contractors, suppliers or consultants for a defined quantity of works, goods, consultancy covering terms and conditions including the price that users require to meet the immediate requirements) when necessary or invite a mini-competition among the persons who have entered into the framework agreement.
- The procurement management unit shall prepare and submit copies of quarterly reports detailing an analysis of items procured through framework agreements including an analysis of the pattern of usage, procurement costs in relation to prevailing market rates and any recommendations. These reports shall be submitted to the accounting officer with copies to the internal audit function and the Secretariat.

5.5 Procurement of Consultancy Services under the PFMR Programme

- Requests for proposal methods shall be used if:
 - ✓ When the procurement is of services or a combination of goods and services, and
 - ✓ When the services to be procured are of advisory or otherwise predominantly intellectual in nature.
- Requests for proposals shall be based on terms of reference which shall stipulate the expected milestones or performance benchmarks to be realized throughout the consultancy period and related timelines.
- Request for proposals may be through an advertisement for an expression of interest or invitation for expression of interest using the pre-qualified suppliers register.
- To the extent possible, Implementing MDAs shall request for expression of interest only from the shortlisted/pre-qualified firms.
- To the extent possible, implementing MDAs can work with relevant institutions to accredit consulting and training firms in certain areas. This may include for instance the Ministry of Devolution and ASAL working with Kenya School of Government (KSG) to accredit consulting and training firms under the Programme.

- In such circumstances (as above), the implementing MDAs shall develop accreditation criteria that shall be used to pre-qualify the firms. Expressions of Interest shall only be requested from accredited firms.
- The notice for expression of interest shall contain:
 - ✓ The name and address of the implementing MDA.
 - ✓ A brief description of the consultancy services being procured and if applicable, the goods being procured.
 - ✓ Eligibility and the qualifications necessary to be invited to submit a proposal.
 - ✓ An explanation of where and when expressions of interests shall be submitted.
- Implementing MDAs shall advertise the notice inviting expressions of interest in the dedicated government's advertising tenders' portal and in its own website, or in at least one daily newspaper of nation/county-wide circulation as appropriate.
- The evaluation and comparison shall be done using the procedures and criteria set out in the expression of interest documents and shall, in the case of expression of interest for professional services, have regard to the provisions of this Act and statutory instruments issued by the relevant professional associations regarding the regulation of fees chargeable for services rendered.
- Subject to total proposals received, a minimum of six proposals shall be shortlisted, but where less than six proposals have been received, a minimum of three proposals shall be shortlisted.
- The implementing MDA shall issue every person shortlisted who is qualified to be invited to submit a request for proposals and a copy of the terms of reference.
- A request for proposal to the shortlisted candidates shall contain the following:
 - ✓ The name and address of the accounting officer of the procuring entity.
The general and specific conditions to which the contract shall be subject.
 - ✓ Instructions for the preparation and submission of proposals that may require that a proposal include a technical proposal and a financial proposal as prescribed.
 - ✓ An explanation of where and when proposals shall be submitted.
 - ✓ The procedures and criteria to be used to evaluate and compare the proposals including:
 - The procedures and criteria for evaluating the technical proposals which shall include a determination of whether the proposal is responsive;
 - The procedures and criteria for evaluating the financial proposals; and
 - Any other additional method of evaluation, which may include interviews or presentations, and the procedures and criteria for that additional method.

- Quality and Cost Based Selection (QCBS) method shall be the preferred method to be used to evaluate proposals and shall state the selection procedure in the Request for Proposals.
- Quality and Cost Based Selection” method is a method that uses a competitive process that considers the quality of the proposal and the cost of the services in the selection of the successful firm.
- The request for proposal shall request submission of both technical and financial proposals at the same time, but in separate envelopes
- The following alternative selection methods may be used in evaluating the proposals and they shall be expressly stated in the request for proposals:
 - ✓ **Quality Based Selection (QBS)**, which focuses on quality and selects the highest quality proposal. This method is appropriate for: -
 - Highly specialized assignments which are difficult to determine the precise terms of reference;
 - Assignments with high downstream impact;
 - Assignments which can be carried out in substantially many different ways; and
 - Assignments and professional services which are regulated by Acts of Parliament.
 - ✓ **Least Cost Selection (LCS)**, which selects the lowest priced proposal, which meets the entity’s technical requirements. This method is appropriate for selecting consultants for assignments of a standard or routine nature where well-established practices and standard exists.
 - ✓ **Consultants Qualifications Selection (CQS)**;
 - ✓ **Individual Consultants Selection (ICS)**;
 - ✓ **Fixed Budget Selection**, which indicates the available budget and requests consultants to provide their best technical and financial proposals in separate envelopes with a budget. This method is appropriate for simple assignments where the budget can be easily determined.
 - ✓ **Single Source Selection** which is appropriate if it presents a clear advantage over competition and in the following cases:
 - Where it can be evidenced that goods, works or services are available only from a particular supplier, or a particular supplier has exclusive rights in respect of the consultancy services, and no reasonable alternative or substitute exists.
 - For tasks that represent a natural continuation of previous work carried out by the firm.

- In exceptional cases, such as, but not limited to, in response to natural disasters and for a declared national emergency.
- The accounting officer of the implementing MDA shall issue a written justification for single-source selection in the context of the overall interest of the procuring entity.
- Single source selection shall require placement of an advertisement of the intention to single source and invitation to anyone who wishes to bid and, in the event, there is a response then all interested suppliers shall be invited to submit proposals.

Where the above alternative methods are selected a report shall be prepared and submitted to the Public Procurement Regulatory Authority for approval.

5.6 Procurement Contracts

- The procurement/supply chain management functions for the implementing MDAs shall be responsible for the preparation of contracts in line with award decisions.
- The written contract shall be entered into within the period specified in the notification but not before fourteen days have elapsed following the giving of that notification provided that a contract shall be signed within the tender validity period.
- A contract between an implementing MDA and a supplier shall only be formed if signed by both parties.
- Implementing MDAs shall report all contracts under the Programme to the PPRA as per the directions & guidelines governing the reporting requirements as appropriate and to the Secretariat.
- Any amendments or contract variations shall be as per the Procurement Act and relevant regulations.

5.7 Procurement Records

- Procurement records shall be kept in secured rooms or fireproof locked cabinets when not in use.
- No procurement records shall be removed from the room or safe storage facility where they are normally kept, except for audit or legal purposes. In such cases, an official receipt shall be obtained.
- Procurement records may, however, be retained by authorized accounts staff, but a register shall be maintained to monitor the movement of such records.

5.8 Procurement Process Grievances

Complaints on the procurement process shall be made to the Public Procurement Administrative Review Board (PPARB). The Public Procurement and Asset Disposal Act 2015 provides for administrative reviews of procurement proceedings whereby any aggrieved participant in a procurement proceeding claiming to have suffered or risks suffering loss or damage may submit a request for review to the Review Board through its secretariat within the time stipulated in the Act.

6.0 PAYMENT PROCEDURES

The chapter outlines the following payment procedures under the Programme.

- Payments for goods and services by both the implementing MDAs and the Secretariat shall conform to the requirements of the Public Financial Management Act 2012 and its Regulations, and the Public Procurement and Assets Disposal Act 2015 and its Regulations.
- Payment requests from Implementing MDAs shall be reviewed and cleared by the following units:
 - ✓ M&E section to confirm if activities are in line with the approved work plan;
 - ✓ Procurement/supply chain management section to confirm conformity with approved procurement plans, applicable procurement laws and regulations; and
 - ✓ Finance section to confirm alignment with the approved budget and for the initiation of payment.
- All payments approved shall be charged to the related expenditure.
- Payment requests from Implementing MDAs shall receive clearance from the above units before they are authorized by the Programme Coordinator.
- All expenditure shall be described properly and portray the nature of the component against which it is to be charged.
- Payments are supported fully by Payment Vouchers (PVs). A-I-E holders of the Implementing MDAs shall authorize suppliers'/contractors' invoices.
- The A-I-E holders of the MDAs are accountable for ensuring that goods, works and/or services, have been appropriately procured and delivered by contractors/suppliers.

The Implementing MDA shall ensure that:

- Contracts for goods, works, and services have been duly approved by the Accounting Officer;
- Purchase Orders (POs) have been generated and issued to suppliers of goods, works or services;
- Details of contracts have been entered onto the project's/program's accounting system; and
- Amounts totalling the quotations and contracts have been committed.

6.1 Payments Relating to Goods

- Payments for goods shall be made upon confirmation of Goods Received Notes (GRN) with copies of the LPO, inspection and acceptance report and copies of the contract; and
- The supplier's invoice shall be compared to the LPO and the GRN/DN to verify that: the correctness of the amount; and goods received match with the description on the

documents.

6.2 Payments Relating to Services

- A services contract indicates the progress of the activity being undertaken. This is normally linked to the delivery of specific outputs such as reports, training and installation of systems etc.; and
- For all projects funded with the Programme funds, the A-I-E holder (Implementing MDAs) submits the authorized invoices and copies of the contract and reports on the deliverables to the Secretariat to process payment.

6.3 Payment Process

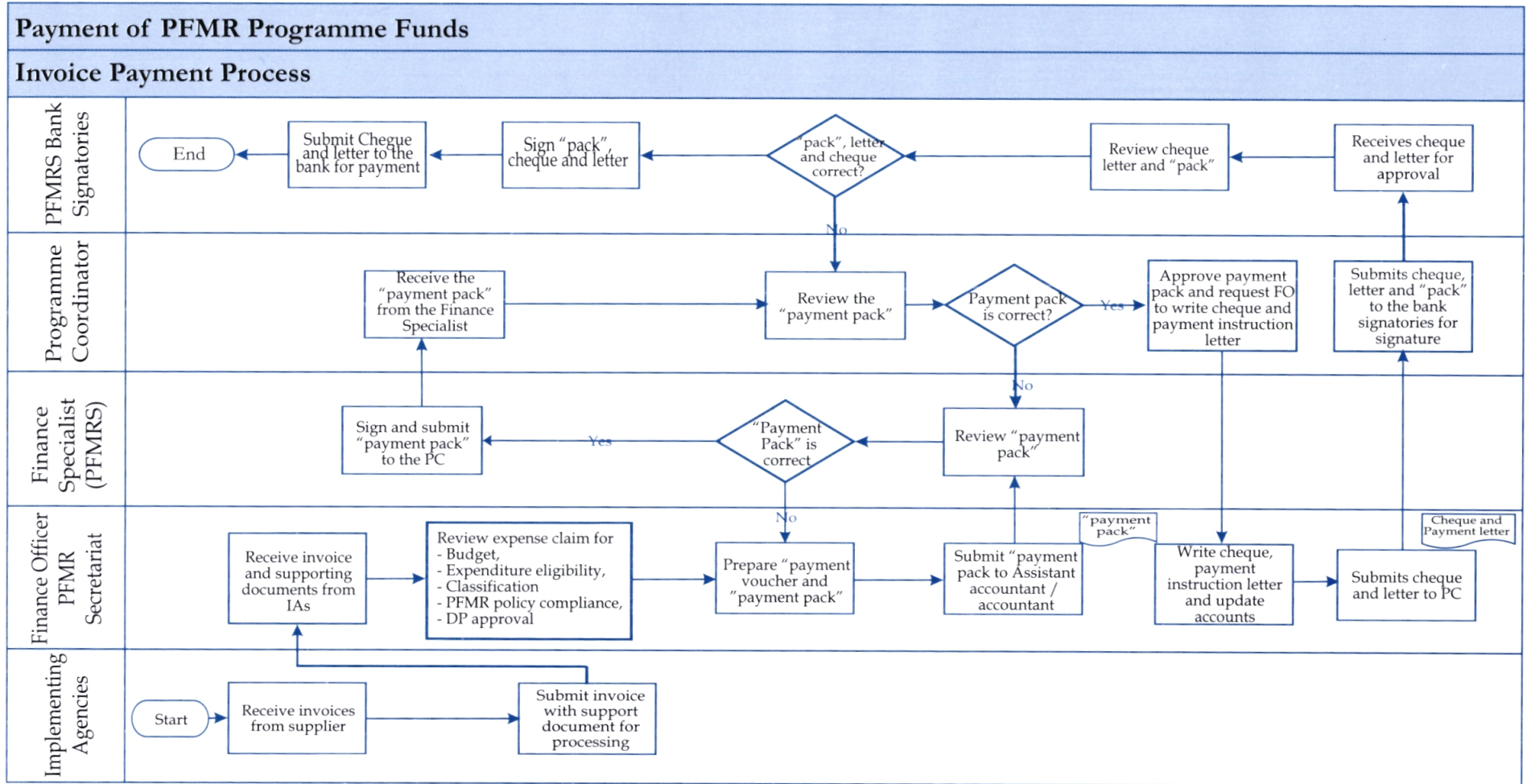
The Secretariat prepares a Payment Voucher (PV) against the actual expenditure. The Secretariat finance team shall examine payment documents and countersign against them. Depending on the value of the invoice, the Secretariat shall consider the following steps:

- Prepares a cheque in favour of the supplier/contractor. The cheque is drawn on the bank where the operational account is maintained and given to the supplier/contractor. The supplier/contractor shall sign in a register as evidence of receipt of payment.
- Instruct the bank (where the operational account is held) to make a telegraphic transfer (based on a signed cheque) directly into the supplier's/contractor's bank account.
- Prepares a petty-cash voucher for low-value purchases (as defined in the PPAD Act 2015) and makes payments for office operations in cash. Official receipts must be obtained for all payments made in cash.

Table 6: Payment Procedures of PFMR Programme Funds

Payment Category		Payment process requirements
Payments		<ul style="list-style-type: none"> • Submission of invoices by the Implementing MDA • Supporting documents including goods/services received notes and contracts • Payment approval by the Secretariat • Payments to be processed within five (5) working days
Travel related payments	Imprest against expenditure	<ul style="list-style-type: none"> • No imprest shall be processed unless previous advances have been accounted for. • Imprest payments for travel to be made within two (2) to four (4) days before travel • A “payment voucher” to be completed and approved by the Implementing MDA before payment processing through the Secretariat • An “imprest warrant form” to be completed and surrendered at the earlier of project completion or 7 days of return from travel, showing a reconciliation of the expenditure against the advance. • Support documents for all the expenses to be attached to the payment voucher. • All unsupported expenses to be recovered from the employee 30 days of return from travel if the payment report form is not supported or submitted without documentation.
	Personal reimbursement	<ul style="list-style-type: none"> • All reimbursements are done using the payment claim form. • All support documents are to be attached to “payment vouchers” before processing through the Secretariat
Advances for Goods and Services		<ul style="list-style-type: none"> • No advances are made to suppliers except for unique contracts which shall be pre-approved by the Programme Coordinator. • Implementing MDAs to attach a copy of the contract to the Secretariat. • A bill or a Pro-forma invoice is to be attached to the contract before processing by the Secretariat

Figure : Invoice Payment Process



7.0 ASSET MANAGEMENT

The chapter provides guidance on the management of assets bought by the Implementing MDAs under the Programme. It also provides guidance on how the assets are maintained, recorded, verified and disposed of by various Implementing MDAs.

7.1 Definitions

- For the purposes of this manual, assets shall include movable and immovable property, tangible and intangible including stores-equipment, land, buildings, animals, inventory, stock, and natural resources like wildlife, intellectual rights vested in the state or property.
- The Programme Assets shall be managed as per sections 139-143 of Public Financial Management (National Government) Regulations 2015 and sections 7 and 33 of the Public Procurement and Asset Disposal Act 2015, its regulations and any relevant guidelines issued by the NT&P.

The following guidelines shall be used by the Secretariat in the management of the assets:

- ✓ Use the register as the Act stipulate;
- ✓ Capture returns on the Asset management e.g. Vehicles;
- ✓ Asset classification be linked to the Act; and
- ✓ Movement of assets, Asset defects.
- Fixed Assets shall be defined as tangible assets that have been procured or constructed and held for use over a period exceeding one accounting year and the value of which is not below what the accounting policy stipulates.
- Implementing MDAs shall maintain a list (memorandum) of all its assets, which identify assets purchased with Programme funds and submit the updated listing to the Secretariat on a regular basis together with the periodic reports.
- The Secretariat shall maintain and consolidate a list of assets purchased with Programme Funds for all the Implementing MDAs.
- The memorandum shall contain the following minimum details.
 - ✓ Type of fixed assets;
 - ✓ Cost and date of purchase / disposal;
 - ✓ Location and description of the asset;
 - ✓ Serial/identification/registration number;
 - ✓ Movable assets shall contain an imprint of the Code number (project name, etc.);
 - ✓ User be included; and
 - ✓ Consider ICT equipment as per the ICT authority requirements

7.2 Verification of Assets

- The Secretariat shall verify assets purchased with programme funds for the Implementing MDAs during the field monitoring surveys.
- The result of the physical verification exercise shall be reconciled with the balances in the asset listing kept by the Secretariat, and the Financial Specialist shall investigate differences if any.
- The results of the asset verification exercise will be included in the annual Programme progress report.

Table 7: Asset Maintenance Guidelines

No.	Responsibility	Activity/Procedure
1	Procurement/Supply Chain Management Officer	<ul style="list-style-type: none"> • Scrutinize payment vouchers • Extract details relating to purchase or acquisition of assets. • Allocate costs relating to each asset using a worksheet. • Obtain distribution or location list of assets from stores records. • Review total cost of assets and forward to project assistant accountant for processing.
2.	Head of Procurement/Supply chain management section at the Secretariat	<ul style="list-style-type: none"> • Review asset cost allocation schedule and update the fixed asset register with the new schedule of assets.

7.3 Disposal of Assets and Stock

Disposal of assets shall be done as per Part XIV -Disposal of Assets of the Public Procurement and Asset Disposal Act 2015 and the relevant regulations and guidelines, to be issued by the CS, NT&P on the same. Disposal of assets at the Secretariat shall be carried out through the National Treasury.

The disposal of asset commences with the users of the assets informing the respective departments on the asset status. Assets found to have reached their useful lifespan or are not able to continue supporting the respective department's/officers shall be collected to be forwarded to the National Treasury (Director of Administration) for disposal (information not the asset). The officers shall seek new assets to replace the old assets.

The following procedures shall guide the disposal of assets:

Table 8: Asset Disposal Procedures

No	Person Responsible	Activity / Procedure
1	Procurement/Supply chain management Officer of the Implementing MDA/ Secretariat	<ul style="list-style-type: none"> • Identify assets for disposal • Draft memo requesting the Accounting Officer to dispose of the assets. • Additional approval requirements may vary depending on the MDA involved • The memo to include all the details of the assets included in the asset memorandum and the estimated useful life and the value of the assets. • Expert opinion may be sought depending on the nature of the asset. • Obtain approval of the asset disposal memo as appropriate • Ensure the asset disposal committee is properly constituted.
2	Asset Disposal Committees	<ul style="list-style-type: none"> • Verify the basis for disposal and include the assets in the disposal plan of the National Treasury or the Implementing MDA • Follow the necessary procedures as provided in the Treasury guidelines including considering independent auctioneer, initiating the appointment of disposal committee and arranging of asset disposal bids and arranging for the award of assets to the highest qualified bidder.
3	Finance Section of the Secretariat or the Implementing MDAs	<ul style="list-style-type: none"> • Confirm payment plan with the highest bidder if the assets are sold • Prepares and captures the disposal journal in the relevant ledgers • Removes disposed asset from the asset register • Post necessary journals in the ledger

7.4 Environmental Social Safeguards E-Waste

The implementation of various Programme activities may entail procurement of electronic equipment including computers, tablets and related accessories. At end-of-life of the devices they are likely to lead to adverse impacts associated with e-waste generation.

This, electronic waste, also known as E-waste, is an informal term used to describe almost all types of Electronic and Electrical Equipment (EEE) that has entered or could enter the waste stream. It is used for almost any household or business item with circuitry or electrical components with power or battery supply that has reached its end-of-life. E- waste including persistent bio-accumulative and toxic substances such as brominated flame retardants, heavy metals (e.g., lead, nickel, chromium, mercury), and persistent organic pollutants (e.g., polychlorinated biphenyls (PCBs)), can be a dangerous threat to animal and human health and the biophysical environment. This threat can result from two sources.

The first is from the leaching of hazardous substances, in particular lead, mercury, cadmium, and lithium into the soils and groundwater and pollution of ambient air from e-waste that is improperly disposed of in non-engineered landfills and dump sites. The second is from improper recycling techniques, which are employed in the informal recycling sector in developing countries and currently result mainly from the export of e-waste to these countries, including Kenya, but increasingly also from domestic collection, de-manufacturing and disposal.

The Program will put in place measures to ensure that all electronic devices are procured from credible suppliers, and all e-waste generated during the life of the operation is disposed of effectively. All the e-wastes generated by the program will be recaptured via a “Take Back Scheme” for recycling where these end-of-life devices will be delivered to facilities that recycle e-waste at minimal or no cost such as the East African Compliant Recycling Company (EACRC). The EACRC is operating Kenya’s first e-waste recycling facility, operating to international health, safety and environmental standards and establishing a local, sustainable IT e-waste recycling industry.

The Programme will use and follow the existing regulations and protocol provided for by the Environmental Management and Coordination Act 1999, (as amended in 2015), Waste Management regulations as well as draft e-waste management regulations including following an Environmental Code of Practice (**ECOP-Annex 12**) which has been developed for the management and disposal of e-waste generated from the program. The ECOP involves five strategies:

- **Preparing E-Waste Disposal Procedures.** The Implementing MDAs will prepare policies, procedures and plans to guide in the disposal of the e-waste that is procured under the program, the e-waste disposal procedures will lay down guidelines and procedures in disposing of end of use electronic and electric assets and equipment.
- **Creating awareness and training for Implementing MDAs’ staff on e-waste** The implementing MDA will create awareness among staff on the importance of e-waste management policies and procedures in place for safe disposal of e-waste. Sensitization will focus on the significance of e-waste recycling and the need of returning all the obsolete electronic equipment under the project for proper disassembling, recycling and disposal.

- The program will ensure that workers handling e-waste are trained on personal protection, handling of hazardous products and e-waste. The program will collaborate with national entities such as NEMA and electronic vendors to help improve e-waste management systems in Kenya.
- **Identifying the e-waste for disposal.** This includes such items as computers, monitors, CPUs, tablets, laptops, printers, copiers, faxes, accessories such as (speakers, keyboards, cables, etc.), projectors, cell phones and any chargers.
- **Segregation and storage of e-waste.** Workers handling e-waste should be trained to segregate e-waste that can be refurbished for re-use or donated to schools and other institutions and the rest of e-waste that needs to be disposed of/recycled. The e-waste due for disposal should be properly stored to avoid leakage and emission of radioactive materials found within end of use electronic and electric products
- **Identification of licensed recycler and deliverer of e-waste to the recycling facility.** The program will identify NEMA accredited e-waste recycling company (ies) in Kenya and establish partnership or collaboration to ensure e-waste generated by the program is disposed of appropriately. The East African Compliant Recycling Company (EACRC) Limited located on the Mombasa Road in Nairobi, is an example of a private company that has been established with the capacity to recycle and treat the e-waste at no cost to the waste generator. The EACRC is operating Kenya's first e-waste recycling facility, operated to international health, safety and environmental standards and establishing a local, sustainable IT e-waste recycling industry. The program can pursue partnerships with the major vendors of electronic and electric equipment for potential 'take back schemes'.

To implement the ECOP

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

8.0 ACCOUNTING AND REPORTING POLICIES AND PROCEDURES

The chapter provides the accounting and reporting arrangements under the Programme. The chapter includes various accounting policies to be applied, the accounting systems, the chart of accounts, the accounting records, the safekeeping and filing of accounting documents and financial reports.

8.1 Basis of Preparation

- **Statement of Compliance and Basis of Preparation**

The financial statements may be prepared in accordance with IPSAS Cash and as per the format prescribed by the PSASB.

The cash basis of accounting shall include the following provisions;

- ✓ Receivables that include imprests and salary advances; and
- ✓ Payables that include deposits and retentions.

- **Recognition of Receipts**

The Programme shall recognise all receipts from various relevant sources.

- **Transfers from the Exchequer**

Transfer from Exchequer shall be recognized in the books of accounts on a cash basis. Cash shall be considered as received when transfer instruction is issued to the bank and notified to the Secretariat.

- **External Assistance**

External assistance is received through grants and loans from multilateral and bilateral Development Partners.

Donations and Grants

Grants and donations shall be recognized in the books of accounts on a cash basis. *“Cash is considered as received when a payment advice is received by the Secretariat”*. In case of grant/donation in kind, such grants shall be recorded upon receipt of the grant item and upon determination of the value. *“The date of the transaction is the value date indicated on the payment advice”*.

- **Other Receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from the disposal of assets and sale of tender documents recognised in the financial statements on a cash basis.

- **Recognition of Payments**

The Programme shall recognise all payments when the event occurs, and the related cash has actually been paid out by the Project.

- **Compensation of Employees**

Salaries and Wages, Allowances, Statutory Contribution for employees shall be recognized in the period when the compensation is paid.

- **Use of Goods and Services**

Goods and services shall be recognized as payments in the period in which they are consumed and paid for. If not paid for, they shall be disclosed as pending bills.

- **Acquisition of Fixed Assets**

The payment on the acquisition of property, plant and equipment items shall not be capitalized. The cost of acquisition and proceeds from disposal of these items shall be treated as payments and receipts items respectively.

Where an asset is acquired in a non-exchange transaction, fair value of the asset shall reliably be established, and a contra transaction recorded as receipt and payment.

A fixed asset register shall be maintained by each implementing MDA and a summary provided, for consolidation by the Secretariat. The summary shall be disclosed as an annexure to the financial statements of the Secretariat.

- **In-kind Donations**

In-kind contributions are donations that are made to the Programme in the form of actual goods and/or services rather than in money or cash terms. The donations may include vehicles, equipment or personnel services.

Where the values of in-kind contributions are reliably determined, the Programme shall include such value (fair value or Cost) in the statement of receipts and payments.

- **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial period. For the purposes of preparing Programme financial statements, cash and cash equivalents shall include short-term cash imprest and

advances to authorised public officers and/or institutions, which shall have not been fully accounted for at the end of the financial reporting period.

- **Budget**

The budget shall be developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on), and for the same period as the financial statements.

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review shall be included in an annex to these financial statements.

Exchange rate differences

The accounting records shall be maintained in the functional currency of the primary economic environment in which the Programme operates (Kenya Shillings). Transactions in foreign currencies during the year/period shall be converted into the functional currency using the exchange rates prevailing at the dates of the transactions.

Any foreign exchange gains and or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities, shall be recognised in the statements of receipts and payments.

- **Comparative figures**

The financial statements shall be prepared in a comparative basis on quarterly and annual basis.

- **Errors**

Errors shall be corrected in the first set of financial statements for issue after their discovery by:

- ✓ Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- ✓ If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

8.2 Accounting Systems

- The Secretariat shall maintain an accounting system, which records and reports on all budget, receipts, commitments, expenditures, report and comply with the Government of Kenya laws and regulations.
- The system should be able to ensure separate tracking of funds for the various projects being implemented by the Implementing MDAs.
- The Programme Coordinator shall ensure the availability, reliability and the integrity of the accounting system to be used by the Secretariat.

8.3 Chart of Accounts

The chart of accounts structure for the Programme funds should be GFSM compliant. It shall be aligned with the Government of Kenya Chart of Accounts. The chart of accounts reflects the type of project/program, funding sources, and relevant expense accounts, disaggregated by the type of expenditure.

Some of the analysis dimensions that are required include:

- Organization (ministry, department, agency);
- Source of funds;
- Projects, (where the recipient is handling more than one project);
- Project components;
- Project activities within each component;
- Categories of Expenditure; and
- Expenditure types, which may be the same budget line items.

These are normally used for cost control purposes (e.g. travel costs etc.).

8.4 Accounting Records

Each transaction shall be initiated from the source document including invoices, bills, receipts, staff claims, demand notices, bank pay-in-slips and debit advices.

The Secretariat through the IFMIS system shall ensure that reliable ledgers are produced on monthly basis to assist in the preparation of the Financial Reports.

The following books of account and records shall be kept ensuring that all monies received are properly brought to account and payments are adequately recorded.

Table 9: Accounting Record Details

No	Accounting Records	Description of Accounting Records
1	Cash Books	Cash Books for bank transactions detailing receipts and payments. The cash book shall form part of the double-entry records.
2	Fixed Assets Register	<p>Fixed Asset Register shall provide details of suppliers, description of goods, original cost, location and disposal of assets. The Fixed Assets Register highlights for each individual asset, the following information:</p> <ol style="list-style-type: none"> Asset reference (identification) number; Description and location of the asset within the Project; Purchase price (cost) Date of purchase and disposal; Supplier's name and address Serial or registration number; and Additions to the asset; condition of asset. <ul style="list-style-type: none"> The Secretariat Procurement/Supply chain management Section using the information from the procurement records shall update the Fixed Assets Register regularly; Periodically, the Fixed Assets Register shall be reconciled with the general ledger records and a physical verification of fixed assets shall be carried out; Any discrepancies shall be investigated and satisfactorily resolved with the approval of the Programme Coordinator; and Each Project shall have its own separate Fixed Assets Register. This shall support the double entry records.
3	Cheque Issue Register	The cheque issue register shall list all cheques drawn and evidence of their collection by payees
4	Prepayments/Advances Ledger	The Prepayments/Advances Ledger shall be used to record all types of prepayments and advances taken by staff together with subsequent repayments This shall form part of the double entry records also
5	Payment Voucher	<p>Receipts and Payment Vouchers shall be prepared in duplicate and be submitted to the Financial Specialist for review and approval. The Financial Specialist shall review the voucher for arithmetical accuracy and proper coding. If the Receipts and Payment voucher is for correction of previous error or misclassification, s/he shall take necessary action to ensure that future re-occurrence is avoided.</p> <p>After approval of the R & P voucher, it shall be referred back to the finance who shall cause the R & P Voucher to be entered into the R & P Voucher Register before posting</p>
6	General Ledger (GL)	General Ledger contains separate folio for major expenditure items under each of the categories in the Grant/Credit Agreements. A Trial Balance shall be extracted monthly from the ledgers.
7	Vote Book	Vote Book provides information on financial commitments on contracts, payments made to date, contract value, and uncommitted balances shall be maintained for each expenditure category for effective monitoring
8	Imprest Register	Provides information on the Imprest amounts disbursed, to whom and the dates of request, disbursement and the expected dates of activity completion
9	Miscellaneous Receipts Book	Records receipts from miscellaneous activities such as tender document purchases and other sources
10	Voucher Movement Register	Records the movement of vouchers especially during the Procure to pay process as well as any other movements for instance vouchers given to auditors and other external reviews such as EACC etc. It captures the dates of issuing the vouchers the persons to whom they are issued to and the reasons
11	Cheque Movement Register	Records the movement of cheques during the payment process. It captures the dates of issuing the cheques to the persons to whom they are issued to and the reasons

8.5 Safe Custody and Filing of Accounting Records

- The accounting records maintained are used for the following purposes:
 - ✓ The process of preparing financial statements and reports;
 - ✓ Internal audit process;
 - ✓ References in the confirmation of third-party Statements and payments;
 - ✓ Reconciliation of ledger accounts;
 - ✓ External audits;
 - ✓ Development Partner financing agreements;
 - ✓ Preparation of plans and budgets;
- The main objective of a filing system is to ensure that accounting documents are filed in a logical sequence, to facilitate retrieval, support financial reports, establish a clear audit trail and provide feedback regarding the accuracy of the financial reports.
- All accounting records shall be kept in secured rooms and locked cabinets when not in use.
- No accounting records shall be removed from the room or safe storage facility where they are normally kept, except for audit or legal purposes. In such cases, an official receipt shall be obtained.
- Accounting records may, however, be retained by authorized accounts staff, but a register shall be maintained to monitor the movement of such records.
- Separate files shall be maintained in the Secretariat in respect of payment vouchers showing the following details;
 - ✓ Voucher number, (specifying range i.e. from – to -)
 - ✓ Period (month)
 - ✓ Financial year,
 - ✓ Name of project/activity and Bank Account e.g. (XXX/YYYY).
- Separate files shall also be maintained for the withdrawal applications. Supporting documents for SOEs shall be properly numbered and filed, together with copies of the withdrawal applications. Registers, Daybooks etc. shall be kept at appropriate places until the period to which each relates has ended or when such books or registers have been exhausted and are then transferred to spaces provided.
- All documents in electronic form shall be backed up and a copy kept by the Financial Specialist and regularly checked by the Programme Coordinator.
- Fireproof safes shall be the means of storing important physical financial documents.
- The Secretariat shall liaise with the National Treasury ICT department for ensuring its electronic data is backed up securely in a secure disaster recovery site in line with the National

Treasury Business Continuity and Disaster Recovery Policies and Procedures.

- All Programme records shall be kept securely as long as it is reasonable and convenient for the Secretariat, Implementing MDAs and other stakeholders but in compliance with various government regulations on archiving and safe keeping of documents,

8.6 Financial Reporting

The Secretariat shall prepare financial reports on quarterly and annual basis in line with the PSASB requirements.

The Secretariat shall ensure that DPs reporting requirements are customized within the existing reporting requirements.

The Secretariat shall use the templates prescribed by the PSASB for quarterly and annual reporting. The quarterly and annual reporting shall include the following:

- Project Information and Overall Performance;
- Statement of Project Management Responsibilities;
- Report of Independent Auditors (for the annual reports);
- Statement of Receipts and Payments for the Period;
- Statement of Financial Assets and Liabilities;
- Statement of Cash flow for the Period;
- Statement of Comparative Budget and Actual Amounts;
- Notes to the Financial Statements;
- Other Important Disclosures; and
- Progress on Follow up of Auditor Recommendations.

In addition, the following schedules and Statements shall be prepared for annual accounts even if not expressly required by the PSASB:

- Schedules of debtors – Local and foreign;
- Schedule of advances;
- Schedule of cash and bank balances;
- Schedule of local and foreign creditors;
- Schedule of funds received from donor(s);
- Schedule of fixed assets; and
- Statement of expenditure and financing.

9.0 AUDITING AND OVERSIGHT ARRANGEMENTS

This chapter provides guidance on the internal auditing, external auditing and risk management arrangements under the programme.

9.1 Internal Auditing and Risk Management Arrangements

The Internal Auditor General's Department shall provide internal audit services to the programme as part of NT's Audit plan by relying on the following:

- Adoption of the principles of a risk-based internal audit plan.
- International Standards for the Professional Practice issued by the Institute of Internal Auditors with such modifications appropriately justified or such other standards as may be adopted by the Internal Auditor General Department.
- Professional ethics required of internal auditors and should not have any "conflict of interest" with the Secretariat.
- Request by the CS, NT&P, SC, JTC or the Programme Coordinator to conduct an audit or an investigation into any aspect of the Secretariat.
- Unrestricted scope of the internal auditors which shall include as a minimum – financial audit, compliance audit, value for money audit, IT and controls audit, investigations and forensic, risk management reviews, operations audit, etc.
- Unrestricted access to all the Secretariat offices, staff, advisors and consultants providing any services to the Secretariat.
- Unrestricted access to all projects financed by the programme, offices, officers, documents and information held by Implementing MDAs.
- Documents and information provided by staff of the Secretariat including TA.
- Submission of Audit findings and recommendations to the audit committee of the National Treasury with a copy to the Programme Coordinator
- Feedback on internal audit reports by the Secretariat on a timely manner.
- Retention of audit files and copies of their reports in accordance with archiving policy of the Government of Kenya.
- Liaison and consultation with the Auditor General, and where appropriate, the Secretariat should be informed accordingly on a timely basis.

9.2 Internal Audit Procedures

- Consistent with guidance provided by the International Standards for the Professional Practice of Internal Auditing, the Internal Audit Function shall develop an approved Internal Audit Charter and provide the Secretariat with a copy.
- Internal auditors shall prepare an annual audit plan for the Secretariat. The Annual Audit Plan should be informed by assessed risks.
- The internal audit function shall develop an audit plan and agree with the Secretariat management prior to the commencement of any internal audit engagement.
- Internal auditors shall conduct an “entry meeting” at the start of, and an “exit meeting” at the end of each internal audit engagement with management of the Secretariat and relevant Implementing MDAs.
- The Secretariat shall give access view rights to computerised financial and accounting system and are to observe IT Security policies and procedures of the Secretariat.
- Internal auditors to document their work in sufficient details as required by the International Standards for the Professional Practice of Internal Auditing.
- Except for special investigations, internal auditors shall discuss with the Secretariat management draft reports of internal audit findings and recommendations before final reports are issued.
- The Secretariat shall facilitate internal audit activities by providing office space and providing information and required documents in a timely manner.

9.3 Internal Audit Reports

- Internal audit reports shall be submitted to the audit committee of the NT&P with copies to the Programme Coordinator and the Auditor General.
- Internal audit reports must include an analysis of the extent of addressing previous audit observations/queries.
- Internal Audit reports shall contain responses to the audit observations.

9.4 Risk Management

- The Programme Coordinator shall liaise with the department responsible for risk management at the NT to ensure that the programme risks are addressed under the National Treasury risk management framework and policies.
- The National Treasury shall ensure that the risk management framework forms the basis under which the programme’s risk register and monitoring templates are developed.
- The Risk Management Framework and monitoring templates shall take cognition of the activities /relationship between the Secretariat and the Implementing MDAs.

- The National Treasury shall ensure that risk management reports prepared at least on a quarterly basis include the programme issues and presented to the Programme Coordinator and the JTC. The report shall contain updated risk registers including identified and assessed risks as well as proposed mitigation measures and new risks facing the Secretariat.
- The Internal Auditor General's Department may conduct periodic independent audits of risk management framework, policies and procedures put in place in relation to the Secretariat by the NT.

9.5 External Audit Arrangement

- The Office of the Auditor General shall audit the Programme Funds.
- The Secretariat shall prepare, annual financial statements in accordance with guidelines provided by the PSASB.
- The Secretariat financial performance shall be reported as part of the consolidated GoK Annual Financial Statements with enough detail for notes to the accounts for the reader to identify external assistance under the Programme.
- The audited financial statements shall be included as an integral part of the financial statements of the Government and shall be tabled before the relevant Parliamentary Committees and debated upon by Parliament accordingly.
- The Auditor General shall conduct audit of the financial statements of the Programme in accordance with the International Standards of Supreme Audit Institutions [ISSAI] issued by INTOSAI and International Standards on Auditing [ISAs] issued under the auspices of the International Federation of Accountants [IFAC] to the extent relevant to the laws of Kenya.
- All staff members of the audit from the OAG are to abide strictly with professional ethics required of auditors and should not have any "conflict of interest" with the Secretariat.
- The CS, NT&P and Programme Coordinator may request the Auditor General to conduct a special audit or investigations into any aspect of the Secretariat.
- The scope of the Auditor General shall not be restricted whatsoever and shall include as a minimum – financial audit, compliance audit, value for money audit, IT and controls audit, investigations and forensic, risk management reviews, operations audit, etc.
- The Auditor General and his staff shall have unrestricted access to the Secretariat offices, staff, advisors and consultants providing technical assistance to the Secretariat.
- The Auditor General and staff shall have unrestricted access to all projects financed by external assistance, offices, officers, documents and information held by the Implementing MDAs.
- The staff of the Secretariat and those providing technical assistance to the Secretariat shall provide documents and information reasonably required by the External Auditors.

- Within six months (by 31st December) of the end of the financial year, the Auditor General shall report his/her findings and recommendations to the Parliament with copies to the CS, NT&P and the Programme Coordinator.
- The Programme Coordinator shall take reasonable steps to ensure external audit reports are acted upon on a timely manner.
- The Auditor General in performance of his/her work may liaise and consult with the Internal Auditor General Department, and where appropriate, the Secretariat should be informed accordingly on a timely basis.

10.0 TRAINING & CAPACITY DEVELOPMENT GUIDELINES

The objective of this section is to document the process of developing training material to guide the Implementing MDAs/training players in ensuring that the training programmes are planned and conducted in logical manner that creates maximum impact to the participants.

The Secretariat shall ensure that training activities lead to the following benefits:

- Enhancement of professional knowledge and skills both at individual and collective levels;
- Equips personnel to respond appropriately to emerging challenges towards the fulfillment of its strategic plan; and
- Appropriate changes in attitudes, which leads to improvement of the individual's competencies and promotion of organizational objectives.

The PFMR Secretariat shall be responsible for:

- Designing and implementation of a National and county PFM assessment programmes to improve understanding of capacity gaps and tailor support; and
- Financing for MDAs and Counties requiring support for institutional development and capacity development activities to deliver on the reform results.

County level capacity building shall be carried out within the National Capacity Building Framework, which is coordinated by the State Department for Devolution and linked to the mechanisms set out in the PMFR Strategy 2018-2023, coordinated by the Secretariat. Uniform metrics for capacity building will be developed as part of the NCBF for the different types of capacity building set out here.

10.1 Capacity Building and Institutional Development of MDAs and Counties

Structured capacity building of MDAs and Counties will enable the delivery of PFM results for improved service delivery. The Strategy results deliberately do not identify actions relating to capacity building in the achievement of results. However, MDAs work plans to deliver those results will consider capacity gaps and include structured capacity building. This will be consolidated and harmonized into a reform-related capacity building plan by the Secretariat. There will be two types of capacity building support to MDAs and Counties: Institutional development and staff capacity building.

Core institutional development in MDAs and counties and in core PFM and HR institutions under the following:

- ✓ **Tailored support to MDAs and Counties based on the specific institutional performance:** Counties and national level MDAS will be assessed in terms of the core PFM performance which will include the achievement of results specified in the Strategy. Assessment will be developed by Secretariat drawing from existing assessment tools but tailored to directly address the capacities required for implementing the reform results. While the Secretariat will coordinate the assessment, MDAs and Counties will identify the gaps within their institutions. The Secretariat, Development Partners and

implementing MDAs and Counties may contribute finances for activities to address capacity gaps. Based on the assessment, PFM institutions may design direct support to MDAs and Counties with poor performance. This will involve a combination of training, peer learning, twinning, on the job support and re-tooling. This will ensure that different institutions have the means and capacity to manage human and financial resources effectively.

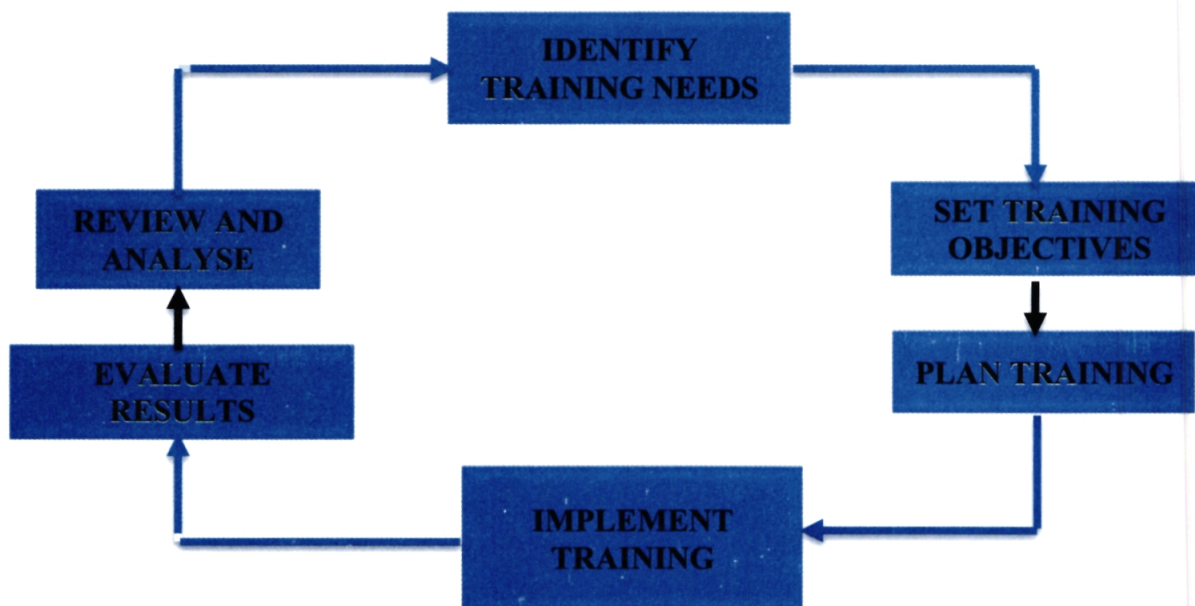
- ✓ **Specialist Development of core PFMR and HR institutions:** Institutions with specialist HRM and PFM roles may need to develop their capacity, and to do so they may require technical assistance and/or study tours to learn from others develop those specialized skills. This will ensure that core specialist institutions have the skills required to play their PFM and HR functions.
- ✓ MDAs and Counties may require some support to enable individuals within their institutions to establish the necessary skills to deliver on the reforms identified in the Strategy. To address this, two areas of staff capacity building are considered:
- ✓ **MDA and County Capacity Building for Reform Results:** Counties and MDAS will be trained on PFM processes and systems which are required for the delivery of reform results. This will ensure that all staff involved with PFMR and HRM have a basic understanding of the processes and systems required to deliver the reforms.
- ✓ **Professional Qualifications:** Staff in certain cadres require professional qualifications (e.g. accountants, procurement staff) in line with established policies, and this is important for achievement of reform results. Some areas of PFM have specialized institutions to provide these qualifications, while others have or are developing courses with universities and training institutes. This will ensure that government has the required professional capacity in key positions.
- ✓ **Specialist core skills development for staff in core PFMR and HR institutions:** In addition, public officers in core PFM and HRM institutions may require specialized training in certain areas which may be provided locally or internationally. This will ensure that government has the required skills in key areas.
- ✓ **Selection of Training Consultants:** The Secretariat and the Implementing Agencies shall ensure that training are carried out by reputable trainers who are competitively selected through established procurement procedures. The Secretariat and the Implementing MDAs shall ensure that the trainers selected have in the past been involved in carrying out similar or related training within the public sector and are able to conform to the provisions of this manual during the dissemination workshops

The Secretariat and the Implementing MDAs shall ensure that the training are carried out as provided in the budget and within the period specified within the work plan.

10.2 Training Process

The **figure 5** below illustrates the training process for both Secretariat and the Implementing MDAs.

Figure 5: Training Process Overview



Phase 1: Needs Assessment

Objective: The objective of needs assessment is to assist the Secretariat and the Implementing MDAs to assess the training gaps amongst their staff.

A Need: A "need" refers to the gap between what is and what could or should be within a context, leading to strategies aimed at eliminating the gap between what is and should or could be.

The following central questions shall be answered by the Secretariat and the Implementing MDAs as they undertake needs assessment and subsequent training:

Why conduct the training? To tie the performance deficiency to a working need and be sure the benefits of conducting the training are greater than the problems being caused by the performance deficiency. Conduct two types of analysis to answer this question: (1) *needs versus wants analysis* and (2) *feasibility analysis*.

Who is involved in the training? involve appropriate parties to solve the deficiency. Conduct a target population analysis to learn as much as possible about those involved in the deficiency and how to customize training program to capture their interest.

How can the performance deficiency be fixed: Training can fix the performance deficiency or suggest other remediation if training is not appropriate? Conduct a performance analysis to identify what skill deficiency is to be fixed by a training remedy.

What is the best way to perform: There is a better or preferred way to do a task to get the best results. Are job performance standards set by the organization? Are there governmental regulations to consider when completing the task in a required manner? Conduct a *task analysis* to identify the best way to perform.

When shall training take place: The best timing to deliver training because attendance at training can be impacted by work cycles, holidays, and so forth. Conduct a contextual analysis to answer logistics questions.

These questions form the foundation of a training needs assessment. A trainer must first understand what the staff undertakes in their usual activities. It is important to keep in mind that training is only part of a solution to meet professional needs identified in needs assessment. Other changes - in addition to training - may be needed in order to completely fill a learning gap.

Assessing Needs

The first step in building a training course is identifying the needs of targeted participants. The Secretariat and other Implementing MDAs shall be guided by an in-depth Key Informant Survey as per **Annex 2**, on the process leading to training needs identification.

The outcome of the training needs assessment shall identify both short-term and long-term training opportunities. The training needs assessment (TNA), will result to the following:

- What do the participants need to know and do as a result of this training?
- What do we need to know about the course participants and the stakeholders they serve?

Phase 2: Training Objectives

After undertaking training needs assessment, training objectives shall be formulated by both the Secretariat and/or the Implementing MDAs.

The training objectives aims to achieve the following:

- Improvement of staff skills towards realization of the Secretariat strategic themes,
- Improve government departments, ministries performance towards public financial management;
- Enhance resource management and accountability within the Public Sector; and
- Improve work behaviour, so that people function better at assigned activities and fulfil their potential.

Principles Underlying Training Objectives

The Secretariat and Implementing MDAs shall adhere to the following principles for successful training to be carried out:

- **Clarity:** The Secretariat and Implementing MDAs needs to define purpose of the course, target group, aims and objectives, learning outcomes, process plan, responsibilities, piloting and testing, evaluation, etc.
- This shall enable the planners of the training to ensure that it's well carried out.
- **Capacity:** There shall be a need to assess the required capacity of those who shall be involved in the administration and running the courses, to ensure that their involvement is fundamental to the success of the training. Training shall require each set of skills and expertise unique from another depending on the context it runs in.
- **Time:** Time should also be taken in assembling the appropriate capacity package on whether human resources and expertise or material and non-tangible needed.
- **Consistency:** Consistency of approach once agreed upon maintains the quality of the design process. Once there is clarity on aims and objectives, the design team moves into the details of methods and training approach techniques of it's important to stay consistent with what the training is trying to achieve and stay focused on the main purpose. If team members must be substituted, it's important that there is enough overlap/hand over period so new members can join in, bringing in fresh and new ideas without disrupting an on-going process especially when it's farther down the line.
- **Commitment:** Commitment not just of the design team but also of all stakeholders involved in terms of supporting the team efforts financially, administratively, logistically, etc. The best design efforts falter and cannot be sustained when there is lack of commitment.

Phase 3: Planning Training

The coordination of a training course involves variety of steps, tasks, and skills. The Secretariat and the Implementing MDAs shall ensure that coordination amongst the design team is encouraged at all the phases of the training.

Training Logistics Checklist: Simplify the checklist

The Secretariat and the Implementing MDAs shall rely on checklist below for ensuring that the necessary steps are taken into consideration. The checklist shall help the designers identify the training materials and to consider the viability of the venue selected which shall motivate the participants to attend.

Table 10: Training Checklist

WHAT YOU NEED TO KNOW	WHERE TO FIND THE ANSWER	HOW TO FIND THE ANSWER (STEPS)	TEAM NOTES
Training schedule/ structure			
Optimal number of Training days			
Spread of training over one or more weeks			
Best days of the week			
Best time of the day			
Length of each session			
TRAINING LOCATION			

WHAT YOU NEED TO KNOW	WHERE TO FIND THE ANSWER	HOW TO FIND THE ANSWER (STEPS)	TEAM NOTES
Access			
Comfort			
Training facility			
Accommodation			
Supplies on-site			
Food and drink			
ADVERTISING			
Lead time for advertising			
Information for nomination and Enrolment			
Direct invitations			
Other advertising ideas			
REGISTRATION			
Online or by email			
By post			
Other ways of registration			

Phase 4: Implementation of Training

The Secretariat and the Implementing MDAs shall ensure that the design of the training materials provide a road map for addressing the training gaps identified. The training design is an outline of all the- what, where, who, when and how” details of the training for use by Consultants.

The Implementing MDAs shall ensure that the primary component of a training design includes the following:

- **Learning Outcomes:** What shall participants be able to do as a result of completing the training?
- **Training Materials:** What materials need to be developed and what shall the materials include?
- **Trainers and Content Experts:** Who shall facilitate the training and act as content experts to review materials?
- **Training Methods:** What methods shall be used so that participants meet the learning objectives and learn the content most effectively?
- **Logistics:** Where and when shall the training take place? Who shall be invited and how shall they be notified? Shall a per diem be paid to participants?

The results of a needs assessment inform these five training design components. Where a gap has been identified, the learning outcome statements shall precisely address their job-related needs.

a) Training Materials

Course design refers to the planning and structuring of a course to achieve specific instructional goals.

The course design process includes the following activities:

- Identifying appropriate goals

- Choosing content that's consistent with the goals
- Selecting ways to achieve the goals
- Assessing participant learning in relation to the goals

As part of the design process, instructors should also consider:

- Their own teaching styles
- The learning styles of the participants
- The role of the course in the overall training effort

b) Training Material Design

The Secretariat and Implementing MDAs shall ensure that the trainer considers the following checklist in designing training materials:

- **General theme or topic:** In general, what knowledge and skill areas shall be the focus of the training?
- **Goals and objectives:** What do we want participants to learn during the training? (What shall they leave knowing more about or what new skills shall they have acquired?)
- **Essential questions:** What central questions do we want participants answering as the training unfolds?
- **Summary of participant activities:** How shall participants accomplish curriculum objectives and answer the questions in numbers 2 and 3 above? (E.g. small group discussions and projects, lectures, role-playing.)
- **Resources:** What resources might the trainer use to help participants accomplish curriculum objectives? (E.g., current research, guest speakers, discussions, encouragement)
- **Assessment activities:** How shall we determine if participants
 - ✓ Have reached curriculum objectives identified in number 2 above; and
 - ✓ Can answer the questions in number 3.
- **Evaluation of the training and the training process:** How shall we evaluate the quality and usefulness of the training as well

Phase 5: Training Dissemination (Delivery)

The delivery phase of training is when the coordination, assessment of learning needs, design, and development phases come together.

Successful training delivery shall depend on:

- ✓ Accurate identification of participants' training needs;
- ✓ A carefully crafted training plan;
- ✓ Well-managed training details;

- ✓ Thorough and relevant materials; and
- ✓ Prepared trainers, ready to present a compelling learning experience while the other steps of the training process focus heavily on creating the content of the training, the delivery or implementation phase is concerned with teaching the content and participant learning. Now that you have built your house, you want to invite people in to experience what you have created.

- ***Before Commencement of Training***

The design of the training materials should address the following basics:

- ✓ The content to include;
- ✓ The delivery methods to use;
- ✓ The time allocated for each of the goals; and
- ✓ The tools for assessing participant learning.

- ***b) During the Training Dissemination***

The trainer shall learn more about the participants and their needs. This information may require adjustments in the course design. For example, after working with the group, there is need to address and decide to:

- ✓ Change the time allocation for a topic
- ✓ Change the type of activity associated with a topic,

- ***Conclusion of the Training Session***

The information gathered at the conclusion of a training session shall help to assess the effectiveness of the current training and help improve future training sessions. To evaluate the course. Use appropriate evaluation tools and our own perceptions

- ***Training Methods***

The Implementing MDAs shall ensure that trainers are exposed to a huge array and variety of training methods each with its advantages and disadvantages. There shall be a need to ensure that, a healthy mix of a few methods provides variety, overcomes monotony and boredom and energizes participants. But the mix is not an end.

Training methods need to be carefully selected to match the purpose and learning outcomes of each session.

Phase 6: Training Evaluation

Objective: Training evaluation is important to the Secretariat and to the Implementing MDAs, to determine whether training gaps identified, have been are addressed.

The evaluation process shall be carried throughout each phase of the training process, not as a last step. For example, after conducting a needs assessment, ask the design team and key informants if the needs identified are accurate.

Evaluation shall occur immediately after participants complete a course evaluation form following the training but before leaving the site.

Evaluation shall be carried out each day of training through quick “How did it go?” discussions, or even in organized focus groups with participants during the evening. Longer-term, follow-up evaluations conducted three/six after the training had been concluded. These evaluations measure how participants use their newly acquired information and skills in their professional roles.

Forms of Evaluation

Formative evaluation shall be carried out during the training delivery phase and after the training, as provided by **Annex 4** on the Training Evaluation. The process allows trainers to determine how they need to adapt their training plans and delivery so that a training session or program shall be most effective for participants.

The Implementing MDAs shall ensure that besides the training evaluation forms under **Annex 4**; shall be prepared and summarized by the trainer, a report on the key issues on the form shall be prepared by each agency and submitted to the Secretariat.

b) Pre- and Post-Knowledge Test

Before you begin the content of the training, ask participants to complete a knowledge-based questionnaire that asks them what they already know about the training topic.

- ✓ Pass out the exact same questionnaire at the end of the training to gauge how their answers have changed from before the training began.
- ✓ Keep the questions brief.

Focus questions on the learning objectives. (Note: This questionnaire can also be administered during the needs analysis. You want to determine what participants already know and therefore, what you can leave out of the training or spend less and more time on).

Trainer Assessment

During breaks, the trainer(s) should assess the progress of the training. If there is more than one trainer, each trainer should provide honest and helpful feedback to each other.

- ✓ Are the participants engaged?
- ✓ Was there possible confusion on any portion of the session so far?
- ✓ Is more time needed for a particular portion of the session?
- ✓ Are the trainers going too fast or do they need to pick up the pace?
- ✓ Are participants interacting as a group enough?

Participant Check-in

Ask participants briefly how things are going. Find a convenient time to either hand out a half-slip of paper and ask four or five questions or ask them verbally and get feedback from the group:

- ✓ What have you learned so far in this training session that you didn't know before?

- ✓ What would you like to know more about that was addressed so far?
- ✓ How is the pace of the session so far? Too Fast, Too Slow, Just Right?
- ✓ What did you like best about the morning (or afternoon) session?
- ✓ How can the trainers make the remainder of the session most effective for you?

Post-training participant feedback

Suggested questions:

- ✓ What has gone well so far in this training?
- ✓ What have you learned that is new?
- ✓ What was presented that you already knew?
- ✓ What would you like to know more about?
- ✓ What can the trainer(s) do differently to make the training more effective?
- ✓ What can you as participants do to make it more effective?

The following is just a list of the types of evaluation that could take place in any training course:

Evaluation Form
<ul style="list-style-type: none">• Training Evaluation Form: Skills, Attitude, Comfort• Training Evaluation and Learning Self-Assessment• Post-Training Summary Evaluation• Training Observation Instrument• Expert Observer Rating Tool• Group Activity Observation Form• Evaluation using Focus Groups: Topic Guide• Trainer Attributes: Competencies Self-Assessment• Instructional Design and Materials Evaluation Form

Phase 6: Review of Training Impact

This level of assessment/ evaluation shall be done approximately 3 to 6 months after the training. The essence of this evaluation is to assess the extent to which skills, knowledge and experiences learnt at the training have been transferred or applied in work environment. The evaluation shall help the implementing MDA to determine the Return on Investment in the Training. Each implementing MDA shall ensure that it conduct at least one impact assessment per year for its training programmes. Such impact assessment reports shall be shared with the Secretariat.

The Implementing MDA shall be responsible in evaluating the effectiveness of the training in order to advise on continuity or otherwise of the course.

11.0 COMMUNICATION ARRANGEMENTS

The basis for communications arrangements under the programme is summarised in this chapter. The chapter also provides the guidance on complaints and compliments handling for the Programme.

11.1 Guiding Principles for Communication within the Programme

All communication within the programme shall be based on the approved communication strategy and any other approved communication policies and procedures adapted by the Secretariat. The management shall in its entirety adhere to the communication process as articulated in the Communication Strategy.

The Secretariat shall apply the following tactics/objectives as set out to enhance its image and achieve its Communication Strategy:

- **Objective 1:** To establish and entrench a culture of internal communication and information sharing for enhanced staff engagement and delivery. The effectiveness of an organisation's external communications is directly dependent on its internal systems, culture and communication practices. For this reason, it is essential for the Secretariat to streamline its approach to communication for effective engagement with its external stakeholders.
- **Objective 2:** To increase awareness on PFM reforms among strategic stakeholders for enhanced understanding and support for the Programme. This objective takes a two-pronged approach: first, raise the profile of the Secretariat and second, increase awareness on PFM reforms.
- **Objective 3:** To facilitate continuous learning and information sharing among Implementing MDAs for improved service delivery.
- **Objective 4:** To create synergies among the different stakeholders to promote ownership of the PFMR.
- **Objective 5:** To strengthen engagement with donors for enhanced focus towards achievement of common goals and results of the programme.

12.0 COMPLIMENTS AND COMPLAINTS HANDLING

Complaints will be handled in accordance with official guidelines, procedures, policies and practices of each implementing institution (as aligned with public service guidelines as issued by the CAJ/Ombudsman, EACC and other relevant bodies from time to time). This includes:

- **The National Treasury Complaints Handling Policy and Procedures (as updated from time to time).** This provides for the PFMR Secretariat (as a semi-autonomous department/division within the National Treasury) to receive complaints under the local category option (other categories are centrally through the National Treasury).
- **The Ministry of Public Service, Youth and Gender Affairs established complaints handling system and service charter (complaints handling strategy/policy once developed).** This provides for complaints to be handled through 17 registries distributed across the Ministry through the various sectional head focal points. One of these avenues will be through the Management Consulting Services Unit within the State Department of Public Service.
- **As per Office of the Auditor General,** complaints will be handled according to existing procedures where complaints are channeled centrally to the Auditor General's office and distributed to various Deputy Auditor General's for redress.

Each implementing agency should be able to demonstrate that its complaints handling systems meets the following basic criteria:

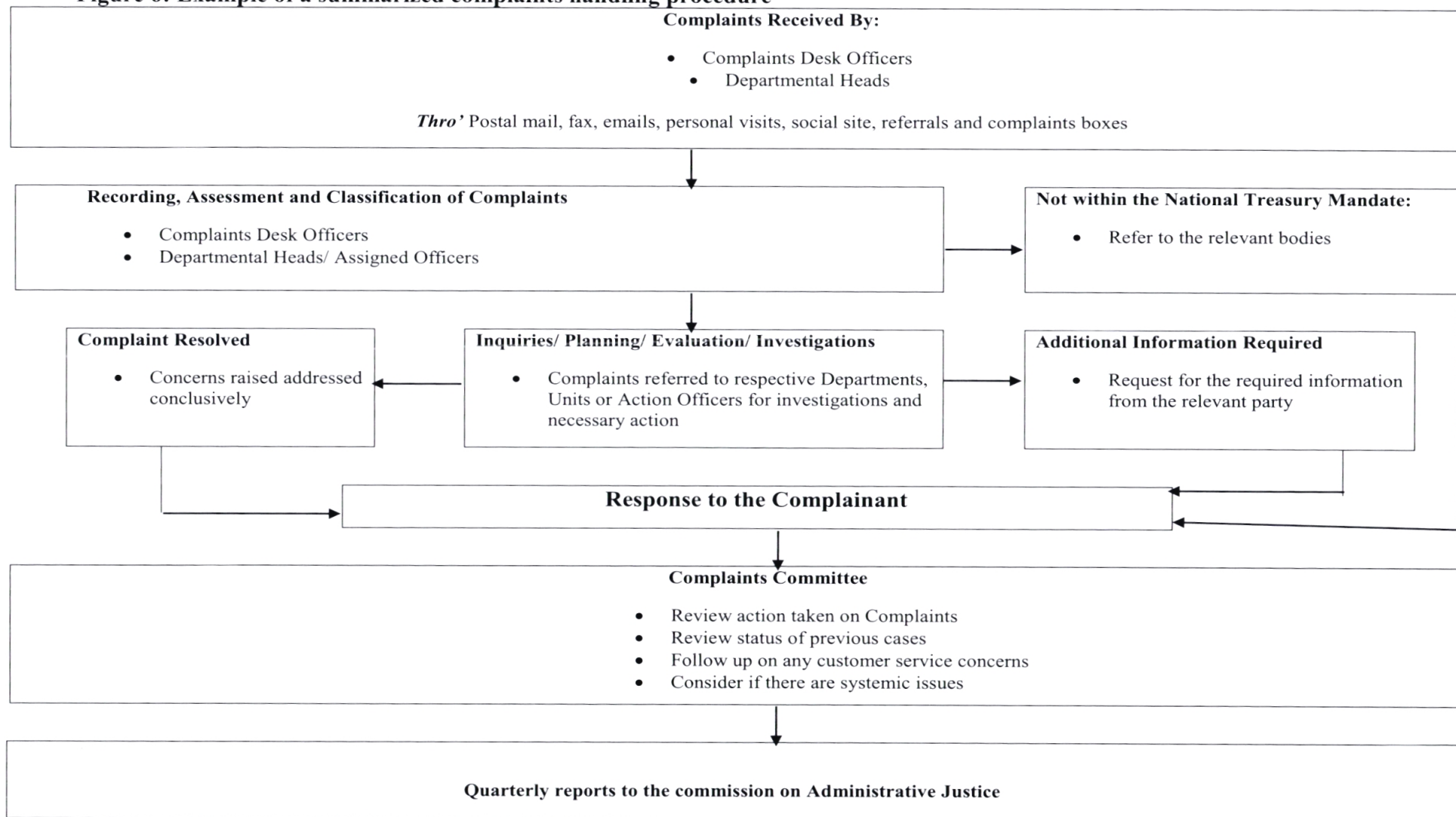
- **Multiple channels for receiving complaints from stakeholders and the public**
Defined processes through which complaints are received, registered and (see Figure in below as an example)
- **Clear mechanisms to acknowledge, assess and resolve issues/concerns** (including timeframe for resolution and providing feedback on status and progress of complaints).
- **Stakeholders and the public are aware of the complaint handling procedures** in place and channels through which complaints can be lodged are accessible to the public.
- **Roles and responsibilities for complaints handling officers** and due processes to be followed are clearly defined.
- **Responses to complainants are documented**
- **Process for handling confidential complaints**
- **Process of documentation, regular checking and monitoring** of unresolved grievances.
- **Regular reporting (accountability) internally and externally** on how complaints have been handled within specified time periods.

Responsibilities for Complaints Reports and Reporting:

It shall be the responsibility of the PFMR Secretariat within the National Treasury, the Management Consulting Unit of the Ministry of Public Service Youth and Gender Affairs and the result team focal point within the Office of the Auditor General (responsible for Key Result Area 8) to ensure that for purposes of the PFMRS (and implementing programs such as GESDEK) that:

- (a) Each implementing institution's complaints handling arrangements are sufficiently publicized with various channels accessible to the public.
- (b) Each implementing agency compiles reports of all complaints received (including action taken on them) and submit them to the EACC (corruption), Ombudsman (maladministration), Public Procurement and Regulatory Authority (Procurement) or other relevant institution in accordance with public service guidelines including annual Performance Contracting Guidelines, annual EACC Performance Contracting Guidelines on Eradication of Corruption Indicator and Commission on Administrative Justice (CAJ) Guidelines on Complaints Resolution Indicator. Excerpts of these reports (as relevant to complaints relating to the PFMRS) shall copied to the PFMR Secretariat on a quarterly basis in the format in Annex 13. In the case of the Office of the Auditor General (where the above guidelines don't apply with regard to periodic reporting of complaints), the OAG will use the simple template in Annex 13 to provide quarterly reports to PFMR.
- (c) As part of the implementation of the PFMRS under the World Bank GESDEK Program, the implementing agencies are required to implement actions that support application of the World Bank Fraud and Corruption Policy. These includes an obligation to prevent fraud and corruption and report to the Bank on where instances of F&C have occurred.

Figure 6: Example of a summarized complaints handling procedure



13.0 MONITORING AND EVALUATION ARRANGEMENTS

This chapter outlines the Monitoring & Evaluation (M&E) arrangements for the Programme. The Secretariat through the Programme Coordinator shall be responsible for coordination of the M&E activities.

The Secretariat is responsible for monitoring and reporting on the progress and achievements of the PFMR Strategy.

The Secretariat shall coordinate and submit consolidated M&E information and reports. The monitoring of the results areas will be carried out by the Result Teams in relation to the PFMR Strategy results framework and the Annual Work Plans. The result teams from the MDA's and Counties shall ensure that reports and findings are submitted to the Secretariat.

13.1 Monitoring and Evaluation Basis

The Secretariat shall ensure that Monitoring and Evaluation is guided by the following principles:

- Regular and continuous dialogue with PFM stakeholder institutions;
- The established and agreed results framework of the PFMR Strategy;
- Narrative reporting from the PFM stakeholder institutions (quality assured by the Secretariat);
- Financial and audit reports from the PFM stakeholder institutions (quality assured by the Secretariat);
- Activities shall be regularly and systematically monitored and evaluated;
- Activities shall be built into the design of project activity;
- It shall be responsive and appropriate to the characteristics of the situation and the activities (project) carried out. To the extent possible, monitoring & evaluation systems shall be integrated with those of implementing MDAs; and
- Monitoring & Evaluation systems shall reflect the information needs and approaches established by key institutional policies, such as the PFMR Strategy, the Constitution, and the relevant laws.

13.2 Monitoring and Evaluation Guideline

The PFMR Secretariat shall be responsible for ensuring that Monitoring & Evaluation functions are realized based on the following guidelines:

Table 11: PFMR Monitoring and Evaluation Guide

	Planned Key Step	Time Frame	Lead MDA
Coordination	Completion of the Operational Manual to ensure it adequately addresses the ongoing coordination of the strategy	June 2019	PFMR
	Alignment of PFMR Secretariat staffing to new strategy, including assignment of lead staff to work with result teams and to work with implementing MDAs	June 2019	PFMR
	Monitoring and Evaluation capacity building for PFMR	Continuous	PFMR
	New implementing agencies co-opted onto the PFMR SWG, SC and JTC.	June 2019	PFMR
Monitoring and Evaluation	Development of an assessment framework for national and county PFM performance that is aligned to the PFM Strategy	June 2020	PFMR
	Development of PFMR M&E capacity building framework	June 2020	PFMR
	Establishment of a facility for providing support to MDAs and Counties aligned to the assessment findings	June 2020	PFMR

13.3 Monitoring & Evaluation Reporting Requirements

Monitoring and Evaluation reporting requirements shall be carried out in line with chapter six of the strategic plan. The Coordinator shall ensure that the frequency of the reports is based on the following:

- Annual MDAs work plans and quarterly progress reports on reform implementation:**
 The work plans, and quarterly progress reports are a key operational tool for allocation of funds to specific reform activities. They should include GoK and DP funding for reform activities and will be prepared by implementing MDAs and consolidated by the Secretariat. Quarterly progress reports will provide information on expenditure, results indicators and capacity building activities implemented.
- Result Team's PFM Reform Matrix and Results Reports** – The PFM Reform Matrix (see Annex D) is the key tool for result teams to measure progress towards results and agree on strategic changes required. The Reform Matrix is intended to be dynamic and iterative. Key Steps will be defined for a two-year period on a rolling basis, and result teams will review, update and define new steps annually based on progress towards achievement of results indicators. Result teams will identify activities focused on the achievement of key steps and report against them quarterly. Result Teams will collect and update the status of the achievement of key steps and results indicators, drawing information from the annual

performance assessment of counties and MDAs. Result Teams will be convened quarterly by the Secretariat and submit reports to the JTC.

- **Reporting on Coordination, Capacity and Cross-Cutting Issues:** On a quarterly basis, the Secretariat will monitor and report on progress and challenges in reform coordination, capacity building and the implementation of cross-cutting issues against the framework set out in this strategy. The Secretariat will report annually on the related indicators included in the Results Framework.
- **Annual Performance Assessment of Counties and MDAs:** Assessment of performance of Counties and MDAs in the implementation of PFM systems and their achievement of relevant performance indicators in the Results Framework is key to determining the status and requirements for capacity building and support on the implementation of reforms. An annual assessment of MDAs and Counties will be conducted, commencing in 2019/20.

13.4 PFMR Reporting Requirements

The Secretariat and the Implementing MDAs shall ensure that the reports are aligned to the programme funding. The reports are intended to inform stakeholders of the status of Program implementation and the decisions/actions necessary for successful implementation of the Program.

The reporting programme shall include both annual and periodic reports as provided under **Table 12**.

13.4.1 Annual Report

Each report shall cover the period of one fiscal year (July 01-June 30). The Annual Program report will be prepared by the Secretariat and submitted to the JTC by October 30th of each FY.

13.4.2 Quarterly Report

Each Results Area will be overseen by a Result Team comprising of all the MDAs responsible for implementing actions relevant to the achievement of results and reporting on indicators. The Structure and MDA Representation of Result Teams are set out in **Annex 6**.

Each Result Team will report quarterly using templates prescribed in **Annex 7** to ensure that:

- Issues for management attention in the achievement of results;
- The planned and actual status of both the Success Indicators, the Key Steps and the associated indicators verification protocols;
- The planned and actual actions towards resolving bottlenecks and achieving results

The result teams shall use the template in **Annex 7** on quarterly basis, for compiling and forwarding the achievements of the results to the Secretariat. These shall include the following:

- The implementing MDA shall collect and provide to responsible lead MDA, the Secretariat the status of key steps, the values of the success indicators and supporting evidence on a quarterly basis by the 15th of the month after the close of each quarter.

- The chair of the result team shall compile the result team’s report, with the support of the Secretariat, and submit it to the Accounting officer of the lead MDA with a copy to the Secretariat.
- The Secretariat shall **compile key issues on a quarterly basis** on the achievement of results from the quarterly reports (for the attention of the JTC, SC and NT senior management).
- The Secretariat shall **compile the information on the status of results and supporting evidence** from Result Teams by July 31st, for the preceding financial year for transmission to the Verification Agent by the 5th of August.

13.4.3 Mid-Term Review Report

Mid-term review shall be conducted on the 30th month after effectiveness and is anticipated to be April 2021. The review shall analyse whether the Programme is on track, what problems and challenges the project is encountering and what corrective actions are required.

For mid-term evaluations, either in-depth evaluations or desk evaluations shall be used. The Programme Coordinator during the mid-term evaluation shall assess the performance of the program and decide whether the program needs to be restructured. The format of the Report is provided in **Annex 10**.

13.4.4 Program Completion Report

There shall be an evaluation to be carried out at the end of every project by the Secretariat. The evaluation shall assess whether the objectives and goals were achieved in an effective and efficient manner, and provides recommendations and lessons learned from Program implementation in order to assist in determining whether to continue, replicate or expand the project.

The end of program evaluation shall be conducted not later than six (6) months prior to closing date using the structure outlined in Annex 11.

Table 12: Summary of M&E Reporting Deadlines

Report Type	Preparation Frequency Period	Submit to	By When	Format
Result Team reporting on achievement with Indicators/ Milestones	Quarterly	Secretariat, JTC and lead MDA	15 th day after the end of a quarter	Annex 7
Annual Progress Report	Annually	JTC, WB & DPs	October 30 th	Annex 8
Mid –term report	30 th Month after effectiveness or April 2020	JTC, WB & DPs	February 2020	Annex 10
Program Completion Report	Project closure	JTC, WB & DPs	6 months before project closure	Annex 11

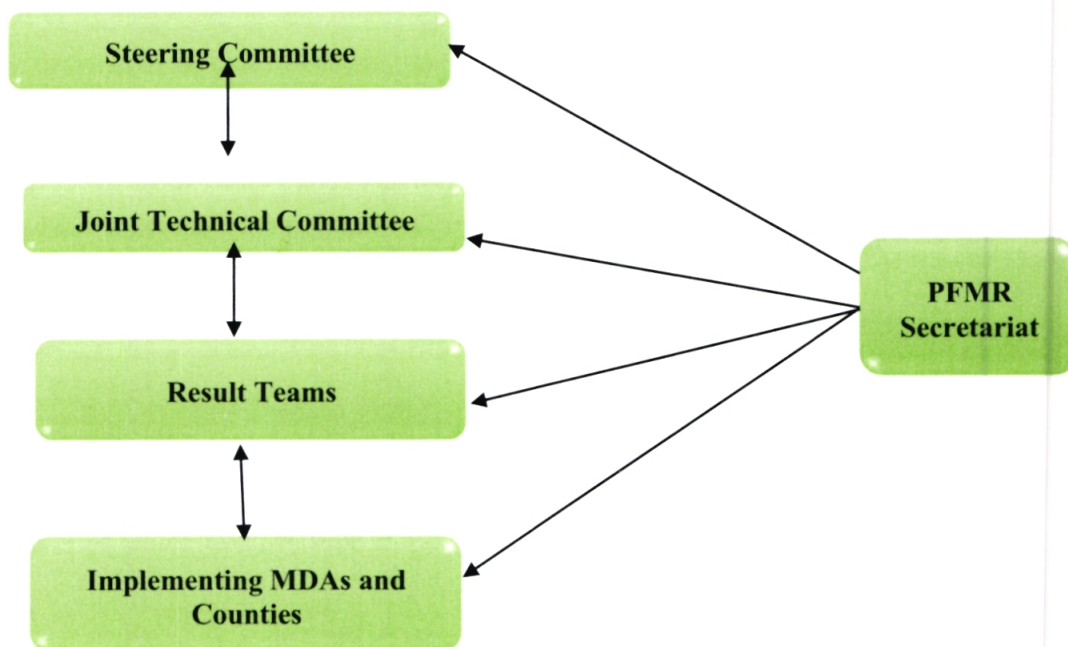
13.5 Coordination of M & E Activities

The Secretariat shall monitor and report on progress in reform coordination, capacity building and the implementation of crosscutting issues against the framework set out in the Strategy. The reporting shall be based on the indicators, included in the Results Framework.

M& E activities shall be monitored through the various result teams

- **Result Team**—This is the key operational level in management with responsibility of examining progress towards results and agree on strategic changes or actions required as a comprehensive group of stakeholders. Result teams shall prepare rolling action plans and update and report against them quarterly – these action plans are intended to be dynamic and iterative.
- Each Result team shall collect and provide evidence and compute the status of achievement of key steps and results indicators.
- Result teams shall be convened quarterly by the Secretariat, to review and submit the reports to the Accounting Officer of all Results Area MDAs and copy to the Programme Coordinator.

Figure 7: M&E Institutional Arrangements and Key Responsibilities



13.6 Result Based Management

The Secretariat and Result Teams shall be committed to pursue Results-Based Management (RBM). This process as detailed out in Figure 9 strives to improve management effectiveness and accountability by:

- Defining realistic expected results
- Monitoring progress towards achievement of expected results
- Using results for management decisions and
- Reporting on performance.
- Improving/modifying/adding partnerships, partner inputs
- Assisting in decision-making - whether or not to proceed
- Providing guidance/advice/lessons for redesign or design of next phase/activity
- Providing information for fund-raising and entrenching PFMR strategy within the Country, and
- Providing independent assessment of results being achieved

13.6.1 Result Based Monitoring Approach

The Result based approach adopted through the Result teams ensure that the Secretariat and the Implementing MDAs realizes the following:

- Expands the scope of monitoring and evaluation along the results chain;
- Ensures that Outcomes and Impact (overall Goal) are included in the plans to measure progress and performance;
- Implies a shift away from inputs and activities;

The Secretariat shall ensure that the result-based approach is realised through:

- Result teams, organized around results areas, made up of the MDAs and Counties responsible for taking actions and achieving specific results, shall be responsible for ensuring the delivery of results in results areas.
- Result teams will include, but not be limited to, a core membership of technical officers from implementing MDAs, and a member of the Secretariat. In addition, representatives of service delivery MDAs, technical advisors and Development Partners may be included. Where necessary, county representation will be included and coordinated through the CoG Secretariat. The Result teams will have a lead MDA which will be responsible for the delivery of results. Result Team members will be appointed by the Accounting Officer of the respective implementing MDAs. Result teams may form a working sub-committee to deliver specific results.
- Result team shall meet at least **on a quarterly basis to collectively review progress** in implementation, define future feasible steps and address challenges in implementation.

Responsibilities of the Result Team

The main tasks of the result team shall include the following:

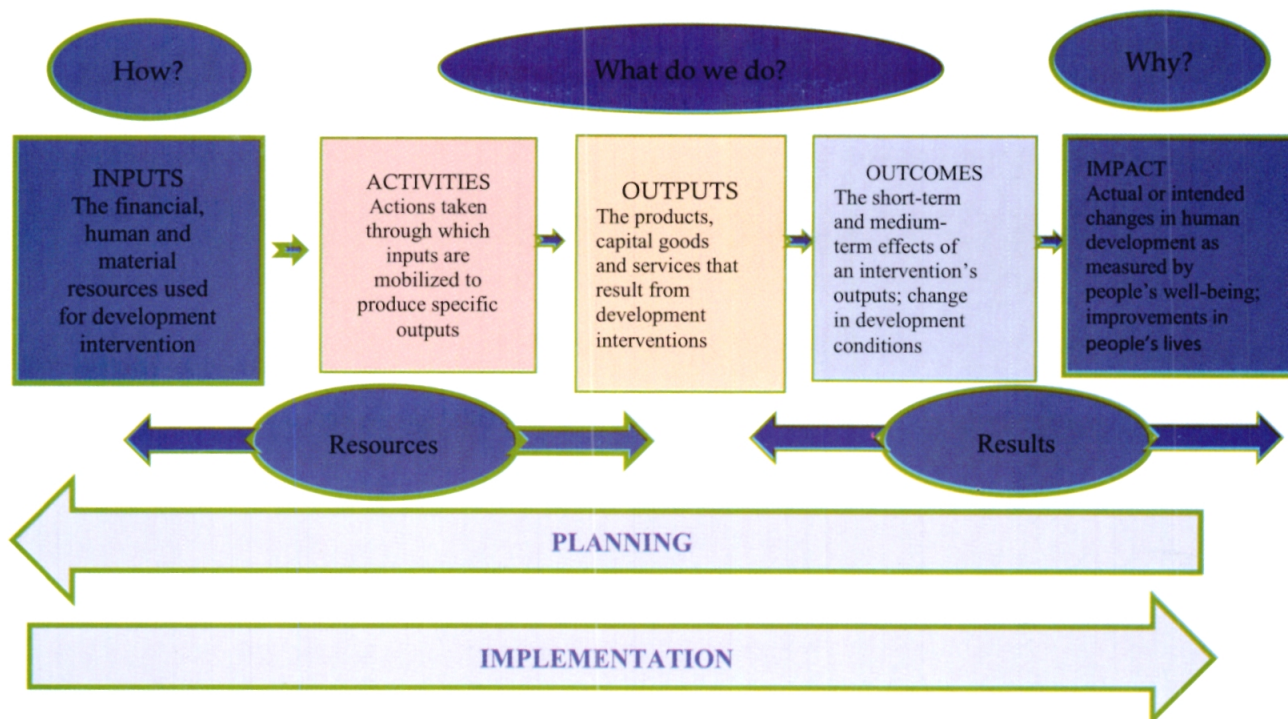
- Identifying the actions required to deliver success and those responsible;
- Coordinating the collective implementation of those actions;
- Briefing heads of MDAs and senior management on progress and challenges reporting on the achievement of results collectively; and
- Prepare action plans and report quarterly on progress, using an agreed template to respective heads of MDA and the JTC.
- The main tasks of the result team include identifying the actions required to deliver success and those responsible; coordinating the collective implementation of those actions; briefing heads of MDA and senior management on progress and challenges; and reporting on the achievement of results collectively.
- The Result Teams activities of reporting and monitoring shall be based on plans and reports prepared on quarterly basis, using the template in **Annex 6**, to respective heads of MDA and the JTC

13.6.2 Result Based Evaluation Approach

The result-based approach on evaluation shall be achieved through the following:

- **Quarterly PFM Reforms Matrix:** This is a summary of the status of achievement of key steps for the current year and the expected steps for the following year and any follow up actions required to address implementation issues. The matrix will be updated on a quarterly based on the progress made by result teams.
- **Annual Strategy Results Framework:** The Results Framework defines the indicators and the institutional arrangements for data collection. The results framework is updated on an annual basis using data collected by result teams and the Annual Performance Assessment of Counties and MDAs.
- **Annual PFMR Strategy Implementation Report:** The report is intended to provide status in the achievement of the Strategy results in a given year in terms of key steps taken (reported quarterly), results indicators (reported annually) and the decisions agreed for successful achievement of future results.
- The Secretariat shall undertake the result-based approach in line with the RBM Result chain as per **Figure 8**.

Figure 8: The RBM Result Chain



13.7 Logical Framework

Table 13 shall form the basis under which the Secretariat and the Implementing MDAs shall develop monitoring tools (indicators). Table 13 provides a guiding framework on how indicators and other activities are to be developed.

Table 13: Guide to Drafting Result Framework

Questions and General Terminologies	Equivalent RBM Terminology
Terms such as: vision, goal, objective, long term outcome, and long-term results. Questions such as: What are we trying to achieve? Why are we working on this problem? What is our overall goal?	Impact
Terms such as: first, positive result or immediate result, prerequisites, short- and medium-term results Questions such as: Where do we want to be in five years? What are the most immediate things we are trying to change? What are the things that must be in place first before we can achieve our goals and have an impact?	Outcome
Terms such as: interventions, programmes Questions such as: What are the things that need to be produced or provided through projects or programmes for us to achieve our short- to medium-term results? What are the things that different stakeholders must provide?	Outputs
Terms such as: actions Questions such as: What needs to be done to produce these outputs?	Inputs
Terms such as: measure, performance measurement, and performance standard. Questions such as: How shall we know if we are on track to achieve what we have planned?	Indicators
Terms such as: data sources, evidence	Means of verification

Questions and General Terminologies	Equivalent RBM Terminology
Questions such as: What precise information do we need to measure our performance? How shall we obtain this information? How much shall it cost? Can the information be monitored?	

Table 14: The Logical Framework

Results	Indicators	Baseline Target	Means of Verification	Risks & Assumptions
Impact statement <i>(Ultimate benefits for target population)</i>	Measure of progress against impact			Assumptions made from outcome to impact. Risks that impact shall not be achieved.
Outcome statement <i>(Short- to medium- term change in development situation)</i>	Measure of progress against outcome			Assumptions made from outputs to outcome. Risks that outcome shall not be achieved.
Outputs <i>(Products and services—tangible and intangible—delivered or provided)</i>	Measure of progress against output			Assumptions made from activities to outputs. Risks that outputs may not be produced.
Input <i>(Tasks undertaken in order to produce outputs)</i>	Milestones or key targets for production of outputs			Preconditions for implementation of activities.

13.8 Guidance for Logical Framework

- The Secretariat shall ensure that a log frame represent a feasible and measurable plan for achievement of the Purpose and Goal.
- These factors included in the logical framework must be monitored to ensure that managers are in a position to respond to changes in the operating environment.
- The Programme Coordinator shall ensure that risks and assumptions during the project implementations are provided and subject to regular monitoring.

13.9 Monitoring Indicators

The Secretariat shall recognize the general definition of an indicator as a quantitative or qualitative factor that provides a simple and reliable means to measure achievement or to reflect the changes connected to a project/programme.

For each selected indicator, an indicator reference shall be prepared detailing when, how whereby whom the necessary information shall be collected.

Best Practice ‘Do’s’ for Indicators and Means of Verification

Indicators

- Indicators should be SMART – Specific, Measurable, Accurate, Realistic, Timely.
- Indicators should be objectively verifiable, meaning that different persons using the same indicator would obtain the same measurements.
- Outcome indicators (purpose level) reflect the target stakeholders and type of benefits.
- Outcome indicators include coverage of target group access to, use of, and satisfaction with the capacity building course offered.

Means of Verification

- Indicators can be measurable at reasonable cost by existing means or by procedures to be developed by the project. Responsibility is clearly assigned.
- Output indicators are derived from management record-keeping and internal analysis.

13.10 Selection of Indicators

The Result team shall base their reports on the programme indicators provided as per the **Annex 11**. The indicators provided are based on the key result areas and the expectations of the Result team in ensuring that they form the basis of the monitoring reports.

Generally, the Secretariat shall guard against the following weaknesses while selecting their indicators:

- Too many Indicators-Managers tend to ask for too much information, assuming that the more they know the better they shall be prepared. Information needs must be related directly to decision-making roles and to levels of management; more detail is required by managers, while aggregated and summarized data is used at higher levels.
- Selection of indicators should reflect the specification of a minimum set of information.
- Don’t select overly complex indicators. Some indicators present major problems for data collection, either in terms of the skills or the resources required.

13.11 Review of Monitoring and Evaluation Functions

The Secretariat shall ensure that the M&E functions are properly constituted and have the capacity to address M & E activities, by determining the following:

- Is there a unit or defined organization with the responsibility to do monitoring and evaluation?
 - ✓ If yes, how many staff and what are their current responsibilities for data collection, processing, analysis and report preparation?
 - ✓ If no, who shall be assigned responsibility for conducting and undertaking monitoring functions?
 - ✓ What skills and experience do the proposed or existing staff have?
- What are the resources available to the M&E unit or responsible unit? Consider items such as vehicles, computers (hardware and software) as well as recurrent funding for operations.
- Are there any established procedures for doing monitoring and evaluation, including?
 - Specification of targets in planned documents
 - Regular ad-hoc surveys and reporting and dissemination of findings
 - Existence of data collections tool

13.12 Monitoring and Evaluation Plan

The Monitoring and Evaluation reports shall be prepared in line with the work plan of the activities carried out during the period. The M & E template below provides detailed reporting guideline to be used by both the Secretariat/Implementing MDAs, as part of their regular reports:

Executive Summary
Section 1: Introduction
a) Background
Describe the background of that to be evaluated
b) Scope of evaluation
c) Evaluation methodology
d) Limitations of the evaluation
Section 2: Summarize the Findings and Analysis related to the following:
a) Project performance assessment
b) Relevance of the project design: Did the project address/respond to the identified objective/s. show how if it did?
c) Effectiveness in the achievement of outcomes and outputs: Did the project achieve the objective it was meant to achieve? Explain how?
d) Efficiency in terms of timelines and resource use: Were the desired results achieved in time, budget and the right quality? Explain.
e) Impact and progress towards the achievement of the developmental objective: What are the effects occurring during implementation, completion, and during utilization of the project outputs (this could be intended or un-intended effects)? Did the project cause the effects (contributory or attributable)? Explain.
f) Sustainability in terms of financial, institutional, and technical capacities, partnerships with stakeholders, environmental and social sustainability: what measures are put in place to ensure that the project implementation is completed and how would the project allow continued flow of benefits up to its full economic life? How were emerging issues addressed?
g) Any other findings in terms of unanticipated or additional outcomes.
Section 3: Summarize the lessons learnt and recommendations related to the following areas:
a) Relevance of the project design.
b) Effectiveness in the achievement of outcomes and outputs
c) Efficiency in terms of timelines and resource use
d) Impact and progress towards the achievement of the developmental objective
e) Sustainability in terms of financial, institutional capacities, partnerships with stakeholders, environmental and social sustainability.
f) Other findings in terms of unanticipated or additional outcomes

ANNEXES

Annex 1: Calendar of Activities

PFMR Strategy Calendar of Activities																
S/no	Activity and Sub Activities	Output	Responsible	By When	Q1			Q2			Q3			Q4		
					J	A	S	O	N	D	J	F	M	A	M	J
Planning and Budgeting																
1.	Preparation of work plans by Result Teams	Draft work plans	Result Teams	October 5 th for the subsequent financial year												
2.	Consolidation of work plans by PFMRs	Consolidated work plans	PFMRs	December 5 th for the subsequent financial year												
3.	Approval of work plans by JTC	Approved work plans	JTC	February 5 th for the subsequent financial year												
4.	Submission of approved work plans to National Treasury for inclusion in the National Budget	PFMR Budget	PFMRs	February 15 th for the subsequent financial year												
Reporting																
1.	Preparation of a report on status of key steps in the PFMR matrix and supporting evidence	Updated PFMR matrix	Result Teams	15th of the month after the close of each quarter												
2.	Compilation of information on the status of results and supporting evidence from Result Teams for the attention of the JTC and SC	PFMRs status report and supporting evidence	PFMRs	July 31 st for the preceding financial year												
3.	Transmission of status report and supporting evidence to the Verification Agent	Letter forwarding the report and the evidence to IVA	PFMRs	August 5 th for the preceding financial year												

PFMR Strategy Calendar of Activities																
S/no	Activity and Sub Activities	Output	Responsible	By When	Q1			Q2			Q3			Q4		
					J	A	S	O	N	D	J	F	M	A	M	J
4.	IVA assesses then discusses and resolves issues with implementing agencies. Compiled achievement confirmation report from IVA to PFMR Secretariat by 15th September		IVA	September 15 th for the preceding financial year												
5.	Results Achievement Review and discussion of IVA report by a special PFM TC meeting			October 15 th for the preceding financial year												
6.	Preparation of PFMR Annual Report and submission to JTC	Annual Report	PFMRS	October 30 th for the preceding financial year												
M&E and Results Framework																
1.	Assessment of MDA and county PFM performance	Assessment Report	PFMRS	January for the mid-year report and July for the annual report for the preceding financial year												
2.	Updating of the PFMR Strategy Results Framework	Updated Strategy Results Framework	PFMRS	October 30 th for the preceding financial year												
Meetings																
1.	Result Team Meetings	Minutes	Result Teams/PFMRS	15th of the month after the close of each quarter												
2.	The PFMR Joint Technical Committee (JTC)	Minutes	PFMRS	December 15 th and June 15 th The agenda will include and not limited to a status report												

PFMR Strategy Calendar of Activities																
S/no	Activity and Sub Activities	Output	Responsible	By When	Q1			Q2			Q3			Q4		
					J	A	S	O	N	D	J	F	M	A	M	J
				on key steps in the PFMR Strategy matrix												
3.	The PFMR Steering Committee (SC)	Minutes	PFMRS	December 31 st and June 30 th The agenda will include and not limited to a status report on key steps in the PFMR Strategy matrix												
4.	The PFM Sector Working Group	Minutes	PFMRS	June 30 th												
Risk Management																
1.	Updating of PAP in line with POM	Updated PAP	PFMRS	15th of the month after the close of each quarter												
Complaints Handling																
1.	Prepare a report and complaints handling	Report	PFMRS	15th of the month after the close of each quarter												
Environmental Safeguards																
1.	Updating of checklists on E-waste by MDAs	Updated checklist	PFMRS	15th of the month after the close of each quarter												

Annex 2: Template for Annual Work Plan

MINISTRY/DEPARTMENT/AGENCY:

PFMR Reform Result (from PFMR Strategy)	
Output	
Output indicator	
Baseline	
Target	
Activity	
Activity Category (Reform Result, Systems, Capacity)	
Activity Type	
National or County PFM	
Unit Cost	
No of units	
Frequency	
Total cost	
	Sources of funds
GoK National PFM (incl. GESDeK)	
GoK County PFM (incl. KDSP)	
Other GoK (not PFMR)	
DP PFMR Basket (Denmark, Sweden)	
FMR DP name (Sweden/Denmark)	
Other DPs (Amt)	
Other DP Name	
Activity Start Date	
July	
August	
September	
October	
November	
December	
January	
February	
March	
April	
May	
June	

Annex 3: Training Needs Assessment Guide

Section A: Training Needs Analysis Process

1. Does a process for identifying **future** training and professional development needs **exist** within your department? Please ✓

Yes No

If no go directly to question 8...

2. Which of the following statements **best** describes how your future training and professional development needs are **assessed**?

NOTE: If the process involves a combination of the options given below then please ✓ all that apply)

Individually, by myself

By my line manager

By the Human Resources department

Other (Please Specify)

3. How far into the future does this assessment **plan for**? Please ✓

6 months

12 months

18 months

24 months

None of the above (please specify)

Section A: Training Needs Analysis Process..... Continued

4 How often are your identified training needs reviewed in the period from **one assessment** to the **next**? Please ✓

Not at all

Monthly

Every six months

Annually

Other (please specify)

5. Is this process **documented** or **recorded** in any way? Please ✓

Yes

No

On a scale of 1 to 5 (**1 being the worst and 5 being the best.**) within your organization how **confident** are you that the existing process will meet your **future** training/professional development needs and aspirations? Please ✓

1 Not at all confident

2 Not confident in most regards

3 Moderately confident

4 Confident in most regards

5 Completely confident

If you answered 1, 2 or 3 for question 6 please give a brief explanation of why you believe this to be so. **If not go directly to question 8...**

Section B: Training Needs Effectiveness

On a scale of 1 to 5 (**1 being the least effective and 5 being the most effective**) how would you rate the **effectiveness** of the **process** used to identify your training and professional development needs? Please ✓

- 1 Completely ineffective
- 2 Ineffective in most regards
- 3 Moderately effective
- 4 Effective in most regards
- 5 Completely effective

9. If you answered 1, 2 or 3 for question 8 please give a brief explanation of why you believe this to be so. **If not go directly to question 10...**

10. Thinking back over the last 12 - 18 months, how well during that time on a scale of 1 to 4 (**1 being not at all and 4 being completely**) do you feel your **identified** training and professional development needs **were actually met**? Please ✓

- 1 Not met at all
- 2 Not met in most regards
- 3 Met in most regards
- 4 Met completely

11. If you answered 1, 2 or 3 for question 10 please give a brief explanation of why you believe this to be so. **If not go directly to question 12...**

Section B: Training Needs Effectiveness Continued			
12. Do any of the following factors prevent you from meeting or achieving your			
Training/professional development needs?	Please ✓ those that apply.		
Cost	<input type="checkbox"/>		
Capacity of workforce	<input type="checkbox"/>		
Geography and location of venue	<input type="checkbox"/>		
Lack of managerial support	<input type="checkbox"/>		
Length of training	<input type="checkbox"/>		
Personal circumstances	<input type="checkbox"/>		
Training not available	<input type="checkbox"/>		
Other (Please Specify)			

12. Please list **3 ways**, in your opinion, that the **training needs process** used within your organization could be improved. (Please answer this question even if no planning process exists within your organization).

1

2

3

Section C: Future Training and Professional Development Needs

14. Thinking about the **technical area** you currently work or have an interest in. Please list below any training you believe would be **beneficial** to you and is not, to the best of your knowledge, currently being planned.

15. Thinking about **crosscutting topics/issues** within the context of future training. Please tick (✓) the **3 areas** from the list below that you feel would be most beneficial to your wider professional development (i.e. apart from any specific technical topics listed in the preceding question) i.e.

- 1 Time Management
- 2 Project management
- 3 Managing organizational change
- 4 Improving service quality
- 5 Leadership
- 6 Managing Budgets
- 7 Financial Management

Section C: Future Training and Professional Development Needs.....Continued

16 From the 3 areas/topics you **identified** in question 15, please **further expand** on these answers

1

2

3

17 Thinking back over the last 12 – 18 months, have you attended any **unique or distinctive** training courses that you feel were of value and that you would recommend to others? Please state the name of the course/s, training provider/s and give a brief description of the course/s.

Section D: Personal Details

Please note all information will **be treated in strictest confidence**. However, it will be helpful to have some personal information for the purposes of analysis.

18. Please state the section you work under i.e. ✓

BUDGET <input type="checkbox"/>	ACCOUNTS <input type="checkbox"/>	PROCUREMENT <input type="checkbox"/>	AUDIT <input type="checkbox"/>	ICT <input type="checkbox"/>
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Please state your current role

Thank You for taking the time to complete this questionnaire. Your co-operation is greatly appreciated.

All completed questionnaires can be returned by

Annex 4: Training Methods

METHOD	ADVANTAGES	POSSIBLE DISADVANTAGES	COMMENTS
INFORMATIONAL			
Lecture Lecture-Forum (with question cards or question/ answer period)	Conveys large sum of information; fast; efficient forum allows exploration of content in more detail.	Audience is largely passive.	Trainer should be an interesting speaker, able to self-limit and stick to time, be able to facilitate questions effectively.
Panel Panel forum	Adds different points of view to content.	Audience is largely passive with exception of expanding panel; expanding panel not practical with groups larger than 20.	Leader must express solid set of ground rules and have skills to enforce them.
Debate	Provides different points of view; thought revoking.	Audience is largely passive	Same as for panel.
Presentation Presentation with Listening Teams (Participants given Listening assignment before presentation question speaker afterward) Presentation with Reaction Panel (small group listens and forms panel following presentation)	Keeps participants interested and involved. Resources can be discovered and shared. Learning can be observed. Lots of information; fast; new points of view; a more organised question and-answer format; reaction panel can speak	Learning points can be confusing or lost. A few participants may dominate the discussion. Time control is more difficult. Audience is largely passive; reaction panel may not represent all views of the group. Trainer orally presents new information to the group.	Trainer should structure listening assignment with clear purpose; must select panellists from a cross-section of the group.
Group Discussion (of given topic) Buzz Groups (short, time-limited discussion on given subject)	Keeps participants interested and involved. Resources can be discovered and shared. Learning can be observed. Participants are active; allows chance to hear other points of view; quieter people can express Viewpoints and ideas.	Learning points can be confusing or lost. A few participants may dominate the discussion. Time control is more difficult. Inexperienced leader may be unable to use format for attitudinal purposes.	Trainer divides large group into small groups; groups of 4-6 are most effective. Small group has a short time to discuss a topic or solve a problem. Trainer should be able to give clear instructions and keep discussion on target. Main function is judging when to cut off discussion.
Brainstorming	Can get all participants involved in collecting a lot of information.	The problem/issue must be clearly defined. Time control is more difficult.	For idea generation and creative group thinking; all participants

METHOD	ADVANTAGES	POSSIBLE DISADVANTAGES	COMMENTS
	Quickly generate ideas. Good for problem solving; quick change of pace; filler; allows all to participate; validates ideas of group.	Need clear trigger questions and evaluation/ discussion afterwards; somewhat over-used method; requires careful facilitation.	present many ideas as rapidly as possible on a problem or issue. Then group organizes list into categories for further discussion. Do not evaluate, criticize, omit, or discuss contributions until all are written; record in contributor's own words; use another person to record if possible.
ATTITUDINAL			
Task Groups	Sustained interaction allows quieter people to express themselves; validates participants.	Time consuming; requires great degree of self-direction and group maturity.	Keep groups small and diverse with sustained interaction and clear purpose.
BEHAVIOURAL			
Role-Play Mini-Role-Play	Helps retention. Allows participants to practice new skills in a controlled environment. Participants are actively involved. Observers can impact attitude and behaviour.	Requires preparation time. May be difficult to tailor to all situations. Needs sufficient class time for exercise completion and feedback. Requires maturity and willingness of groups; requires trainer have excellent facilitation skills.	Participants act out problem-solving situations similar to those they shall encounter in their workplace. Trainer needs skill and understanding—must get people into roles, give directions, and establish a climate of trust. Trainer needs insight into how an activity may pose a threat to some individuals; ability to help group process & de-brief. Use in well-formed group. Can be structured into dyad, triad, and fishbowl.
“Movie” (role-play assisted by feedback, “more __, or less __”)	Useful in rehearsing new skills, behaviours.	(Same as for role-play, intensive and time consuming.)	
Simulation games	Intense involvement; practice skills in problem solving and decision-making	Competitive; requires a game and possibly a consultant to help facilitate; time consuming.	A package game requires prep time for the leader to learn the rules and directions
Case study Mini-case study (problem situations for small groups to	Requires active participant involvement. Can simulate performance required after training?	Information must be precise and kept up to date. Needs enough class time for participants	Participants are given information about a situation and directed to come to a decision

METHOD	ADVANTAGES	POSSIBLE DISADVANTAGES	COMMENTS
analyse) Critical incident (small section of case stating most critical or dramatic moment)	Learning can be observed. Opportunity to apply new knowledge; requires judgment; good assessment tool; participant's active; chance to practice skills.	to complete the case. Participants can become too interested in the case content. Case study must be relevant to learner's needs and daily concerns.	or solve a problem concerning the situation. Trainer needs to have knowledge and skills to "solve" the problem; may need to design own studies; compare approaches of several groups and reinforce best solutions.
Demonstration Demonstration with practice (by participants)	Aids comprehension and retention. Stimulates participants' interest. Can give participants model to follow. Allows for optional modelling of desired behaviour/skill; can be active; good for learning simple skills.	Must be accurate and relevant to participants. Written examples can require lengthy preparation time. Trainer demonstrations may be difficult for all participants to see well. Method more effective if participants are active; feedback must follow immediately after practice.	Participants are shown the correct steps for completing a task or are shown an example of a correctly completed task. Requires skill to model desired behaviour; break procedure down into simple steps; ability to provide feedback.
Skills practice lab (small participant groups practice together).	Different points of view and feedback; participant active; good for translating information into skills.	Group should have enough knowledge or insight to coach one another.	Act as a resource to groups.
PLANNING			
Group discussion with decision-making regarding a new action Individual or group planning session with report	Validates maturity and needs of group members; members have best insight into their problems and needs on-the-job; group leaves session with practical, constructive and mutual goals; groups get ideas from one another.	Requires mature group that can self-direct and stay on task; time consuming.	Leader serves as resource once directions are given.

Annex 5: Training Evaluation Form

Date _____

Title of training _____

Location of training: _____

Trainer: _____

Instructions: Please indicate your level of agreement with the statements listed below in #1-11

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. The objectives of the training were clearly defined.					
2. Participation and interaction were encouraged.					
3. The topics covered were relevant to me.					
4. The content was organized and easy to follow.					
5. The materials distributed were helpful					
6. This training experience shall be useful in my work.					
7. The trainer was knowledgeable about the training topics					
8. The trainer was well prepared.					
9. The training objectives were met.					
10. The time allotted for the training was sufficient.					
11. The meeting room and facilities were adequate and comfortable.					

12. What did you like most about this training?

13. What aspects of the training could be improved?

14. How do you hope to change your practice as a result of this training?

15. What additional trainings would you like to have in the future?

16. Please share other comments or expand on previous responses here:

Thank you for your feedback

Annex 6 : Terms of Reference for Result Teams

Background and Objective

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

Each result has a lead MDA identified, which will be responsible for overseeing the delivery of that result. Implementing MDAs will be responsible for delivery associated feasible actions to address PFM bottlenecks in service delivery and enable the achievement of results. Result teams will be made up of Lead and Implementing MDAs. The Result Team will report to Heads of the Lead MDAs responsible for the achievement of results.

The result teams will be chaired by representatives of the lead MDAs. The lead MDA chairing the result team will report to the Secretariat, and the JTC and SC on plans and the actual delivery of results.

Tasks of the Result Teams include:

Identify feasible actions, which are oriented towards resolving bottlenecks to service delivery and achieving results, including key steps and success indicator targets.

- Ensure that relevant departments are assigned from each implementing MDA for the delivery of each feasible action within each result area and indicator.
- Collectively work through achievement of feasible actions, identifying risks and challenges, and adapting actions to ensure they remain oriented towards success.
- Ensure that variable reform inputs related to feasible actions are costed, budgetary units identified, and that these are integrated into a) departmental annual work plans b) PFMR annual work plans and c) budget allocations for the relevant budgetary units.
- Ensuring that heads of department and senior management (authorizers) and the Secretariat are updated on progress towards achievement of results, and any challenges faced as implementation progresses.

As implementation progresses and the team's understanding evolves, updating the bottlenecks, underlying causes behind those problems, and the changes in behaviour required to address those problems.

Reporting by Result Teams

- Implementing MDAs will report to the lead MDA on the planned and Implemented Actions oriented towards resolving bottlenecks and achieving results and the costs of those activities before the end of each quarter.
- Each lead MDA will prepare elements of the summary quarterly report for the results under its responsibility, using the template in **Annex 7** on:
 - ✓ Issues for management attention in the achievement of results
 - ✓ The planned and actual status of results.
 - ✓ Planned and Implemented Actions oriented towards resolving bottlenecks and achieving results.
 - ✓ Evidence of compliance in the achievement of Disbursement Linked Results
- The implementing MDAs will also prepare, at least on an annual basis:
 - ✓ The systems to be developed, adapted and used in achieving results and their status
 - ✓ The costs of variable reform inputs for the current and subsequent financial year and the medium term
- In result teams where there is more than one lead MDA, the head of each lead MDA will submit their contributions to the report to the head of the department chairing the result team. The chair of the result team, with the support of the Secretariat, will compile inputs from the different lead MDAs into a result team report.
- The representative of the MDA chairing the result team will then submit the report to the Secretariat and the JTC (and other governance arrangements as the case may be) on or before the 15th day after the close of each quarter.

Meetings of the Result Teams

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

The Secretariat will support the chair of the Result Team to organize meetings and facilitate the process

Annex 7: Quarterly Reporting Template

Result Area: -----

MDA/Agency: -----

Confirm if the requirements for reporting were provided.

Requirements	Yes/No	Brief Description/Comments and evidence provided

Objective 1:

Confirm the achievement

Area	Indicator	Comments
Area		
<i>Other areas from user requirements - etc</i>		

Summary of the Results

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

Annex 8: Annual Reporting

Executive Summary			
Section 1: Introduction			
Background			
Describe the background of that which was monitored & Evaluated			
Scope of monitoring			
Monitoring/data collection methodology			
Limitations of the monitoring			
Section 2: Summarize the Findings and Analysis related to the following:			
General Project/ work plan activity implementation			
What was to be done	What was done	Comments	
Input:			
Indicator	What was to be used (indicator target)	What was used (indicator Achievement)	Comment
Output			
Indicator	Target	Achievement	Comments
Outcome			
Indicator	Target	Achieved	Comment
Impact			
Assess progress/ contribution realized towards achieving of impacts. (Mention/name those impacts)			
Any other finding/ comments			
Evaluation			

Annex 9: Formats for Program Reports

Progress Report for period from To

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

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

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

6. LESSONS LEARNED
7. RISKS FOR PROJECT PROGRESS

APPENDIXES

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

Annex 10: Mid-Term Review Report

PROJECT IMPLEMENTATION

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

FINANCIAL MANAGEMENT AND CONTROLS

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

OTHER FACTORS AFFECTING IMPLEMENTATION

LESSONS LEARNED

FUTURE CHALLENGES AND THE WAY FORWARD

RECOMMENDATIONS AND AGREEMENTS

Annex 11: Program Implementation Completion and Results Report

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

COUNTRY CONTEXT

SECTORAL AND INSTITUTIONAL CONTEXT

PROJECT IMPLEMENTATION

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

FINANCIAL MANAGEMENT AND CONTROLS

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

LESSONS LEARNED

FUTURE CHALLENGES AND THE WAY FORWARD

RECOMMENDATIONS AND AGREEMENTS

ANNEXES

Annex 12: Results Framework Indicators

Indicator	Baseline	Target June 2021	Target 2023
Sustainable and Predictable Fiscal Space to deliver government programs			
1.1 A fit for purpose, revenue policy and legal framework and rationalized tax expenditures including exemptions			
Performance in tax policy formulation, forecasting and management of tax expenditures as measured in the annual assessment of revenue strategy performance (to be developed as part of joint revenue strategy, including policy effectiveness, management of exemptions etc.)	Conducted in 2019/2020	Set following baseline assessment.	Set following baseline assessment.
Tax expenditure as a % of GDP	6.0% (2017/18)	5.5%	5.0% (2021/22)
1.2 Efficient and effective customer-oriented revenue administration with high taxpayer filing and payment compliance ratios			
KRA Tax and Customs administration performance as measured in the annual assessment of revenue strategy performance (incl. maintenance of National Tax Register, taxpayer filing, payment compliance ratios, and time taken for VAT refunds)	Average actual domestic revenue as a % of Printed Estimates: Baseline is 88.65%	Average actual domestic revenue as a % of Printed Estimates: June 2021 target is 90%	Average actual domestic revenue as a % of Printed Estimates: 2023 target is 91.52%
	Time Taken by KRA Customs for imports clearance and inspections: Baseline is 84 hours	Time Taken by KRA Customs for imports clearance and inspections: June 2021 target is 65 hours	Time Taken by KRA Customs for imports clearance and inspections: 2023 target is 50 hours
Revenue as a % of GDP	16.50%	17.50%	18.60%
Number of hours for border compliance of imports to Kenya	194hours (2019/20)	184 hours	174hours
1.3 Efficient and effective revenue policy administration at county level, with high taxpayer compliance supported politically and/by updated legal framework			
No. of counties which collect at least 80% of revenues through a common automated revenue system and maintain an up to date tax register on the system	0	10%	47%
No. of counties that have increased their OSR from two years before by 10% ¹	8 (2017/18)	20	35

¹ Using County OSR figures from the Controller of Budget Annual Budget Implementation Reports.

Indicator	Baseline	Target June 2021	Target 2023
1.4 Credible fiscal frameworks at the national and county level include realistic revenue and expenditure projections consistent with a reduction in the national fiscal deficit over time			
Fiscal Deficit (incl. grants) as a % of GDP in the BPS Macro Fiscal Framework	7.2% (2017/18)	4.9%	3.9% (2021/22)
Average actual domestic (tax plus non-tax) revenue collections as a percentage of the printed estimates	88.1% (2017/18)	90%	90.1% (2021/22)
Actual county OSR (tax plus non-tax) collections as a percentage of planned OSR collections in the original budget estimates	66% (2017/18)	75%	90% (2021/22)
1.5 The exposure of Kenya to shocks is reduced as a result of the reduced stock of debt due to borrowing within fiscal targets consistent with a reduced fiscal deficit and reduced cost of financing			
Present value of debt to GDP ratio	55	29.1	25.6
Present value of debt to exports ratio	240	168.5	146.9
PPG Debt service to exports ratio	21	25.6	24.9
PPG Debt service to revenue ratio	23	22.0	21.6
1.6 Mandates and functions are rationalized at the national and county levels and the growth in the wage and pension bill is limited relative to other expenditure and is maintained below 35% of government revenues			
No. and % of MDAs and Counties that have rationalized mandates, functions, structures, establishments and staffing	0, 0%	100, 20%	520, 100%
No. and % of MDAs and Counties that have cleaned their payrolls during the strategy period	-	100, 20%	520, 100%
% of total wage bill (including State Corporations) to the overall expenditures in National Government	(30%) 2017/18)	33%	<35% (2021/22)
Number of county governments where the wage bill is less than 35% of total expenditure	13 (2016/17)	24	47
1.7 Private sector and State Corporation resources mobilized for delivery of appropriate investments and services at both the National and County level and SC reliance on subsidies and transfers reduced			
Amount of Private Capital Mobilized	\$98.83 Mn (February 2018)	\$250Mn	80 bn / 12% \$600Mn
Number of PPP Projects that reached financial close	1 financially closed PPP Project at National Level (February 2018)	2	4
Value and share of domestic revenue from SCs	-	10% increase	100% increase from baseline
Value and share of transfers and subsidies to SCs as a share of the total budget	-	10% increase	80% decrease based on enhanced revenue

Indicator	Baseline	Target June 2021	Target 2023
Strategic and Transparent Spending on Public Investments and Service Delivery in Line with National and County Policy Commitments			
2.1 Harmonized national and county plans, budget and implementation reports prepared using common formats and strengthening the link between resource allocation, national and local priorities, and accountability			
Number of counties which presented budgets to the county assembly using improved formats generated from the automated system	FY 2019/20 onwards	30	47
Number of Counties submitting four quarterly reports using improved formats on time via the system to the OCoB respectively	FY 2019/20 onwards	30	47
Number and % of MDAs submitting all four quarterly reports on time via the system to the OCoB respectively	FY 2019/20 onwards	30, 50%	71 - 100%
2.2 Budget allocations to major government programmes are agreed, costed and adequately resourced during the finalization and revision of annual budgets.			
% of major programmes where results have been costed using the improved costing framework and adequately resourced in the printed estimates at the national level	0%	25%	100%
Allocations to major programmes in the final supplementary budget as a % of the printed estimates at the national level	0%	75%	25%
% of development partners providing information on time in line with the budget guidelines ²	10%	50%	100%
2.3 Public investments are effectively selected, implemented and monitored to enhance service delivery and maximize benefits to the economy			
Number and % of new projects included in the budget which have been prepared in compliance with the PIM Manual	0, 0%	30	All, 100%
Number and % of new projects included in the budget which have been prepared in compliance with the PIM Manual	0, 0%	30	All, 100%
Number and % of projects providing performance information in compliance with the PIM manual	0, 0%	50	All, 100%
% of projects completed on time, to specification and at a cost no more than 15% greater than cost estimates at the national level	N/A	10%	All, 50%
No of counties where more than 75% of projects completed on time, to specification and at a cost no more than 15% greater than cost estimates at the county level	N/A	0	10
Develop and operationalize economic project appraisal manual	N/A	Yes	Yes
2.4 Stakeholders have access to appropriate and relevant information on service delivery at the national and county levels which is timely, reliable and trusted			
Number and % of MDAs and Counties where information is publicly available online in searchable form on a) program expenditure, b) project expenditure and c) transfers to service delivery units	0, 0%	50%	100%

² DP contribution to specific Results

Indicator	Baseline	Target June 2021	Target 2023
2.5 State Corporation, Semi-Autonomous budgets and reports are linked to performance targets, are comprehensive and are provided to National Treasury and Line Ministries			
% agencies of state corporations providing budgets and performance targets using the automated system	0%	70%	90%
% of agencies and state corporations providing quarterly reports on time containing financial and performance information using the system	0%	50%	75%
Reliable cash for Service Delivery and Public Investment			
3.1 MDAs and Counties have prepared their procurement and cash plans consistent with approved budgets and closed the previous FY on the system within the first two weeks of the FY			
Number and % of MDAs which have approved procurement plans, cash plans and AWP's which are consistent using the system by 15th of July	0, 0%	50%	100%
No. of weeks after the FY the National Treasury has closed the IFMIS	10 days	5 days	0
No. and % of counties which have, within 2 weeks of the new financial year a) approved procurement and cash plans which are consistent and b) closed the FY on the IFMIS	0	15	30, 64%
3.2 Realistic in-year forecasts of revenue inflows, borrowing requirements, and consolidated cash balances			
Average absolute monthly variations in domestic revenue inflows expressed as a percentage of what is planned revised in-year cash plans	0%	20%	10%
Average under performance of quarterly net domestic borrowing as a percentage of what is planned in revised in year cash plans	70% (2015/16)	Under 30% of Plan	Under of 25% of Plan
Consolidated cash position available to the treasuries in national and county governments	2 – 14 days	2 – 14 days	Real-time
3.3 Commitments fully funded for major programmes delivering services and investments			
Average under release of expenditure categories relating to major expenditure programmes delivering services and investments expressed as a percentage of revised in-year cash plans	8% of recurrent budgets for 25 service delivery MDAs (2015/16)	<10%	<8%
Number of counties with releases to service delivery facilities and approved capital projects (health facilities) above 90% as a percentage of budget	0	20	47
Time taken by facilities to receive funds after approval from CoB	1 day	1 day	Real time

Indicator	Baseline	Target June 2021	Target 2023
Annual exchequer releases to GoK capital budget allocations as a % of the printed estimate budget	National: 43.5% ³ County: 48.1% ⁴ Total: 44.3% (17/18)	94% of capital allocations 90%	>95% 100%
Value of pending bills as a % of the capital and operating printed estimates at the close of the FY	National: Counties ⁵ : Rec 29% Dev 16% Total: 24% (17/18)	 12%	0% 0%
3.4 Transfers to and withdrawals from the Consolidated Fund and county revenue funds to State Corporations and service delivery facilities and projects made in full and on time			
Average no. working days between request for exchequer and transfer being made to schools and beneficiaries of social protection payments	7 days	2 days	2 days
Average no. working days between exchequer request for conditional grants by a line MDA and equitable share in line with disbursement schedule, and release to CRFs	3 days	3 days	2 days
Percentage disbursement of equitable share and conditional grants in line with the disbursement schedule	57%	65%	75%
No of counties where the average no. working days between CRF withdrawal request and transfer to health facilities is less than 5 days	0	0 20	47
No. of MDAs implementing major capital projects where the average no. working days between withdrawal request and payment of contractor is less than 5 days	0	50%	100%
Value for money in procurement and contract management			
4.1 Public Procurement processes are conducted by MDAS, SCs and Counties in a timely and efficient manner using automated procurement systems without causing disruption to service delivery with integrity, transparency and in accordance with the law and when malfeasance occurs the appropriate sanctions are applied			
% and number of MDAs and counties using the e-Procurement System for all procurements	0, 0%	10%, 37	100%
% and number of compliance reports for service delivery MDAs and counties completed on time	0%, 0	50%, 50	100%

³ 17/18 GoK Programme Budget; 17/18 National Budget Implementation and Review Report

⁴ 17/18 County Budget Implementation and Review Report

⁵ 17/18 County Budget Implementation and Review Report

Indicator	Baseline	Target June 2021	Target 2023
Percentage of Public Procurement Staff professionally certified	0	50%	100%
Gazettement of PPAD regulations 2019	0	Yes	Yes
Cabinet approval of Public procurement policy framework	0	Yes	Yes
4.2 MDAs, SCs and Counties negotiate and manage the implementation of complex contracts effectively ensuring they are delivered as planned with value for money			
% of large and complex contracts where information has been fully documented and reported on fully in the e-Procurement System	0%	75%	90%
% of large and complex contracts completed which have been delivered to specification and within 20% of original costs and within 6 months of original planned completion date	0%	50%	75%
Value for money, performance and accountability in staffing for service delivery			
5.1 Public Service Human Resource (HR) data is consolidated and consistent			
Number and % of MDAs and counties whose payroll and HR data has been uploaded to GHRIS and are up to date	0, 0%	350, 70%	520, 100%
5.2 Public Sector Institutions Payrolls are fully automated, have effective controls and are integrated with GHRIS and IFMIS			
Number and % of MDAs and Counties whose salaries are paid directly using an automated payroll system linked to GHRIS and IFMIS	0, 0%	70%, 350	520, 100%
Average turnaround time for pension processing	90 days	60 days	30 days
5.3 Uniform norms and standards in public service management are entrenched, for effective performance and productivity of the Public Service			
Number and % of MDAs and Counties that have achieved 75% level of compliance with Norms and Standards for Public Service Management	-	350, 70%	520, 100%
Education institutions, health and other service facilities effectively manage public resources			
6.1 MDAs, SCs and Counties implement a cross-cutting framework for AIA ensuring that revenues are effectively budgeted for, raised, spent and accounted for			
Number and % of MDAs and counties using automated systems to manage, report and account for AIAs in line with strengthened policy framework and guidelines	0, 0%	50%	100%
6.2 Facilities at both the national and county level manage and report on resources transparently and efficiently			
Percentage of education institutions, health and water facilities that provide up to date reports on revenue, expenditure and performance using an automated system	0%	30%	>75%
Percentage of facilities by sector which have been audited annually	1.2%	20%	>75%

Indicator	Baseline	Target June 2021	Target 2023
Disciplined Financial Management and Accurate Reporting			
7.1 MDAs and county annual and quarterly financial statements are consistent with and submitted from IFMIS and have been submitted to the OAG in compliance with the law.			
Number and % of MDAs and Counties which have prepared quarterly and annual financial statements on time consistent with IFMIS and meet minimum standards as verified by the National Treasury during QA	10%, not generated from IFMIS (2017)	85%	90%
7.2 MDAs and Counties maintain complete and up-to-date registers of asset and liabilities, have plans for asset management linked to the budget, with the transfers of defunct Local Authorities and devolved National assets and liabilities to counties completed.			
Number and % of MDAs and counties with up to date asset and liability registers on the system and independent physical inspection and annual verification of assets has been performed	0, 0%	66.60%	110,100%
Number and % counties with asset and liability transfer completed	0, 0%	24.50%	47,100%
7.3 Adequate monitoring of fiscal risks including pending bills, contingent liabilities, and large or multi-year commitments.			
% of State Corporation financial reports that include all revenues, expenditures and contingent liabilities	25%	85%	90%
Number and % of MDAs and Counties reporting on multi-year commitments and pending bills using the new system.	0%	40%	100%
7.4 Externally funded projects that are managed effectively using the SCOA and prepare financial statements through the IFMIS			
Number of donors with a project template for each externally managed project uploaded in IFMIS in time for inclusion in the CARA/DORA as a percentage of all donors	0%	20%	75%
Accountability delivered through audit, oversight and follow up			
8.1 Internal Audit reports prepared by MDAs, SCs and Counties, and those reports have undergone quality assurance by IAD, in line with established procedures for assurance, risk management and audit follow up			
% of MDAs and Counties where Annual and quarterly MDA Internal Audit reports have been prepared and undergone quality assurance in line with the enhanced Risk Management Framework (RMF), enhanced procedures for assurance and audit follow up and are documented on the Audit Management System	0, 0%	MDAs – 100% SCs – 50% Counties – 30%	100%
8.2 The Auditor General reports to Parliament within six months of the end the financial year and high-quality audit reports that are accessible to the public and have been prepared in accordance with International Auditing Standards.			
% of MDAs and Counties whose financial statement audits have been completed within 6 and 9 months of the financial year using an improved methodology, undergone quality assurance and have been documented on the Audit Management System	15%	At 6 Months - 50% At 9 Months – 100%	At 6 Months - 100%

Indicator	Baseline	Target June 2021	Target 2023
			At 9 Months – 100%
Number of Months between receipt of consolidated financial reports by OAG and submission of the audited financial statements of national government to Parliament	>12	<12	6
8.3 Timely follow up and resolution of issues raised in internal audit, OCoB and external audit reports			
% of recommendations presented by internal and external auditor and accepted by Audit Committees for OCoB by PAC and Parliament and National Treasury for implementation and follow up	0%	50%	100%
% of audit recommendations implemented by MDAs and Counties	0%	50%	100%
Coordination, Work planning, Reporting, M&E and Cross Cutting Issues			
Coordination			
Number of Result Teams which have met at least four times during the financial year	1	8	8
Number of Joint Technical Committee, steering committee and sector working group meetings that have taken place and the PFM Reforms Matrix is discussed	1 (JTC), 0 (SC), 0 (SWG)	4 (JTC), 2(SC), 1(SWG)	4 (JTC), 2(SC), 1(SWG)
No and % of Result Team key steps achieved as planned during the FY	5 out of the targeted	75%	75%
Work planning, Reporting M&E			
Consolidated indication of resources over the medium term submitted by PFM DPG is available by end august of each year to the National Treasury	No	Yes	Yes
Budget allocations to PFM Reforms by PFMR Strategy theme are consistent with projected GoK Resources and PFM DPG estimates provided for in NT MTEF and Annual budget proposals	No	Yes	Yes
Consolidated set of all Results Area key steps agreed by Result Teams and approved by the PFM steering Committee before the start of the new FY	0	8	8
Percent of all consolidated annual departmental PFMR work-plans for all implementing departments, including DP and GoK funding which are prepared and approved by the PFM Joint Technical Committee prior to the start of the new financial year	DP specific plans prepared	100%	100%
Number of quarters in which PFM Reforms Matrix is prepared within one month of the close of each quarter	2	4	4
Consolidated annual report on implementation of work-plans prepared before the end of August of the new Financial Year	No (DP Specific reports prepared)	Yes	Yes
Annual consolidated PFMR strategy performance report has been prepared including a) status of all key steps and measurable indicators in the Results Framework and b) revised key steps for the coming two years	No (DP Specific reports prepared)	Yes	Yes

Annex 13: Environmental Code of Practice (E-Waste)

INTRODUCTION

Project Description

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

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

Program Objective

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

Rationale of this ECOP

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

LEGAL AND POLICY FRAMEWORK

The Constitution of Kenya 2010

Kenya has a supreme law in the form of the New Constitution which was promulgated on the 27th of August 2010 and which takes supremacy over all aspects of life and activity. The Constitution is the supreme law of the Republic and binds all persons and all State organs at all levels of government. This 2010 Constitution of Kenya provides the broad framework regulating

all existence and development aspects of interest to the people of Kenya, and along which all national and sectoral legislative documents are drawn.

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

Environmental Management and Coordination Act, 1999 amended 2015

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

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

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

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

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

Environmental Impact Assessment and Audit Regulations, 2003

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

Environmental Management Co-ordination (Waste Management Regulations):

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

Draft E-Waste Regulations

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

ENVIRONMENTAL CODE OF PRACTICE REQUIREMENTS

Electronic Waste and Potential Environmental Impacts

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

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

E-Waste Management Approach

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

- **Preparing e-waste disposal procedures:** The Implementing MDAs will prepare procedures to guide the disposal of the e-waste that is procured under the program. The e-waste disposal procedures will lay down guidelines and procedures in disposing end of use electronic and electric assets and equipment consistent with this ECOP and involve the maintenance of checklists of compliance at least on an annual basis. These will be approved by the accounting officer of the implementing MDA or an appropriate officer with authority to do so.
- **Creating awareness and training for Implementing MDAs staff on e-waste:** The program will create awareness among staff on the importance of e-waste management and, policies and procedures in place for safe disposal of e-waste. The program will ensure that workers handling e-waste are trained on personal protection, handling of hazardous products and handling e-waste. The program will collaborate with national entities such as NEMA and electronic vendors to help in improve e-waste management systems in Kenya.
- **Identifying the e-waste for disposal.** This includes such items as computers, monitors, CPUs, tablets, laptops, printers, copiers, faxes, accessories such as (speakers, keyboards, cables, e.t.c), projectors, cell phones and any chargers
- **Segregation and storage of e-waste.** Workers handling e-waste should be trained to segregate e-waste that can be refurbished for re-use or donated to schools and other institutions and the rest of e-waste that needs to dispose/recycled. The e-waste due for disposal should be properly stored to avoid leakage and emission of radioactive materials found within end of use electronic and electric products.
- **Identification of licensed recycler and delivery of e-waste to the recycling facility.** The program will identify NEMA accredited e-waste recycling company (ies) in Kenya and establish partnership or collaboration to ensure e-waste generated by the program is disposed appropriately. In Kenya the East African Compliant Recycling Company (EACRC) Limited located on the Mombasa Road in Nairobi, is an example of a private company that has been established with capacity to recycle and treat the e-waste at no cost to the waste generator. The EACRC is operating Kenya's first e-waste recycling facility, operating to international health, safety and environmental standards and establishing a local, sustainable IT e-waste recycling industry. The program can pursue partnerships with the major vendors of electronic and electric equipment for potential 'take back schemes.
- **Capacity-Building and Monitoring of ECOP Implementation:** As part of the capacity building to be provided for implementation of the proposed operations, the Implementing MDAs and relevant staff will receive training in the ECOP's application. The World Bank will monitor and provide guidance in the implementation of the ECOP. For this purpose, Project Implementation Unit (PIU) will establish a monitoring mechanism as part of the program management system as part of its POM.

PUBLIC DISCLOSURE

This ECOP will be shared with all relevant stakeholders, relevant Implementing MDAs, and Development Partners. Subsequently, it will be disclosed on MDAs websites.

CHECKLIST FOR E-WASTE

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

A: Background Information:

Name of the Agency:

B: E-waste disposal checklist

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

Annex 14: Complaints Log

Complaint No	Date Received	Details of Complaint	Responsible Implementing MDA	Description of Progress	Result/Outcome	Feedback to the Complainant	Date of Feedback

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