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**MINISTERIAL RATIONALIZATION GUIDELINES**

**OFFICE OF THE PRESIDENT**

**MAY, 1999**

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## FOREWORD

The focus of the Government is to achieve greater levels of socio-economic development aimed at improving the overall welfare status of the country. Although this requires collaborative efforts of both the private and the public sectors, the public sector has to provide the catalytic force to propel the rest of the economy towards the achievement of this mission. This explains the reform initiatives the Government has taken since independence on all fronts to give it the necessary leverage to steer the economy into greater heights of development, and respond appropriately to the fast changing environment of economic liberalization. To achieve this level of development and adaptiveness, it is imperative to have a strong, enlightened and flexible public service which is mission focussed, performance based and productivity oriented:

2. In view of these challenges, the Government introduced the Civil Service Reform Programme in 1993, as one of its key reform strategies to improve the efficiency and productivity in the Civil Service. The first phase of the Civil Service Reform Programme focussed on cost containment through staff reduction initiatives, including Voluntary Early Retirement Scheme (VERS). While the Scheme has been able to attain the targets set at its inception, the reduced numbers have not had the required impact on the wage bill which still remains high.

3. It is expected that the outcome of this reform initiatives will be an efficient Civil Service which will effectively facilitate the implementation of the policy priorities of Government. Hence, it is imperative that every Permanent Secretary and Accounting Officer, with the support of the Ministerial Civil Service Reform Committees (MCSRCs) and the Ministerial Performance Improvement Teams (MPITs), takes direct control and management of the reform initiatives within their respective ministries/departments. These guidelines are, therefore, intended to assist ministries/departments implement further staff right sizing and conduct a systematic and effective ministerial rationalization.

4. The staff right sizing of the Civil Service is intended to contain the wage bill and improve efficiency and effectiveness in service delivery. It is, therefore, imperative that the officers involved apply themselves to the task ahead in order to ensure that the objectives are achieved. I further wish to reiterate that the Government considers this exercise to be crucial to the overall reform of the public sector and in view of this, all the officers concerned with the management of the Reform Programme should commit themselves to its success for the benefit of the Nation.

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## P R E F A C E

The Civil Service Reform Programme I (CSRP I) was launched in August, 1993 and it had five components. However, due to Government concern over the unsustainable wage bill, the focus of the CSRP I was on cost containment. The achievements of this phase included the ministerial rationalization studies for twelve ministries which are being finalized for implementation by the respective ministries; reduction of the Civil Service establishment from 272,000 in 1992 to about 228,098 by December, 1998, through such measures as Voluntary Early Retirement Scheme, abolition of vacant posts, centralization of the issue of Personal Numbers, and payroll audits. However, the strategic plan for phase one did not focus on integrating the Civil Service Reform with the Public Service Reform initiatives which undermined the realization of the desired results of this phase of the Programme.

From the experiences gained in CSRP I, new strategies have, therefore, been formulated to improve the implementation of the CSRP II. The strategies include involvement of ministries/ departments in order to achieve their commitment to and ownership of the Programme across the Service through a focussed policy direction. The policy direction for Ministerial Rationalization and Staff Right Sizing has been given by the Government through the Personnel Circular No.2/99 of 7th May, 1999 on the Core Functions of Government.

When undertaking ministerial rationalization, ministries/ departments will be guided by this Circular to determine their core functions and policy priorities. In order to get consensus and cooperation of the ministries/departments on the direction the Reform process should take, the Directorate of Personnel Management held a meeting on 25th March, 1999 with chairmen and secretaries of the Ministerial Advisory Committees, Ministerial Training Committees, Ministerial Selection Boards, and Provincial Advisory Committees. This was followed by other two meetings on 23rd of April and 5th May, 1999 of Permanent Secretaries and Authorized Officers with the Directorate of Personnel Management. Draft Guidelines on Ministerial Rationalization and Staff Right Sizing were discussed and necessary amendments introduced in these meetings. It was further agreed in the meetings that, during the CSRP II, ministries/ departments, will be fully involved in the management of Reform initiatives in their ministries/departments through the decentralization of reform activities from the Directorate of Personnel Management to them. However, during the whole process of the Civil Service Reform Programme, the Directorate of Personnel Management will continue to provide the necessary leadership to ministries/departments in terms of strategic and technical guidance.

To enable the ministries/departments undertake the reform activities effectively, the Directorate of Personnel Management has developed Guidelines on Ministerial Rationalization and Staff Right Sizing to provide them with skills they require to undertake the exercise. The Guidelines are, therefore, intended to harmonize and

bring coherence in the implementation of Ministerial Rationalization and Staff Right Sizing across the Service under the guidance of Permanent Secretaries and Authorized Officers in their respective ministries/departments. Training programmes on ministerial rationalization and staff right sizing have been planned by DPM for reform teams in ministries/departments to enable them consolidate their confidence in the use of these Guidelines and thus provide the Permanent Secretaries and Authorized Officers with a critical mass for the Reform process in their respective ministries/departments.

In conclusion, I would like to recognize the contributions made by the resource persons, both local and internal, to the achievements of the Civil Service Reform Programme and I thank them for this. I would also like to appreciate the effort of the technical staff of the Directorate of Personnel Management in consolidating and simplifying the work done by different parties on the Civil Service Reform into these simple to follow Guidelines.

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## ABBREVIATIONS

|       |   |  |
|-------|---|--|
| DPM   | - | Directorate of Personnel Management        |
| CSRS  | - | Civil Service Reform Secretariat           |
| CSRP  | - | Civil Service Reform Programme             |
| NSC   | - | National Steering Committee                |
| MTFF  | - | Medium Term Expenditure Framework          |
| TCC   | - | Technical Coordinating Committee           |
| MPIT  | - | Ministerial Performance Improvement Team   |
| MCSRC | - | Ministerial Civil Service Reform Committee |
| SAGAs | - | Semi-Autonomous Government Agencies        |
| VERS  | - | Voluntary Early Retirement Scheme          |
| O&M   | - | Operations and Maintenance                 |
| PE    | - | Personal Emolument                         |
| MPER  | - | Ministerial Public Expenditure Reviews     |

# CHAPTER ONE

## INTRODUCTION

### **The Role of the Civil Service in National Development**

1. The Civil Service has a critical role to play in the social and economic development of the country. It is responsible for the implementation of policies and programmes which aim to improve the well being of the Society. It is the machinery through which the Government translates basic policy objectives into workable programmes for the benefit of society. A more efficient and effective Civil Service is key to the country's growth and development.

2. Since the launch of the Phase I of the Civil Service Reform Programme in August 1993, the Government has been involved in a range of activities to ensure that the Civil Service can better respond to the changing demands made on it, and is reshaped, restructured and adequately equipped with the necessary skills and tools to guide the country into the next millennium. It is vital that the available resources of the Civil Service are deployed efficiently in high priority areas and in undertaking functions which are best carried out by Government, rather than by the private sector. Only by focusing the limited resources available in this way, will the Government be able to address the current

fiscal situation and adequately reward civil servants as well as achieve its objectives.

### **The Need for Reform in the Civil Service**

3. The main objective of the Civil Service Reform Programme is to improve efficiency and effectiveness of the Civil Service. During the first Phase of the Programme the following reform actions were undertaken:

- (i) reduction of staff through the Voluntary Early Retirement Scheme (VERS), for officers in Job Groups 'A' to 'G' which resulted in a reduction of 36,982 staff at the end of December 1998;
- (ii) phased rationalization reviews of twelve ministries which were meant to be a test case for further reviews;
- (iii) improvements to establishment control and personnel administration, including the introduction of new personal numbers and actions to identify ghost workers and retire over-aged staff;
- (iv) development and piloting of an Integrated Payroll and Personnel Database (IPPD) system, which would link complement control, salaries and estimates units

in ministries/departments in order to provide accurate records for informed decision-making;

- (v) monetization of allowances of housing and medical allowances; and
- (vi) various seminars and workshops for key Government personnel including Accounting Officers and Commissioners of the Public Service Commission in order to sensitize them on the objectives of the Reform Programme for performance improvement.

4. Despite these initiatives, there are a number of issues which need to be addressed in order to ensure that the Government's objective of efficient and effective service delivery is achieved.

There is, therefore, need to:

- (i) improve operations and maintenance (O&M) allocation in the budget so as to step up the quality and quantity of service delivery to the public;
- (ii) review the role of Government with a view to focusing its activities on core functions;
- (iii) match deployment of resources with the priorities and core functions of the Government;

- (iv) reduce duplications and overlaps of functions between ministries/departments and improve co-ordination; and
- (v) improve decisions on resource allocation and resource management.

### **Civil Service Reform Programme Phase II (CSRP II)**

5. In April 1998, the Government formulated a Medium-Term Strategy for the Civil Service Reform, 1998-2001. The Strategy was designed to provide the foundation on which reform actions would be based and form a central component of the Medium Term Fiscal Adjustment Strategy which seeks to restore fiscal balance and rapid economic growth. This was followed by the Economic Consultative Meeting chaired by His Excellency the President at Mbagathi in May 1998. The meeting reviewed the issues contained in the Medium Term Strategy and endorsed them.

6. Subsequently, the Cabinet approved the Strategy for implementation. The 1998/99 Budget Speech outlined a number of reform policy directions as articulated in the Medium Term Strategy. In the Budget Speech the Government committed itself to privatize or otherwise divest all non core functions of Government.

## Objective of the Civil Service Reform Programme Phase II

7. The overall aim of Phase II of the Civil Service Reform Programme (CSRP II) is to improve the performance of the Civil Service, enable it to contribute as fully as possible, within the resources available, to the sustained economic and social development of the country. The specific objectives of CSRP II are to:

- (i) improve the quality and timeliness of the delivery of public services through improvement in the competence and management of civil servants;
- (ii) focus the Government's financial and human resources on the efficient delivery of a set of clearly identified core functions and services and to abolish, contract out, privatize, or commercialize other functions and services;
- (iii) reduce the overlaps and duplications within and between ministries/departments to enhance public sector performance;
- (iv) improve the pay and benefits of civil servants with a view to enhancing performance, productivity and efficient delivery of services;

- (v) ensure through implementation of a programme of reform, that the costs of the Civil Service are affordable and sustainable over time;
- (vi) improve planning, budgeting, monitoring, management and accounting systems so that resources are more sharply focused on priorities, accountability is clear, spending is transparent and public expenditure is more efficiently controlled; and
- (vii) secure commitment to civil service reform both within the Civil Service and among other stakeholders through effective leadership and management of the reform process.

### **The Components of the CSRP II**

8. There are four main components of CSRP II which are:-
  - (i) Redefinition and Rationalization of Government Functions.
  - (ii) Staffing and Management of the Wage Bill.
  - (iii) Pay and Benefit Reform.

(iv) Training and Capacity Building.

**The Wider Context of Public Service Reform**

9. The Civil Service Reform is not happening in a vacuum. A number of reform initiatives are currently under way to improve efficiency and effectiveness across the public sector. A major reform and modernization of the parastatal sector is being undertaken as a part of a comprehensive Public Enterprise Reform Programme, which includes privatization of some of the parastatals as well as reform and restructuring of local authorities.

10. Another major element in the wider public service reform process is the reform of the Teaching Service. Personal Emoluments for the Civil Service and for the Teaching Service are together the most significant components of public expenditure. Decisions on what may be affordable for one are strongly influenced by priorities for the other. The Education Reform Programme and reductions in Teaching Service numbers will therefore run parallel to the CSRP II.

11. Within the Civil Service, significant sectoral reform programmes are also moving forward as in the case of the Ministries of Agriculture and Health. The sectoral reform

agenda in the above ministries has much in common with CSRP II and includes:

- (i) divestment and working in partnership with the private sector and NGOs;
- (ii) decentralization to enable better focus on service delivery to the public; and
- (iii) improvements in staff deployment to enable more effective delivery of outputs.

12. CSRP II will be closely integrated with the Medium Term Expenditure Framework (MTEF). The MTEF is intended to provide a structured framework for linking policy, planning and budgeting and a better way of identifying ministry/department priorities and the resources needed to deliver required outputs. This will result in the redirecting of resources to implement priority programmes and activities.

13. Through the MTEF ministries/departments will identify both short term and medium term options for improving resource utilization and service delivery taking into account:

- (i) ministerial objectives and mandates;
- (ii) policy framework for achieving the objectives;

- (iii) main activities and outputs;
- (iv) review of past performance;
- (v) identification of specific programme outputs and assessment of their impact; and
- (vi) determination of core functions and identification of policy and institutional reforms required for implementation.

### **Organization of the Guidelines**

14. These guidelines summarize the key activities in the Ministerial Rationalization exercise and are structured as follows:

- Chapter One provides background information on the role of the Civil Service and the need for and objectives of the Civil Service Reform Programme;
- Chapter Two reviews the past ministerial rationalization initiatives and highlights the major weaknesses and proposed changes to the implementation strategy;
- Chapter Three sets out the institutional arrangements to push forward the rationalization exercise, and

further describes the linkages of the key elements of the process;

- Chapter Four sets out the approach that will be adopted in undertaking the ministerial rationalization exercise and in the implementation of ministerial rationalization decisions. A total of nine systematic steps to the process are discussed;
- Chapter Five outlines the training and capacity building programme to support successful implementation of the ministerial rationalization exercise;
- Chapter Six sets out the conclusion and the way forward; and
- The attached appendices are sequenced in order to provide clarity and additional information on the various Chapters.

## CHAPTER TWO

### AN OVERVIEW OF PAST MINISTERIAL RATIONALIZATION INITIATIVES

#### Introduction

15. The principle aim of Ministerial Rationalization is to enhance efficiency and productivity through the improvement of policy mandates and organizational structures; strengthening establishment control systems and personnel budgeting procedures; development and implementation of staffing norms; improvement in the management and utilization of human and financial resources in the Civil Service; improvement of management information systems in ministries/departments; strengthening of delegation for a higher sense of responsibility and accountability among civil servants; and re-examination of systems, processes and procedures in ministerial operations in order to eliminate duplications, overlaps and redundancies of various functions.

16. Specific areas of focus include:

- (i) redefinition of core functions and policy priorities of a ministry;

- (ii) definition of ministry's/department's mission through a statement that clearly justifies the existence of the ministry/department;
- (iii) an elaboration and definition of the objectives and strategies to be put in place in the ministry/department that will facilitate the achievement of the ministry's/ department's mission;
- (iv) identification of peripheral functions of the ministry/ department and development of proposals on what to do with them. Possible actions on peripheral functions include abolition, privatizing, commercializing, contracting out, merger or transferring to another ministry/department; and
- (v) a critical review of the existing ministerial organizational structure with a view to determining its appropriateness to the achievement of its mission and objectives.

### **Ministerial Reviews Under CSRP Phase I**

17. During Phase I of the CSRP, Ministerial Reviews were undertaken on a pilot basis, hence all the ministries were NOT

covered. This approach was evaluated and found to contain the following shortcomings:

- (i) the approach was too slow and took long to yield results. It also resulted in unco-ordinated and fragmented rationalization;
- (ii) the approach did not provide useful criteria for right-sizing the affected ministries as it did not provide targets for reduction of the huge wage bill and public expenditure;
- (iii) implementation of the recommendations resulting from the phased approach proved to be ineffective, cumbersome and slow due to lack of consensus across the Civil Service on critical issues and also with regard to functions proposed for transfer to ministries /departments not included in the pilot phases;
- (iv) due to complimentarity of Government operations in ministries/departments, it was difficult to attain the goal of improved performance and efficient service delivery across the Civil Service through the phased approach;

- (v) the programme may have been perceived by many ministries as a centrally driven initiative by the DPM. Hence, most of the recommendations on ministerial reviews were not taken on board and owned by ministries/ departments;
- (vi) lack of integration of the pilot Ministerial Rationalization Programme with the budgetary process and hence inappropriate resource utilization;
- (vii) the staff reduction's measures were implemented without undertaking a baseline survey to determine staffing levels;
- (viii) Phase I of the Programme focussed on issues affecting public administration and did not integrate into the process of Reform the issues of public finance; and
- (ix) the recommendations of the 12 pilot ministries in the Ministerial Rationalization Programme did not identify opportunities for any significant reduction in size of Government and its payroll as shown in *Table 2.1*.

18. It is important to note that Cabinet Memoranda for the 12 pilot ministries were prepared on the recommendations of Ministerial Rationalization studies. Following the recent re-organization of Government as per Presidential Circular No.1 of 1998 and No.1 of 1999, Organizational Structures and functions of some of the 12 pilot ministries were affected. A meeting of the Permanent Secretaries of the pilot ministries held on 23rd April, 1999 under the chairmanship of the Permanent Secretary and Director of Personnel Management resolved that the respective pilot ministries should review their rationalization study reports to take into account the recent changes in the organization of Government. The ministries are also expected to quantify the financial implication (costs and benefits) of the recommendations. After the review, the ministries should finalize their rationalization in consultation with their ministers.

**Table 2.1: Recommendations from Rationalization Reviews**

|            | Removal of function | Divestment of function | Internal transfer of function | Organization or staffing change | Systems or procedure change | Further study | Abolition of posts | Increase in posts |
|------------|---------------------|------------------------|-------------------------------|---------------------------------|-----------------------------|---------------|--------------------|-------------------|
| NO.        | 4                   | 26                     | 34                            | 75                              | 85                          | 19            | 19                 | 34                |
| % of total | 2%                  | 10%                    | 13%                           | 29%                             | 33%                         | 13%           | 7%                 | 13%               |

Source: Directorate of Personnel Management, *Civil Service Reform Medium-Term Strategy, 1998-2001*

19. From the Table, it can be observed that only 2% of all the recommendations under the pilot phase relate to removal of

functions, while 10% relate to divestment of responsibilities to the private sector and development of different modes of operations for better service delivery through privatization, contracting out of services and establishment of parastatal bodies. The remaining bulk of the recommendations have little scope for making the Civil Service leaner as they focus on improvements to internal systems and procedures, and on re-organization of staffing.

20. A more detailed analysis of the recommendations for each Ministry has been done and the conclusions are that:

- the reports are mainly descriptive of the status quo and do not make fundamental recommendations to changes in ministry functions or ways of delivering services;
- the original objective to reduce the scope of Government, focus on core functions and identify areas where Government should withdraw from direct delivery was lost; and
- the impact of the recommendations was not quantified in terms of numbers or of costs. The Government, therefore, has little idea of the costs and benefits of these recommendations.

21. In view of the above shortcomings, the Government has approved a Civil Service Medium-Term Strategy which proposes a comprehensive approach to ministerial reviews. Under this approach, ministries/departments will be rationalized concurrently and it will involve integrating administrative and financial reforms.

22. The merits of this comprehensive approach are that:

- (i) sensitization and consensus building across the ministries/departments will be enhanced;
- (ii) harmonization of recommendations across the entire Service will be instituted;
- (iii) consolidation of a firm foundation for steering the nation towards the newly industrialized status under the 2020 vision will be enhanced; and
- (iv) linkages between public finance and public administration will be improved and strengthened.

23. Before the ministerial rationalization is undertaken, there is need to refer to the broad core functions of Government which have been circulated by DPM all ministries/departments through

Personnel Circular No.2/99. Ministries/departments are expected to use the core functions as a guide to determine their ministerial core functions, missions, objectives and policy priorities. The application and operationlization of the broad core functions (essential services) of the Government will be in accordance with the organization of Government. This will be undertaken sectorally and will vary from ministry to ministry due to Kenya's unique ecological and regional diversity. For example, whereas veterinary services can be privatized in high potential areas where farmers are able to pay for the services, they would still remain essential services to be provided by Government functions in the Arid and Semi-Arid Lands (ASAL).

#### **Core Functions and Policy Priorities of Government**

24. ~~The term "Core Functions of Government" can be defined as those functions that are vital for the country's socio-economic development and need to be provided by Government.~~

#### **Policy Priorities**

25. ~~The policy priorities of Government are generally an elaboration of the core functions of Government and involves those areas which should have the most emphasis and where public service resources should be focused. An explicit statement of the current policy priorities is necessary to enable the Government make decisions about abolition or divestment of functions or reallocation of resources. The policy priorities~~

should be based on examination of the social and economic situation and on the challenges confronting the government in moving towards achievement of its social and economic development goals.

26. The Civil Service Reform Medium-Term Strategy, 1998-2001 and the 1998 Budget Speech make a renewed commitment that Government will review all functions of its Public Sector with a view to identifying priorities and overlaps between various departments of Government. The Government has committed itself in these documents to clarify and reaffirm its role, core functions and policy priorities. In doing so, all non-core functions will be abolished, privatized or contracted-out, while the core functions will be allocated to ministries and/or departments of central Government or to local authorities.

27. There are various benefits of identifying the core functions and policy priorities of Government. Firstly, there is need for the Government to know its business so that it can be able to plan effectively? Secondly, by abolishing or divesting non-core functions, savings can be realized and reallocated to more effective provision of core functions? Thirdly, by establishing the policy priorities and assessing these in conjunction with cost-effectiveness criteria, more efficient resource allocation can be achieved to improve public sector productivity? Fourthly,

identification of core functions and possible efficient organizational groupings of these functions, will assist ministries and departments in undertaking more refined expenditure reviews and rationalization programmes to further improve their productivity.

28. **Rationalization of Government structure** is aimed at cutting down cost on non core and overlapping functions being undertaken by the Government. The resultant savings would then be used to improve the efficiency and effectiveness of the public sector in delivering service in the core areas. It is, therefore, important to know how much savings on the present Recurrent Expenditure estimates can be achieved through the restructuring efforts. This information could assist decision on further strategies for desired level of efficiency and effectiveness.

29. Given the current socio-economic challenges facing the country, it is critical that urgent action is taken both to refocus the Civil Service to enable it contribute better to economic and social development, and to ensure that it operates more effectively.

## CHAPTER THREE

### INSTITUTIONAL ARRANGEMENTS AND LINKAGES FOR THE MINISTERIAL RATIONALIZATION PROCESS

#### Introduction

30. Effective management of civil service reform and co-ordination with other initiatives, are critical. This Chapter reviews the institutional arrangements and linkages between the elements of Ministerial Rationalization that are currently in place and the changes that will be necessary to strengthen these arrangements for CSRP II in order to enhance the leadership of the reform process and to co-ordinate reform initiatives.

31. The existing institutional arrangements for managing the civil service reform process are set out in *Personnel Circular No. 5* of October 1993 and include:

- (i) National Steering Committee;
- (ii) Civil Service Reform Secretariat;
- (iii) Ministerial Civil Service Reform Committees;
- (iv) Provincial Civil Service Reform Committees; and

(v) District Civil Service Reform Committees .

32. To avoid the problems experienced during the implementation of Phase I of CSRP, it is important to review the existing institutional arrangements with a view to ensuring that the Ministerial Rationalization process is comprehensive, and is implemented in an integrated and coordinated manner.

33. A review of the existing institutional framework is intended to facilitate development of strategies to:

- (I) strengthen the management and co-ordination of reform initiatives, in particular to establish mechanisms for co-ordination between DPM and the Ministry of Finance;
- (ii) encourage wide consensus on the rationale and benefits of the programme and wide ownership, in particular amongst senior officers within ministries;
- (iii) build capacity within ministries to enable the reform process to be integrated into day to day management decision making at ministry/department level;

- (iv) establish effective communication by informing all stakeholders of the objectives of the reform programme; and
- (v) develop effective monitoring and evaluation processes.

34. High level commitment for and support of public service reform is a pre-requisite for a successful programme. It is at this level that a vision of the future public service is articulated, which serves to give impetus and direction to the reform programme and to set the policy framework which will be further developed at official and technical levels.

**Strategic Leadership and Direction of Civil Service Reform**  
*The National Steering Committee (NSC)*

35. The NSC will be the overall co-ordinating body for reform initiatives in the Civil Service. This top level committee is responsible for:

- (i) setting the overall agenda and direction of reform, including setting objectives and targets;
- (ii) ensuring that individual programmes are co-ordinated and contribute to the main objectives;

- (iii) injecting advice and ideas that contribute to taking the reform process forward;
- (iv) monitoring and evaluating the progress of reform programmes; and
- (v) effective communication, both lateral and vertical, to ensure that all Civil Service employees understand the rationale for reform, its positive features and progress that has been made.

### **Effective Co-ordination of Reform Initiatives**

36. One of the most important developments in CSRP II is the recognition that financial reform initiatives and administrative reforms of the Civil Service are interconnected. The MTEF programme, which will be managed by the Ministry of Finance, will be one of the key mechanisms through which DPM can ensure that ministries take action to rationalize their functions, review their staffing levels and reduce expenditure. The CSRP II brings together a number of initiatives to rationalize functions and reduce both staff numbers and the overall wage bill. These initiatives are vital for the Ministry of Finance, if it is to achieve its goal of balancing the budget this year and, in the longer term, of reducing the fiscal deficit.

37. The reform initiatives managed by DPM and Ministry of Finance need to be closely co-ordinated and synchronized. It is particularly important that line ministries across the Civil Service understand that these reform programmes are integrated, and that the Ministry of Finance and the DPM are working closely together to implement the reforms. There is a clear need to integrate planning and decisions on policies and priorities in order to identify efficiency gains and to enable resourcing requirements to be identified in budget submissions.

38. At present, the only co-ordination between DPM and the reforms in the Ministry of Finance is at a technical level, through the participation of DPM in meetings of the MTEF Secretariat. There are many critical issues that must be co-ordinated, including timing of initiatives, implementation of recommendations, establishing and imposing targets for reductions both in staffing and expenditure levels and maintaining effective establishment control after reductions have taken place.

*The Technical Coordinating Committee (TCC)*

39. To address these issues, a senior level Technical Co-ordinating Committee (TCC) will be established. The TCC will be responsible for ensuring co-ordination of reforms initiated by the Ministry of Finance with those of DPM, in particular CSRS.

The TCC will be an advisory body and will have no responsibility for the day to day management of reform initiatives. These will remain the responsibility of CSRS and individual Ministries.

40. Members of the TCC will include:

- (I) Financial Secretary, Ministry of Finance - **Chairman**
- (ii) Programme Director/CSRS - **Secretary.**
- (iii) Director of Planning, Ministry of Planning and National Development
- (iv) Accountant General, Ministry of Finance
- (v) Chief Economist, Cabinet Office, Office of the President
- (vi) Director of Education, Ministry of Education and Human Resource Development
- (vii) A representative, Ministry of Local Government
- (viii) A representative, Attorney General's Chambers
- (ix) Deputy Director, Management Consultancy Services Division, DPM
- (x) Director of Budget

41. The TCC will ensure that appropriate linkages are established between MTEF and CSRS reform initiatives. It will also be involved with the monitoring of the implementation of

the reform effort to ensure coherence between the two sets of initiatives and approval of the work plans.

### **Management of Reform Programmes**

42. Management of individual initiatives will be undertaken by the most appropriate body. The responsibilities of the different bodies are set out below.

#### *Civil Service Reform Secretariat*

43. CSRS will remain responsible for day to day co-ordination of CSRP II, monitoring progress and ensuring appropriate integration of initiatives. It will have particular responsibilities for:

- (i) providing secretariat support to the NSC to take forward the reform process;
- (ii) monitoring progress in reform and in implementation and to report on this to the NSC;
- (iii) evaluating the results of reform initiatives;
- (iv) facilitating technical assistance; and

- (v) communicating the progress of the Civil Service Reform Programme and its successes across the Civil Service.

*Ministry of Finance and the MTEF Secretariat*

44. The Ministry of Finance will retain responsibility for the design and implementation of all public financial reforms. These reforms will be co-ordinated with those of the wider Public Sector Reforms.

45. The Medium Term Expenditure Framework Secretariat will undertake a similar role in relation to budgetary and financial reforms as CSRS will do for Civil Service reforms.

*Directorate of Personnel Management*

46. DPM is the official, permanent organization with responsibility for managing Civil Service staffing and organization to improve its efficiency and effectiveness. During CSRP II, DPM will be equipped to take over responsibility for reform actions relating to personnel management across the Civil Service. This will enhance sustainability of the reform process in the medium term.

47. In the medium term, much of the work carried out by DPM will relate directly to reform initiatives, such as:

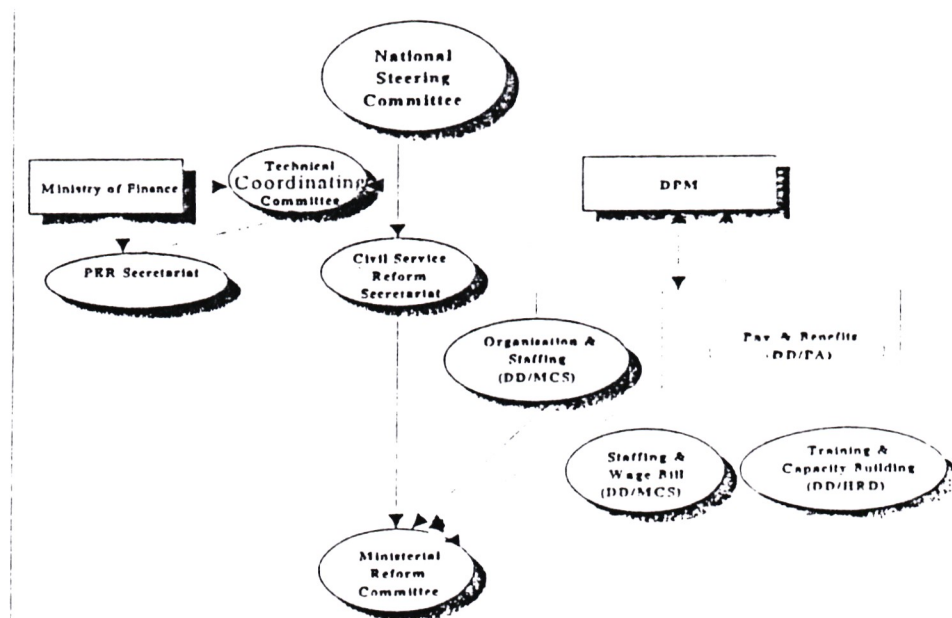
- (i) effective computerization of personnel information;
- (ii) establishment control in order to manage the wage bill better;
- (iii) implementation of staff right sizing scheme for civil servants;
- (iv) review of pay and benefits of civil servants with a view towards making them more competitive;
- (v) training and capacity building to ensure that civil servants operate more effectively and are increasingly accountable for results; and
- (vi) organization and staffing reviews to ensure that the Civil Service remains affordable and sustainable over time.

48. Responsibilities for the organization and staffing reviews which will develop after the first stage of *the redefinition and rationalization of Government functions* component and all responsibilities for initiatives relating to *staffing and wage bill* components, will be taken by the Management Consultancy Services Division. The pay and benefits component will be

undertaken by the Personnel Administration Division while training and capacity building component will be undertaken by the Human Resources Development Division.

49. The proposed institutional arrangements are illustrated below.

*Chart 3.1: Institutional Arrangements for Implementing CSRP II*



### Ministerial Rationalization Institutional Arrangements

50. The ministerial rationalization exercise will be carried out within the broader redefinition and rationalization of Government functions. Responsibility for the conduct of the ministerial

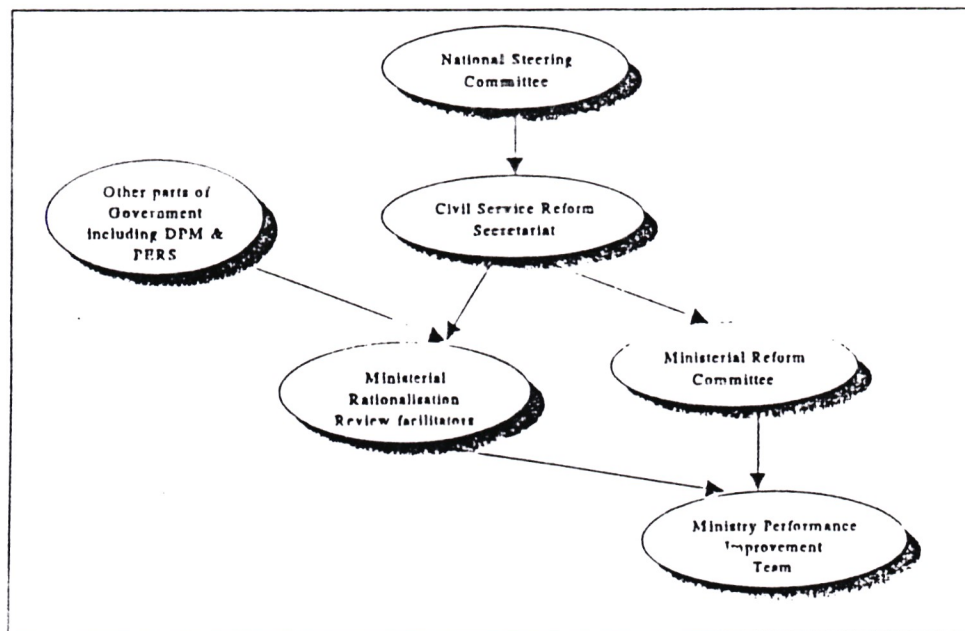
rationalization exercise will rest with the Permanent Secretary and members of the Ministerial Civil Service Reform Committee (MCSRC). The detailed work will be carried out by Ministerial Performance Improvement Teams (MPITs) responsible to the existing Ministerial Civil Service Reform Committees (MCSRC). The MPIT will be established as a task force with full time responsibility for undertaking the ministerial rationalization exercise and other reform initiatives. This full time but small team of officials will be selected by the Permanent Secretary from officers in the ministry/department who have both the ability to address challenging management issues and the potential to benefit from being part of this important team.

51. In the early stages, Ministerial Rationalization exercise will be supported by facilitators, drawn from CSRS, DPM, and MTEF Secretariat, with technical assistance where necessary. The facilitators will assist individual MPITs in carrying out the exercise. They will also have responsibility for training and developing capacity within the MPITs. **The primary responsibility for undertaking the exercise will remain with the MCSRCs supported by the MPITs.** The facilitator team will review the work that is carried out by the MPITs to ensure consistency with the reviews in other ministries/ departments. **The respective Permanent Secretaries or Accounting Officers**

will be responsible for the finalization of the Ministerial Rationalization exercise in consultation with their ministers.

52. The institutional arrangements specific to the rationalization exercise are illustrated below.

*Chart 3.2: Ministerial Rationalization Process - Relationships*



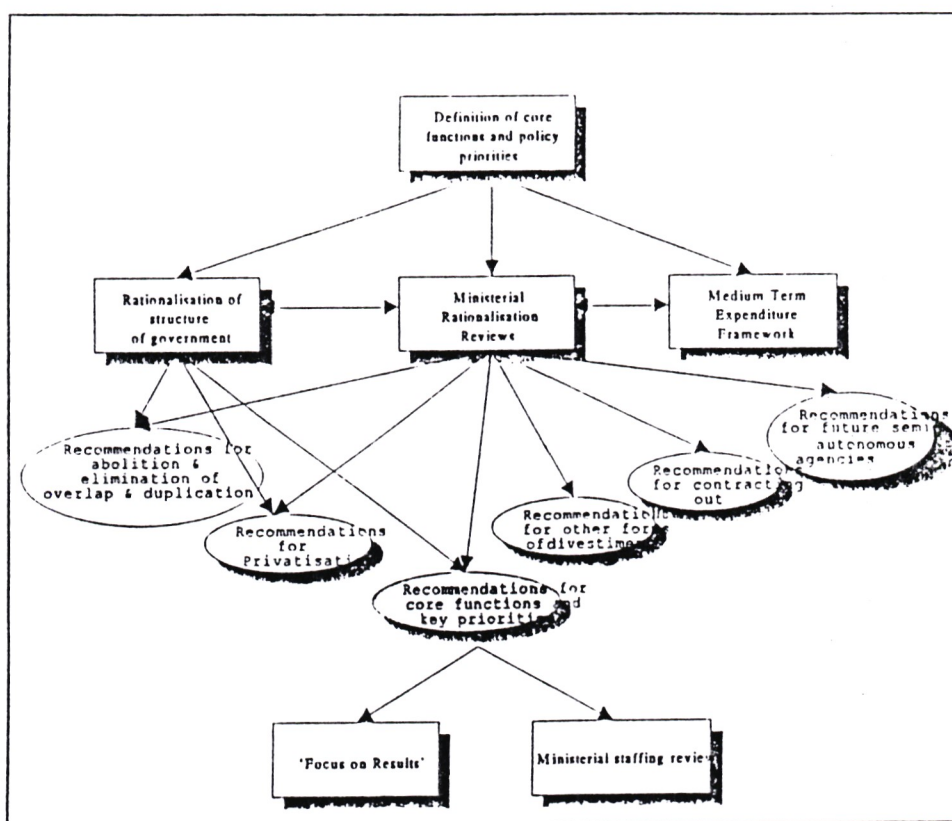
53. The ministerial rationalization exercise will be a significant process in the planned devolution of responsibility for reform from the DPM to individual ministries and departments. However, the DPM will continue to provide strategic leadership and technical advice. A comprehensive ministerial

rationalization Programme will be undertaken to cover all ministries/departments concurrently. This will facilitate an integrated and coordinated approach to the process. The MPIT will report regularly to the Permanent Secretary to ensure that he or she is able both to provide leadership to the reform process and properly to account for progress in performance improvement. The Accounting Officer of each ministry will be held accountable for maintaining the momentum of reform and achieving the rationalization objectives.

### **Linkages Between Key Elements of the Ministerial Rationalization Process**

54. The process of redefinition and rationalization of Government functions is made up of a number of discrete elements whose linkages are set out in the figure below. The key concepts which underpin these elements are described in more detail below.

Chart 3.3: Linkages Between Elements of the Ministerial Rationalization Process



### Linking Rationalization to MTEF

55. As part of the MTEF programme, the Ministry of Finance will identify the overall resources at a macro level that are available to Government for delivering the services for which Government is responsible. The scarcity of resources means that tough decisions will have to be taken with hard ceilings imposed on budgets for each ministry. Ministry allocations will be based

on the extent to which each ministry is expected to contribute to core functions and policy priorities of Government.

### **MTEF as an Input into Ministerial Rationalization**

56. MPERs have been undertaken in all ministries and departments based on guidelines provided by the Ministry of Finance. The reviews have provided useful insight into the challenges that are likely to be faced as part of the implementation of the MTEF programme. These insights will also apply in the ministerial rationalization process.

57. The work already carried out for the MPER will provide the MPITs and facilitators with much of the information required to ask fundamental and challenging questions about each ministry's current policies, priorities, objectives and outputs.

58. The MTEF will also be the mechanism for providing the hard expenditure targets to be achieved as part of the Rationalization exercise and other reform initiatives. On the basis of an assessment of available resources and established macro economic factors, the Ministry of Finance will provide guidelines for resource allocation for the medium term and hard targets to be met by individual ministries and for broad sectoral areas. These ministry and sectoral guidelines will provide a firm underpinning for the Rationalization exercise. One target already

identified by the Ministry of Finance is the proposed reduction in ministry expenditure by 20%. The proposed establishment reduction of 30% within the medium term is expected to make significant contribution to this 20% target for reduction in expenditure. The ministerial rationalization exercise must produce recommendations which will take ministries towards the achievement of these targets.

### **Ministerial Rationalization as an Input into MTEF**

59. The MTEF process requires the determination of priorities on which expenditure will be focused. The ministerial rationalization exercise will provide the following inputs for the MTEF:

- (i) a clear mission statement for each ministry;
- (ii) strategic objectives;
- (iii) key outputs;
- (iv) a basis for identifying and planning for key activities;  
and
- (v) identification of each ministry's contribution to the core functions and policy priorities of Government.

60. The ministerial rationalization exercise will therefore prepare the ground for the germination of an effective and lasting MTEF programme. In addition, the proposed institutional arrangements for the ministerial rationalization exercise, together with training and capacity building for each level, will integrate the two programmes and create capacity at the ministry to contribute to the delivery of future reform initiatives. Senior ministry/department officials will also be involved in the process. This will facilitate sensitization of ministry staff at all levels and will create an enabling environment for the implementation of the MTEF programme as well as other reform initiatives.

## CHAPTER FOUR

### GUIDELINES ON THE IMPLEMENTATION OF MINISTERIAL RATIONALIZATION

#### Introduction

61. This Chapter provides detailed guidelines on how to conduct a systematic and effective ministerial rationalization. The guidelines are intended to provide ministries/departments with a standard approach which will focus each ministry/department on the key outputs of the ministerial rationalization process.

62. The Government has approved that a co-ordinated ministerial rationalization exercise be undertaken across all ministries and departments. The overall purpose of this ministerial rationalization exercise is to clarify the core functions of each ministry/department in order to identify improvements in efficiency and effectiveness, through abolition of non core functions, reduction in overlaps and duplications and development of a coherent programme for divestment.

63. The ministerial rationalization exercise will identify:

- (I) the ministry's core and non-core functions;

- (ii) the ministry's/department's mission, objectives and key outputs to achieve the objectives, in the light of the core functions of Government and its policy priorities;
- (iii) areas of high priority for the ministry in order for it to achieve its objectives, through prioritization of outputs within the resources available, taking into account the Government's policy priorities;
- (iv) functions that are non core and which should be abolished or divested;
- (v) key areas of overlap and duplication which must be reduced or eliminated to improve coherence and co-ordination across Government; and
- (vi) the scope for privatization of functions, establishment of Semi-Autonomous Government Agencies and contracting out services to improve efficiency and effectiveness.

64. The output of the ministerial rationalization will include:
- (I) A detailed implementation action plan with clearly defined time scales for implementation between 1999 and 2001. The action plan will set the timetable for

privatization, abolition of functions and contracting out of non core services being undertaken by Government.

(ii) Recommendations pertaining to:

- staff redeployment across ministries/departments;
- abolition of functions;
- divestment of functions;
- inter and intra-ministerial transfer of functions;
- organization or staffing changes;
- systems or procedures change;
- staff reductions to achieve the 30% target as approved under the Medium Term Strategy of CSRP as indicated in the *Table 4.1* below.

*Table 4.1:* Staff Reduction Targets Over the Medium Term 1998/99-2000/01

| Year         | Percentage Reduction | Reduction Targets |                  |
|--------------|----------------------|-------------------|------------------|
|              |                      | Civil Service     | Teaching Service |
| 1998/99      | 12                   | 26,400            | 10,764           |
| 1999/2000    | 9                    | 17,424            | 14,170           |
| 2000/2001    | 9                    | 15,956            | 12,390           |
| 2001/2002    |                      |                   | 4,055            |
| <b>Total</b> |                      | <b>59,680</b>     | <b>41,379</b>    |

65. The output of Ministerial Rationalization is expected to contribute to ministerial expenditure reduction of 20% over the three years (1998/99 to 2000/2001).

#### **STEPS IN UNDERTAKING MINISTERIAL RATIONALIZATION**

66. The following is the sequence of steps that should be followed when conducting Ministerial Rationalization:

|           |  |
|-----------|--|
| Step I    | Appointment of Reform Teams  |
| Step II   | Communication to Staff   |
| Step III  | Conducting Workshops   |
| Step IV   | Identification of Overlaps and Duplications of Functions   |
| Step V    | Identification of functions for Abolition and Privatization  |
| Step VI   | Identification of functions for Contracting out  |
| Step VII  | Identification of functions to be performed under Statutory Organizations/Parastatals, Semi-Autonomous Government Agencies and Local Authorities |
| Step VIII | Preparation of Ministerial Rationalization Reports   |
| Step IX   | Implementation of Recommendations on Abolition, Privatization and Contracting Out of Functions.  |

67. Details of each step and its attendant activities are discussed below.

**Step I: *APPOINTMENT OF REFORM TEAMS***

68. The activities to be undertaken under this step are:

- (i) formation and/or strengthening of the Ministerial Civil Service Reform Committee (MCSRC);
- (ii) merger of Ministerial Public Expenditure Review Committees (MPERs) and MCSRCs;
- (iii) appointment of the Ministerial Performance Improvement Teams (MPITs). This should occur by **May, 1999** to enable training and development to take place. Each ministry should appoint between three and five senior staff to the MPIT. Likely candidates for MPIT appointments include **heads of Administration, Planning, Finance and Personnel Divisions**. Where there is an existing sectoral reform unit (e.g Health Sector Reform Programme in the Ministry of Health), members should be incorporated into the MPIT. Members of the team carrying out Ministerial Public Expenditure Reviews (MPERs) should also join the MPIT;

- (iv) preparation of an action plan for the conduct and implementation of ministerial rationalization initiatives;
- (v) sensitization of the members of MCSRC and MPIT;  
and
- (vi) progress review of ministerial rationalization by members of MCSRC and MPITs.

## **STEP II: *COMMUNICATION TO STAFF***

69. It is important that **all** staff know the objectives of ministerial rationalization, and how it will be carried out. Initial communications are, therefore, vital to make the exercise successful and in doing so a communication strategy should be agreed upon. It is important that communications by senior officers to their staff should, therefore, take place as early as possible during the exercise.

70. Ministry officials should decide on the most appropriate method for communicating information to their staff about the ministerial rationalization exercise. The most appropriate methods for communicating information to staff include: written communications, staff meetings (for all staff or for those at supervisory levels) and workshops. Whichever communication method is chosen, it should ensure that all staff are informed of

how the exercise is to be carried out, who is responsible for specific activities, the likely outputs and the time scales.

### **STEP III: CONDUCTING WORKSHOPS**

71. The MPIT, supported by the facilitators will lead workshops with the MCSRC and other members of the senior management team. The Workshops will serve as fora for senior officers to brainstorm on a number of issues pertaining to ministerial rationalization and the way forward. The Workshops will also facilitate development of action plans. The following are the major activities that will constitute the topics of discussions during the workshops:

#### **Activity 1: *Review of Previous Studies of Ministerial Rationalization (Where Applicable)***

72. Twelve rationalization reviews in twelve ministries were undertaken in the first phase of Civil Service Reform Programme. However, these reviews had more wide-ranging terms of reference. The first process for these 12 ministries will, therefore, be to review the mission statements and strategic objectives against the core functions and policy priorities of the Government. The second process will be to identify those existing recommendations from the previous ministerial rationalization exercises which are still appropriate for the ministry/department. These recommendations will then be

quantified to set out the savings in numbers of posts and in Personal Emoluments (PE) and Operations and Maintenance (O&M) budgets that will be achieved through implementation. These should relate to:

- (I) abolition of functions;
- (ii) transfer of functions to other ministries; and
- (iii) privatization, contracting out, abolition of functions or transfer of functions to other forms of public sector bodies.

73. This review will enable the ministry/department where necessary to identify the extent to which the earlier review recommendations would contribute to target staff reductions and efficiency gains.

**Activity 2: *Redefinition of Ministry's/department's Mission, Strategic Objectives, Core Functions and Policy Priorities***

74. For the ministry/department to focus its resources on those services that contribute to Government priorities, it is necessary to define its mission statement and strategic objectives. This means re-examining the purpose and the key tasks it needs to carry out. This will lead to the identification of core and non-

core functions and provide the foundation upon which the rest of the ministerial rationalization exercise would be based.

75. The redefinition of ministry/department mission, strategic objectives, core functions and policy priorities will be based on a given statement of core functions of Government and policy priorities.

**Activity 2(a): *Redefinition of the Ministry's/department's Mission***

76. The mission statement defines the purpose for which the ministry exists. It sets out what the ministry/department is seeking to achieve in relation to the core functions and policy priorities of Government.

77. To define a clear and concise mission statement that captures the ministry's/department's purpose for existence, it will be necessary for the ministry/department to hold a workshop for senior officers to stimulate discussions and agree on:

**Why the Ministry/Department exists; and what it achieves**

78. Even where a mission statement exists it needs to be reviewed to ensure that it meets the following criteria:

(I) it should be clear, concise and easily understood;

- (ii) it should reflect Government's core functions and policy priorities and provide direction and unity of purpose;
- (iii) it should specifically state the outputs that the ministry intends to achieve; and
- (iv) capture why the ministry exists and what it produces, not how it carries out its work i.e. the processes and activities it undertakes.

79. An example of part of the process to develop a mission statement is indicated in the *Box 1* for the Ministry of Public Works and Housing. In many cases, mission statements already exist for ministries.

***Box 1: Mission Statement for the Ministry of Public Works and Housing***

|   |
|---|
| The initial questions to be asked when developing a mission statement for the Ministry of Public Works and Housing are:   |
| <ul style="list-style-type: none"> <li>• Why does this Ministry exist?</li> <li>• What does this Ministry achieve?</li> </ul>   |
| <i>The answers to these questions with regard to the Ministry could be:</i>   |
| <ul style="list-style-type: none"> <li>• facilitation of adequate provision of physical infrastructure in roads through policy formulation, supervision and regulation of standards in roads development and maintenance in the country;</li> </ul> |

|   |
|---|
| <ul style="list-style-type: none"> <li>• provision on commercial basis of logistical and technical support in roads construction and maintenance by acquiring and servicing equipment;</li> </ul>                   |
| <ul style="list-style-type: none"> <li>• facilitation of planning, design and supervision of construction and maintenance of all government buildings and institutions in the country; and</li> </ul>               |
| <ul style="list-style-type: none"> <li>• facilitation of adequate provision of decent housing to Kenyans through research on low cost materials, building design and dissemination of research findings.</li> </ul> |
| <p><i>Based upon these, the Mission Statement of the Ministry is to:</i></p>  |
| <p><i>contribute to the socio-economic development of the country by facilitating adequate provision and maintenance of physical infrastructure in roads and public buildings throughout the country.</i></p>       |

**Activity 2(b): Definition of Strategic Objectives**

80. Strategic objectives are high level statements of what the ministry intends to achieve in order to fulfil its mission and to contribute to Government's core functions and policy priorities. The ministerial rationalization exercise will focus only on these high level strategic objectives. Lower level operational objectives which spring from these strategic objectives will be of more importance in the ministry's future programme for performance improvement.

81. The initial work to define strategic objectives will be undertaken in a workshop with senior officers. In order to

define strategic objectives for the ministry, the review team will be guided by the following principles:

- (I) strategic objectives relate to the overall purpose of the ministry and break the mission into key areas;
- (ii) each objective should be assessable, so that others can judge whether the objective has been achieved;
- (iii) each objective should be realistic in relation to available resources;
- (iv) strategic objectives for a ministry will be few in number; and
- (v) achievement of the strategic objectives is seen to determine the success or failure of a ministry.

32. The workshop will consider the following questions:

- (I) how does this ministry contribute to Government core functions and policy priorities?
- (ii) what is this ministry's unique contribution to Government or to the Country?

(iii) what are the key outputs of the ministry – the things that the ministry produces and their impact on socio-economic development (for example the number of teachers trained, number of pupils completing primary school, number of schools inspected are all key outputs. If the ministry achieved targets for these outputs and outcomes will it be seen to have succeeded? If it did not, will it be seen to have failed? What impact would this have on Government core functions and policy priorities? Future exercises, such as the *Focus on Results* initiative will enable better monitoring and measurement of these outputs.

83. Based on the answers to these questions, a set of strategic objectives should be determined which will:

(i) Contribute to Government core functions; and

(ii) relate to a key output or set of outputs for the ministry, and each key output should relate to a strategic objective.

84. *Box 2* gives examples of some of the strategic objectives as provided in the Rationalization Report for the Ministry of Public Works and Housing.

**Box 2: Strategic Objectives for Ministry of Public Works and Housing**

- to concentrate on the maintenance of already built road network, while paving the sections of the network which is still unpaved;
- to adopt a regional functional approach to service delivery through strengthening and pooling of equipment, workshop and resources along the regional framework so as to improve access of its equipment to users, maintain and utilize them more effectively; and
- to adopt the practice of demand-driven hiring of casual workers to undertake specific tasks based on daily remuneration procedures.

85. Strategic objectives should continually be tested against core functions and policy priorities of Government for consistency.

**Activity 2(c): Definition of Ministry Priorities**

86. The final process in this stage of the ministerial rationalization exercise is to define the ministry's priorities in the light of both core functions and policy priorities of the Government, and the ministry's mission and strategic objectives. This process will also identify some ministry functions which are of low priority. These are likely to be candidates for abolition, transfer or privatization.

87. A list of key outputs will have been developed during the workshop to define the strategic objectives. For each strategic

objective, a list of the key outputs, and the functions which deliver those outputs, will be produced. This list should be reviewed, and the senior officers should agree on priority outputs for the ministry.

**STEP IV: IDENTIFICATION OF OVERLAPS AND  
DUPLICATIONS OF FUNCTIONS**

88. Overlaps and duplications of functions across Government is a significant cause of inefficiency and ineffectiveness. The implications of overlaps and duplications are:

- (i) there is duplication of staff doing similar work in different ministries, who could be more efficiently used if similar activities were brought together;
- (ii) there is duplication of effort and resources; and
- (iii) key tasks remain undone because no one takes responsibility for them.

89. The elimination of duplications and overlaps will involve a review of all the ministry's/department's functions against the functions carried out by other ministries/departments and bodies. Some of this work can be carried out in a workshop with senior officers. This will be supplemented by reviews of documentation, interviews and discussions with the ministry's/department's senior officers. In view of the

complexity in the harmonization of overlaps and duplications of functions between ministries/departments, it is the Government decision that recommendations from ministries relating to overlaps and duplications across the service be referred to the centre for appropriate action.

90. The above tasks will assist the ministry/department to determine answers to the following questions:

- (I) Are there any other ministries/departments that contribute to the delivery of the function?
- (ii) From which ministries/department does this ministry/department require input for this function to be delivered efficiently?
- (iii) Which ministries/departments use the output of this ministry/department for their work?
- (iv) Does this ministry/department share responsibility with any other ministry/department in carrying out this function?
- (v) On the basis of your answers (I) - (iv) which ministries/ departments and other Government bodies, in your view, have the greatest complementarity and

linkages in service delivery with your ministry/  
department?

- (vii) Is there overlap and duplication between different departments in your ministry?

91. The output of this part of the ministerial rationalization exercise will be a series of recommendations for elimination of overlaps and duplications through transfer of functions between ministries/departments. Where duplications exist, duplicated posts should be identified for abolition.

**STEP V: IDENTIFICATION OF FUNCTIONS FOR ABOLITION  
AND PRIVATIZATION**

**Activity 1: Abolition of Functions**

92. The scope for abolition of functions relates to those functions that will be abolished altogether and not those to be privatized or otherwise transferred out of central Government. Examples of some of the functions which have been abolished in recent past include **exchange control** and **price controls** in the Ministry of Finance. The personnel filling these redundant posts may be retrenched or transferred. Abolition can take place during the financial year 1999/2000 and can therefore deliver considerable savings in PE and O&M in the short term.

93. The criteria for decisions on abolition will be based on the ministry's/department's mission, strategic objectives and key priorities, together with a continuous reference to Government core functions and policy priorities and also using the criteria set below:

**Table 4.2: Criteria for Determining Functions for Abolition**

| Criteria  | YES | NO |
|---|-----|----|
| Does this function relate directly to a core function or policy priority of Government?   |     |    |
| Does it contribute directly to the ministry's strategic objectives and key priorities?  |     |    |
| Has this function been identified as one of the high priority function of the ministry?   |     |    |
| Would there be any significant negative impact on the social and economic development of Kenya if this function were not carried out? |     |    |
| Does this function provide services for which the need cannot be satisfied by services provided by other bodies?                      |     |    |

94. Where the answers to all of the questions above is NO, the function should be recommended for abolition. A preliminary list of functions for possible abolition should be prepared, which

can be considered in more detail at the workshop. For example, possible candidates for abolition may relate to:

- (i) regulatory functions, particularly those in commercial and trade areas where abolition would create a freer and less bureaucratic environment for the functioning of the private sector and the promotion of investment;
- (ii) regulating boards and other organizations for which the need has been overtaken by newer regulatory functions;
- (iii) licensing functions that collect less on an annual basis in Appropriations-in-Aid than they cost to deliver;
- (iv) licensing functions that do not relate to ensuring that critical health and safety issues are addressed;
- (v) research institutions which may be merged, if they are not abolished completely;
- (vi) training institutions which can similarly be merged, even if complete abolition is not recommended;
- (vii) functions that are delivered from provincial offices, where parallel structures exist at district levels:

(viii) field offices and extension officers (where similar posts in related functional areas could be brought together); and

(ix) representative offices in overseas countries.

95. It is important to keep in mind the fact that the existence of legislation enshrining the need for a particular function is not, on its own, a sufficient reason for that function's continued existence. When a function is identified for abolition, a review of legislation should be undertaken to determine any barriers to implementation. Action to repeal or modify legislation should be built into the action plan.

96. The outputs of this element of the ministerial rationalization exercise will be a set of recommendations for abolition. These recommendations will be quantified, in terms of savings in number of posts and savings to the ministry in terms of PE and O&M.

### **Activity 2: *Privatization of Functions***

97. Privatization of functions which no longer need to be delivered by Government is one approach to provide an enabling environment in which the private sector can grow, industrialize and create employment opportunities.

98. The key characteristics of privatization are:

- The service is divested to the private sector. Government gives up effective control to the private sector. Entrepreneurs take over the assets, and make decisions on price and service levels depending on market factors and demand.
- The service provider is usually profit oriented, and distributes the profit to shareholders. However, privatization to community groups or to non-Governmental organizations may also occur.
- Privatized organizations can be regulated by Government.

99. Assessing the potential benefits of privatization may assist in making decision on the approach to implementation. Potential benefits may include:

- (I) broadening ownership of businesses, widening entrepreneurship in the economy and promoting private sector development;
- (ii) providing the scope to increase commercialization, unlocking potential income streams and opportunities for profit in this sector;

- (iii) greater investment by the private sector in equipment, technology, training and development. Such investments in this functional area may be a lower priority for allocation of public resources; and
- (iv) improvements in service delivery, as a result of managing functions with a more commercial approach and increased competition.

### *The Key Criteria when Considering Privatization*

100. When considering privatization of a function, it is important to ask pertinent questions. For example, in considering the privatization of the **Artificial Insemination** function in the Ministry of Agriculture, it is necessary to ask:

- (a) Is there scope for private sector participation in the delivery of this service? Specifically:
  - (I) Are there any overriding security or other national interest considerations to prevent privatization ?
  - (ii) Is there scope for separation from Government?
  - (iii) Can a business case with clear cash flows be developed?

- (iv) Is the scale of the operation sufficient to attract a number of operators in the private sector or to encourage community involvement?
  - (v) Will the function not require to be regulated, or will regulation be relatively straightforward?
- (b) Does the private sector have capacity to absorb this function and operate it? Specifically:
- (i) Are there players in the market with competence to handle the function once privatized? (Issues of the scale of the operation need to be considered as well as management competence and access to adequate financial resources);
  - (ii) What level of investment will be required to ensure that these services continue to be delivered? (This also involves assessing whether operators will be able to achieve adequate returns on their investment);
  - (iii) What are the available financial structure options? (This is most often an issue when larger scale privatization is being considered).

- c) What would be the level of complexity in transferring responsibility to the private sector?
  - (I) Will it be necessary to continue to regulate the delivery of this service? If so, is there an existing regulatory framework?
  - (ii) What level of preparation will be required to facilitate transfer of this function to the private sector?
  - (iii) How will the transaction be packaged for implementation? (This involves defining the planned structure of ownership, the initial price, and planning for implementation);
  - (iv) What will be the major customer concerns? (Consideration needs to be given to how these can be addressed).

101. Privatization of functions will involve development of exit plans for Government which may include the following options:

- (I) transfer of the assets of the function to the private sector through a sale which will only result in a small revenue flow;

- (ii) withdrawal of Government from the function, in the expectation that the private sector will fill the gap created;
- (iii) transferring the function and its assets, at a fee, to a non-Governmental organization; and
- (iv) transferring the function and its assets, perhaps for a nominal fee, to be managed by community groups.

102. The last of these options may be attractive for a number of functions linked to social services, small businesses, agriculture and natural resources areas. However, the state of readiness of the community groups to manage such functions must be carefully assessed and exit plans developed for each recommendation to ensure that services continue to be delivered after privatization.

103. The Ministry of Agriculture in its Ministerial Rationalization Report has recommended the following functions to be privatized:

- artificial insemination
- bee keeping
- cattle dipping
- veterinary clinical services

## STEP VI: IDENTIFICATION OF FUNCTIONS FOR CONTRACTING OUT

104. Contracting out is appropriate where it is necessary that Government retains responsibility for the service, but where services could be delivered under contract by a private sector. Government pays the contractor for the provision of the service. The main concern of Government is on levels of service and quality of service provided.

105. Contracting out brings a number of **potential benefits** to a ministry. These include:

### (I) **Value for money**

- decreased costs for similar levels of service:  
and
- increased effectiveness, higher service levels, better quality services and greater flexibility can mean greater value for money, even if costs remain the same.

### (ii) **Improvements in Quality of Service**

private sector organization is likely, through borrowing, to have the capacity to invest more in equipment and technology. The need to make a profit

is likely to mean it is more willing to innovate than a public sector organization.

**(iii) Improvements in Customer Satisfaction**

Private sector providers can be more flexible and responsive to changes in the environment.

**(iv) Greater Focus Within the Ministry**

contracting out allows the ministry to focus on its core functions and enable managers to be more focused.

**(v) Developing the Private Sector**

contracting out can stimulate the growth of the private sector, through releasing resources through contract payments, by encouraging entrepreneurs to innovate and offer a wider range of services, and through encouraging capable staff who are at present civil servants to engage in production as private sector entrepreneurs.

106. The criteria for assessing appropriateness of contracting out a service is indicated in *Appendix I*.

107. The Table below can be used in a workshop or discussion to assess the suitability of a function for contracting out.

**Table 4.3: Criteria for Contracting Out**

| Criteria                   | How appropriate is contracting out? |        |     |
|----------------------------|-------------------------------------|--------|-----|
|                            | High                                | Medium | Low |
| Value for money potential  |                                     |        |     |
| Scope for improvement      |                                     |        |     |
| Nature of market           |                                     |        |     |
| Ease of specification      |                                     |        |     |
| Strategic significance     |                                     |        |     |
| Acceptability to customers |                                     |        |     |

***Likely Candidates for Contracting Out***

108. Security services are effectively delivered by the private sector in some ministries and contracting out of cleaning services by Nairobi City Council has also proved successful. A large number of support services are likely to be identified for contracting out, including:

- (i) cleaning services;
- (ii) maintenance services;

- (iii) security services;
- (iv) transport services;
- (v) catering services;
- (vi) debt collection;
- (vii) research and statistical services;
- (viii) technical professional services such as surveying or legal advice.

109. For example, contracting out cleaning services would include the following activities; development of specifications for cleaning services; development of terms and conditions of contract agreements, tendering for cleaning services; awarding the contract to the qualified contractor; handing over the work to the contractor and evaluation of the service delivery.

**STEP VII: IDENTIFICATION OF FUNCTIONS TO BE PERFORMED UNDER STATUTORY ORGANIZATIONS/PARASTATALS, SEMI-AUTONOMOUS GOVERNMENT AGENCIES AND LOCAL AUTHORITIES**

110. The other options available to restructure service delivery from central government include:

- (I) Identification of functions to be undertaken by statutory organizations/parastatals;
- (ii) identification of functions which are appropriate for semi-autonomous Government agency status; and

- (iii) Identification of functions for transfer to local authorities.

**Activity 1: *Identification of Functions to be Undertaken by Statutory Organizations/Parastatals***

111. A statutory organization may be appropriate where the risks of transferring responsibility to the private sector are so high that they outweigh any likely benefits. It is a common option where monopoly provision of services vital to the public and to the economy are being considered. Areas where statutory organizations may be appropriate include training organizations such as universities and those providing social services Kenya Broadcasting Corporation.

112. The key features of a statutory organization are:

- (I) its functions can be operated in a more commercial manner, and it can recover some, if not all of its costs through charging directly for services;
- (ii) it provides a vital service to the public and may be in a monopolistic supply position. It is easier for Government to control access to services and charges if it remains a public sector organization; and

- (iii) it is governed by a Board of Directors, appointed by the relevant Minister, which reflects public and private sector interests, in particular those of customers and other stakeholders.

113. The following is a set of questions that can be asked to assist in establishing what might be appropriate for statutory organization. If the answers to most of the questions are “Yes”, then the function would be appropriate for transfer to a statutory organization/parastatal:

- Is this service of such importance to the people and/or economy that it should remain within the public sector with government input into policy and management?
- Are the other key stakeholders outside government who should be involved in policy and executive decisions?
- Is government content to allow policy decisions in this area to be taken by an autonomous executive board?
- Will there be significant increase in revenue if there is a more commercial approach to charging?

- Do revenue and cost projections indicate that the organization has the potential to break even over time?
- Will there be continued investment or development demands which may not be met by Government resources?

114. A statutory organization is appropriate where:

- (i) the function should remain in the wider public sector;
- (ii) it is vital that stakeholders outside Government should be involved in major executive decision making; and
- (iii) policy making for the function can appropriately be passed to the Executive Board of the statutory organization.

**Activity 2: *Identification of Functions to be Undertaken by Semi-Autonomous Government Agencies (SAGAs)***

115. During the financial year 2000/2001, the Government plans to implement a programme establishing Semi-autonomous

Government Agencies (SAGAs). This programme will focus on parts of the Civil Service where there are clear reasons why the functions should remain within Government, but where there is potential for performance improvement and possible increase in revenue with a more commercial approach and the separation of operations from policy making. SAGAs will resemble Executive Agencies which have been an important element in Civil Service Reform in a number of countries including the United Kingdom and New Zealand, and also in developing countries such as Jamaica and Tanzania. SAGAs have been created recently including Kenya Institute of Administration, Kenya Revenue Authority and Kenya Medical Training College.

116. Likely candidates for SAGA status can therefore be identified during the Ministerial Rationalization exercise. Implementation will not, however, commence until the recommendations for abolition, privatization and contracting out have been undertaken.

117. Through setting up SAGAs, Government will be able to increase value for money through establishing clear operational targets and also by increasing managerial freedoms. Managers in these SAGAs will be clearly accountable for delivery of services, for generating revenue and for the management of financial and human resources to obtain best value for money.

# APPENDIX I

## Criteria for Assessing Appropriateness of Contracting Out a Service

The first thing to decide is whether there are fundamental reasons why a service or function should not be contracted out. There are some criteria which operated as 'show stoppers', effectively ruling out an option if it scores against them. They are as follows:

- (i) *statute*: a significant statutory impediment may exist which prevents the service from being contracted out;
- (ii) *confidentiality*: the data involved in the service may be so sensitive that it would not be feasible to implement the option. In practice, there are very few cases where this applies;
- (iii) *political sensitivity*: the option of contracting out may be ruled out on the grounds of political sensitivity;
- (iv) *accountability*: contracting out could lead to Ministers finding that they are no longer able to control activities for which they are accountable.

Detailed consideration of the appropriateness of contracting out should be undertaken for all services that are not ruled out by the above criteria. The following criteria are the key ones to use in assessing whether contracting out a specific service area is appropriate.

### **Value for Money**

Value for money is the most important criterion of all. Through contracting out, could the ministry secure better value for money through reduction in costs or, more likely through improvements in the quality or levels of service obtained?

### **Scope for Improvement**

To assess the scope for improvement, current service levels and standards must be rigorously assessed. The ministry must ask:

- (i) can the current level or quality of service be improved?
- (ii) are there specific constraints on performance improvement that would be reduced by a move to the private sector?

### **Nature of the Market**

The Government will normally form the primary market for the services to be contracted out and an assessment of the capacity to provide these services must be assessed. The most important question is whether there are contractors available at present who would want to supply the services in question, and whether there is a risk of locking the public sector into a single supplier.

### **Ease of Specification**

Invitations to tender and the contract agreed subsequent to the tendering process must be tightly specified. Not only must the ministry assess current service provision and the future requirements of the service, but performance standards and monitoring procedures must be set. Questions include:

- (i) is it possible to identify exactly what service, and what service level is required?
- (ii) can specifications and output measures adequately define what has to be delivered?
- (iii) what are the output measures and how is performance measured against them?
- (iv) can robust output measures be set, which really reveal whether the service is being provided to an acceptable level?
- (v) how can the output measures be built into a contract?

### **Strategic Significance**

The key issue here is whether carrying out a service internally adds unique value that could not be replicated externally. There are three different issues to be considered here:

- (i) is the service of strategic significance to the country as a whole?
- (ii) is the service so central to the ministry, either now or in the future, that it must be carried out in house?
- (iii) if this service is carried out internally, do we gain unique value that could not be replicated externally?

### **Acceptability to Customers**

There are a number of questions to be asked in order to consider the impact of contracting out in terms of acceptability to customers:

- (i) how acceptable will delivery by a contractor be to customers?
- (ii) how acceptable will delivery by a contractor be to the general public, if they are not direct customers of this service?

## APPENDIX II

### GUIDELINES FOR CONTRACTING OUT THE CLEANING FUNCTION IN GOVERNMENT MINISTRIES/DEPARTMENTS

The following is a logical sequence of activities which should be followed in contracting-out cleaning services. It should be noted that there are important technical aspects which can be lost if the procedures are not meticulously adhered to. The sequence is presented in simple descriptive form for ease of use by the Ministry/Department. These guidelines should be used jointly with the existing procedures for the procurement of Government services.

#### **Step One: Develop Specifications for Cleaning Service**

1. Detailed specifications should be developed by each Ministry/Department clearly stating:
  - (I) The scope of the contract, which should include: -
    - (a) The location of the premises.
    - (b) The number and floor areas (in square metres) of office, conference rooms, special use areas (if any), toilets and public areas indicating the type of floor covering such as PVC, terrazzo and carpets.
  - (ii) The schedule of envisaged requirements indicating clearly the location, description of activities and the frequency of cleaning operations.
  - (iii) Detailed list of equipment and tools.

#### **Step Two: Develop Terms and Conditions of Contract Agreement**

2. The terms and conditions of the agreement should be made simple to be understood by all the parties to the contract and should include: -

- (i) **Article of Agreement**  
The parties to the contract; their addresses; the date of the contract; duration of contract; the contract sum; the signatories to the contract and the witnesses.
- (ii) **Scope of the Contract**  
As developed in step one above.
- (iii) **Work Programme**  
The contractor to assess the current condition of the elements and features of the work of the contract, and must produce work programme for approval by the Ministry/Department.
- (iv) **Personnel Proposals**  
The contractor to provide detailed number and breakdown of personnel to be assigned to the contract together with documentary evidence of their qualifications, experience, formal training/education and a certificate of good conduct from Kenya Police Investigation Department for each staff. In addition, the contractor's employees should sign a secrecy code for confidentiality and security of documents in the work place.
- (v) **Security of Government property, documents etc.**  
In addition to (iv) above, the Contractor will ensure and guarantee security of all Government property, documents etc in the premises he is cleaning, and will, from time to time demand to be issued with a certificate of good conduct from the employer.
- (vi) **Responsibilities of the Contractor**  
The responsibilities of the contractor shall include: -
  - (a) **Provision of trained and experienced staff.**  
The contractor to provide properly trained and experienced staff including supervisors.
  - (b) **Provision of equipment, tools and supplies.**  
The contractor to provide adequate tools, equipment and supplies for the work.

- c) **Adherence to confidentiality clause.**  
The contractor to ensure that his/her employees sign secrecy code.
- (d) **Provision of quality work.**  
Contractor to ensure that good quality work is carried out.
- (e) **Adherence to safety standards for the employees, Ministry staff and all electrical equipment.**  
The contractor shall be subject to the health and safety regulations in the country.
- (f) **Provision of activity report.**  
The contractor to present monthly report on activities carried out during the past month and how it is related to the overall work programme. It should include necessary statistics of work done.
- (g) **Provision of spare parts for maintenance of equipment.**  
The contractor shall ensure that all the cleaning equipment are well maintained.
- (h) **Fluctuation in the schedule of operations.**  
The contractor to be made aware to cope with unforeseen urgency cleaning works.
- (i) **Adherence to working hours.**  
The contractor should provide cleaners for fifty two (52) hours per week as follows: - Mondays to Saturday inclusive except in respect of recognized and gazetted holidays at agreed times. The Ministry to provide full access for the contractor's employees to carry out the work.
- (j) **Attendance to monthly meetings.**  
For co-ordination purposes and to enhance efficient operation of cleaning tasks the contractor is to submit monthly reports and attend monthly meetings with key

staff of the Ministry and to be represented at such meetings by key staff e.g. Manager/Supervisor.

- (k) **Adhering to attendance checks.**  
The contractor may be requested to provide at the end of each month, certified copy of attendance records.
- (l) **Provision of uniforms to cleaners.**  
The contractor at sole cost shall supply uniforms in quantities sufficient to discharge its (contractor's) obligations under the contract.
- (m) **Adherence to the Terms of Reference.**  
The staff of the contractor shall perform any task within the contract as instructed by the Ministry supervisor.
- (n) **Adherence to the verification procedures.**  
The contractor shall carry out any work order and comply with any verification procedures specified by the Ministry.
- (o) **Adherence to other requirements.**
  - Avoiding excessive use of water.
  - Protecting the workers while using electrical appliances by using gloves and gumboots.

(vii) **Financial Provision: -**

- (a) **Payment to the contractor**  
Specific period should be indicated when monthly invoices to the Ministry are to be paid, and method of submission.
- (b) **Invoicing**  
Specify whom the invoice should be sent to. The invoices should include the name, address of the bank and the account number for the contractor.

- c) **Adjustment for fluctuations in wages**  
A clause for adjustment for increases in wages during the performance of the contract should be made.

(viii) **Performance**

- (a) **Interruption of contractor's activities**  
The Ministry reserves the right to interrupt the contract whenever it deems such action is necessary for the protection of life and the property.
- (b) **Sub-letting or assignments**  
The contractor shall not without the written consent of the Ministry, assign this contract or sub-let any portion of the works.
- c) **Termination of the contract**  
That this contract will be subject to termination on the following basis: -
- If the premises to be cleaned and/or maintained are destroyed by fire, earthquake, flood and other natural calamities and are not restored or are demolished for rebuilding or redevelopment by the Ministry.
  - If the contractor fails without any reasonable cause or reason to present themselves for cleaning for continuous period of five (5) working days, provided however, that this proceeding clause shall not apply for cessation of work caused by directly or otherwise through lock-outs or strikes, civil war or war like operations (whether war be declared or not), civil hostilities and/or commotion of any type or degree, mutiny, rebellion, invasion by foreign enemies, earthquakes, floods, fires or other related conflagrations or natural catastrophes through act of God.

- If the contractor's workmanship is below the expected standard and the Ministry has written letters drawing the contractor's attention to the omission to maintain standards and no written denial thereto has been received from the contractor or alternatively no improvement is promised and carried out by the contractor, a written notice of cancellation to take effect one month thereafter shall be given by the Ministry.
- If the contractor becomes bankrupt or if it liquidates its assets to pay off its creditors, or if it is placed in receivership for insolvency, the Ministry may without prejudice to any other remedy to which it may be entitled, cancel the contract in a written notification sent to the contractor.
- If the payment to the contractor remains outstanding after two (2) written requests to settle any delayed payments which are in arrears of more than sixty (60) days from the due date, and no explanation is given by the Ministry, the contractor reserves the right to terminate the contract and claim payment for all work completed; provided that the contract shall be terminated after exhausting consultations and negotiations to remedy any default in providing cleaning services.

(ix) **Disputes and Litigation**

An arbitration clause to help in settling disputes either during the process, or after the termination of the contract to be inserted. Appointment of an arbitrator should be agreed upon by both parties and arbitrator's decision shall be final.

### Step Three: Tender for Cleaning Services

3. When the terms and conditions of the contract are finalized, tendering should commence and proceed as follows: -
- (i) Advertise tender for cleaning services in the daily newspapers or through approved media or selective tendering and should include:-
    - (a) The advertiser and address;
    - (b) Specifications for the works;
    - (c) Mode of receiving the tenders;
    - (d) Specific date for returning and opening of the tenders;
    - (e) Specify the contract period; and
    - (f) Place for receiving the tenders.
  - (ii) Issue tender documents with the following:-
    - (a) Terms and conditions of the agreement to assist them in tendering
    - (b) Document to prove financial capability.
    - (c) Forms to prove technical capability.
  - (iii) Receive and open tenders.
    - (a) Tender documents should be returned on appropriate date and time.
    - (b) The tender documents should be sealed in an envelope and placed in the tender box.
    - (c) The tender box should be sealed immediately when closing time for submission of tenders has reached.
    - (d) The tender box should be opened thereafter by three (3) Ministry's/Department's officials who are the authorized holders of different keys for the tender box.
    - (e) The tender box should be opened in the presence of other senior Government officials and the contractors or their representatives.
  - (iv) Evaluate the tenders.

A competent officer of the Ministry should evaluate the tenders received. The evaluation should be based on:-

- (a) Cost offered by the contractor.
- (b) Financial capability by ensuring the contractor produces financial credibility letter signed by a bank or a fidelity company.
- (c) Technical capability. The following should be considered:-
  - Obtain number of employees and how they are organized.
  - The staff proposed for the cleaning works, education, training and experience.
  - Contractor's records of past performance and experience.
  - Length of service in cleaning business.
  - Equipment and tools: The number, type and range owned or related by the contractor.
  - Obtain range of cleaning undertaken and frequency.
  - Determine assurance on confidentiality, security on documents and moveable equipment in offices.
  - Identify training offered to cleaners.

**Step Four: Award the Contract to the Qualified Contractor**

4. Step four has the following components:-

- (i) After a thorough evaluation of the tenders, presentation of the recommendations should be made to the Ministerial Tender Board.
- (ii) The Committee should deliberate on the recommendations and approve the award of the contract to a qualified contractor.
- (iii) The Permanent Secretary of the Ministry/Department should issue a letter of acceptance, then arrange for the contract to be signed by him/her and the contractor officially.

### **Step Five: Hand Over the Work to the Contractor**

- (I) Arrange appropriate date and time for handing over the works to the contractor.
- (ii) Provide the contractor with all the details regarding the communication procedures in the Ministry.
- (iii) Assign a Senior Officer to oversee the cleaning operations.

## APPENDIX III

### Proposed Training Programme for Top Government Officials

#### Capacity Building Workshop for Top Government Officials

| Subject   | Summary   | Key Module  |
|---|---|---|
| <b>Introduction</b>   | Outline structure of the workshop and objectives to be achieved.  |   |
| <b>Overview of CSRP II and Ministerial Rationalization exercise</b> | Provide an overview of the key elements of CSRP II. Indicate the proposed timetable. Focus on Rationalization exercise, outline approach, and expected outputs. | <ul style="list-style-type: none"> <li>• Outline of the components of CSRP II and proposed timing;</li> <li>• The linkages between the redefinition and rationalization processes;</li> <li>• Overview of Ministerial Rationalization exercise setting out all elements of the approach;</li> <li>• Expected results from the exercise and implementation.</li> </ul> |
| <b>Link to MTEF</b>   | Explain the interdependence between rationalization exercise and the MTEF programme.  | <ul style="list-style-type: none"> <li>• Overview of the elements of the MTEF programme;</li> <li>• Linkages between the MTEF and the rationalization programme in terms of objectives and expected outcomes.</li> </ul>  |
| <b>Requirements for successful reform programmes</b>                | Outline the key elements required to provide a foundation for a successful reform programme.  | <ul style="list-style-type: none"> <li>• Top level commitment;</li> <li>• Sponsorship by MCSRC members;</li> <li>• Clear objectives;</li> <li>• Strategy and implementation plan;</li> <li>• Institutional framework;</li> <li>• Implementation and management capacity;</li> <li>• Sensitization at key levels.</li> </ul>   |

| <b>Subject</b>                                       | <b>Summary</b>  | <b>Key Module</b>   |
|--|---|---|
| <b>Benefits of implementing the proposed reforms</b> | Discuss the benefits to be derived from successful implementation.  | Key benefits and impact.  |
| <b>Expected challenges</b>                           | Explain possible challenges, obstacles and difficulties that will be anticipated.   | <ul style="list-style-type: none"> <li>• Resistance to change;</li> <li>• Approaches to preventing or managing challenges</li> <li>• Reform ownership.</li> </ul> |
| <b>Action plan by participants</b>                   | Set out expected role to be played by the participants and agree specific actions including dates.                        | <ul style="list-style-type: none"> <li>• Role for the top levels of government;</li> <li>• Action plan and timing by the participants.</li> </ul>                 |
| <b>Workshop evaluation</b>                           | Obtain feedback from the participants on the effectiveness of the workshop and its impact on the participants commitment. | <ul style="list-style-type: none"> <li>• Workshop evaluation form;</li> <li>• Further support required by the participants.</li> </ul>                            |

## APPENDIX IV

### Proposed Training Programme for Facilitators and CSRS/DPM Staff

#### Ministerial Rationalization Guidelines Facilitators Workshop

| Subject  | Summary   | Key Module   |
|--|---|--|
| Introduction   | Outline structure of the workshop and objectives to be achieved.  |  |
| Overview of CSRP II and Ministerial Rationalization exercise | Provide an overview of the key elements of CSRP II and their objectives. Indicate the proposed timetable. Focus on Rationalization exercise, outline approach, and expected output. | <ul style="list-style-type: none"> <li>• The components of CSRP II and proposed timing;</li> <li>• Linkages between the redefinition and rationalization processes;</li> <li>• Overview of Ministerial Rationalization exercise setting out all elements of the approach;</li> <li>• Expected results from the exercise and implementation.</li> </ul> |
| Developing the required skills                               | Identify the key skills required by facilitators which include, detailed knowledge of the process, training, team building, communication, presentation and report writing.         | <ul style="list-style-type: none"> <li>• Team building and facilitation skills;</li> <li>• Communication, training and presentation skills;</li> <li>• Information gathering - interviewing techniques;</li> <li>• Time and meeting management;</li> <li>• Report writing.</li> </ul>  |

| <b>Subject</b>  | <b>Summary</b>  | <b>Key Module</b>  |
|---|---|--|
| <b>Defining ministry mission, strategic objectives and priorities</b> | Explain the process to be followed together with examples.  | Definitions; <ul style="list-style-type: none"> <li>• Mission statement;</li> <li>• Strategic Objectives;</li> <li>• Priorities and key outputs.</li> </ul>  |
| <b>Pre-requisites for Ministerial Rationalization</b>                 | Core functions and policy priorities.   | <ul style="list-style-type: none"> <li>• The core functions of Government;</li> <li>• Policy priorities;</li> <li>• Relevance to the review process;</li> <li>• Ministerial core functions and policy priorities.</li> </ul>   |
| <b>Abolition of functions</b>   | Outline the approach to be adopted in arriving at abolition decisions   | <ul style="list-style-type: none"> <li>• Identifying current functions;</li> <li>• Criteria for abolition;</li> <li>• Candidates for abolition.</li> </ul>   |
| <b>Eliminating overlap and duplication</b>                            | <ul style="list-style-type: none"> <li>• Explain possible areas of overlap and duplication within and between ministries/ departments.</li> <li>• Facilitation process to arrive at the decisions.</li> </ul> | <ul style="list-style-type: none"> <li>• Framework for identifying areas of overlap and duplication;</li> <li>• Co-ordination with other ministries.</li> </ul>  |
| <b>Divestment: contracting out and privatization</b>                  | Describe range of divestment options focusing on privatization and contracting out.   | <ul style="list-style-type: none"> <li>• Definitions;</li> <li>• Scope within the reform programme;</li> <li>• Criteria for decisions;</li> <li>• Likely candidates;</li> <li>• Continuum of divestment (preparation, commercialization to eventual sale);</li> <li>• Implementation process.</li> </ul> |

| <b>Subject</b>  | <b>Summary</b>  | <b>Key Module</b>   |
|---|---|---|
| <b>Divestment: Statutory bodies and Semi-autonomous government Agencies</b> | Outline other opportunities available for devolution of functions from central government into statutory and semi-autonomous agencies.  | <ul style="list-style-type: none"> <li>• Definitions;</li> <li>• Criteria for different options;</li> <li>• Likely candidates;</li> <li>• Implementation process.</li> </ul>                                |
| <b>Link to MTEF</b>   | Explain how the results of the rationalization exercise will interface with the MTEF programme.   | <ul style="list-style-type: none"> <li>• Overview of the elements of the MTEF programme;</li> <li>• Links between MTEF and the rationalization exercises.</li> </ul>  |
| <b>Preparing action plans</b>   | Discuss the approach and format to be adopted in the preparation of action plans including identification of the specific action required, timing for implementation, person or body responsible for implementation and quantification of impact in terms of costs and savings including impact on PE and O&M expenditures. | <ul style="list-style-type: none"> <li>• Format of action plans;</li> <li>• Quantifying recommendations;</li> <li>• Time scale for identified actions;</li> <li>• Responsibility for the action.</li> </ul> |
| <b>Applying the skills</b>  | For each of the skills identified, discuss basic principles and outline application in the rationalization process.   | Case studies.   |
| <b>Dealing with expected challenges</b>                                     | Identify the possible obstacles expected to be encountered and outline approaches to ensure these do not derail the process.  | <ul style="list-style-type: none"> <li>• Possible obstacles;</li> <li>• Approaches to prevent or manage obstacles, challenges and tackling resistance.</li> </ul>   |

| <b>Subject</b>                    | <b>Summary</b>  | <b>Key Module</b>  |
|-----------------------------------|---|--|
| <b>Monitoring and controlling</b> | Identify mechanisms to be used for reporting progress and taking decisions required to take the process forward.                                      | <ul style="list-style-type: none"> <li>• Mechanisms for monitoring and controlling the rationalization process;</li> <li>• Controlling implementation</li> </ul> |
| <b>Obtaining feedback</b>         | Provide an understanding of feedback mechanisms and agree application in the process.   | Feed back mechanisms in the rationalization process.   |
| <b>Workshop evaluation</b>        | Obtain feedback from the participants on the effectiveness of the workshop and its impact on their ability to facilitate the rationalization process. | Workshop evaluation form;<br>Further support required by the participants.   |

# Appendix V

## Proposed Training Programme for Ministerial Civil Service Reform Committees (MCSRCs) Ministerial Performance Improvement Teams (MPITs)

| Subject   | Summary   | Key Module  |
|---|---|---|
| <b>Introduction</b>   | Outline structure of the workshop and objectives to be achieved.  |   |
| <b>Developing a comprehensive reform programme</b>                  | Agree the challenges facing the country. Explain rationale for the development of the reform programme.   | <ul style="list-style-type: none"> <li>• Kenya's economic, political, social and cultural challenges;</li> <li>• Separation of the role of Government and other stake holders;</li> <li>• Outline of the objectives of civil service reform programme;</li> <li>• Civil service reform and other public sector reforms.</li> </ul>                  |
| <b>Overview of CSRP II and Ministerial Rationalization exercise</b> | Provide an overview of the key elements of CSRP II and their objectives. Indicate the proposed timetable. Focus on Rationalization exercise, outline approach, and expected deliverables. | <ul style="list-style-type: none"> <li>• The components of CSRP II and proposed timing;</li> <li>• Linkages between the redefinition and rationalisation processes;</li> <li>• Overview of Ministry Rationalisation exercise setting out all elements of the approach;</li> <li>• Expected results from the exercise and implementation.</li> </ul> |

| <b>Subject</b>  | <b>Summary</b>  | <b>Key Module</b>   |
|---|---|---|
| <b>Expected challenges</b>  | Identify the challenges that the MPIT is expected to face in the process and measures to counter those challenges. This will include issues that the MPIT will require to focus on. | <ul style="list-style-type: none"> <li>• Possible obstacles at Ministry level;</li> <li>• Resistance to change;</li> <li>• Approaches to prevent or manage the challenges.</li> </ul>   |
| <b>Overview of institutional arrangements</b>                         | <ul style="list-style-type: none"> <li>• Provide an overview of the institutional arrangements, explain roles at each level.</li> <li>• Focus on the role of the MPIT.</li> </ul>   | <ul style="list-style-type: none"> <li>• Top government level - NSC;</li> <li>• Co-ordination - TAC;</li> <li>• Facilitation and Management - DPM;</li> <li>• Ministerial Rationalization exercise - Accounting Officers, MCSRC, MPIT.</li> </ul> |
| <b>Pre-requisites for Ministerial Rationalization exercise</b>        | Core functions and policy priorities  | <ul style="list-style-type: none"> <li>• The core functions of Government;</li> <li>• Policy priorities;</li> <li>• Relevance to the process;</li> <li>• Ministerial core functions and policy priorities.</li> </ul>                             |
| <b>Defining ministry mission, strategic objectives and priorities</b> | Explain the process to be followed together with examples.  | <ul style="list-style-type: none"> <li>• Definitions;</li> <li>• Mission statement;</li> <li>• Strategic Objectives;</li> <li>• Priorities and key outputs.</li> </ul>  |
| <b>Abolition of functions</b>   | Outline the approach to be adopted in arriving at abolition decisions.  | <ul style="list-style-type: none"> <li>• Identifying current functions;</li> <li>• Criteria for abolition;</li> <li>• Candidates for abolition.</li> </ul>  |

| <b>Subject</b>   | <b>Summary</b>  | <b>Key Module</b>  |
|--|---|--|
| <b>Eliminating overlap and duplication</b>                       | Explain possible areas of overlap and duplication within and between Ministries/ Departments.<br>Facilitation process to arrive at the decisions. | <ul style="list-style-type: none"> <li>• Framework for identifying areas of overlap and duplication;</li> <li>• Co-ordination with other ministries.</li> </ul>  |
| <b>Divestment: contracting out and privatization</b>             | Describe range of: privatization and contracting out.   | <ul style="list-style-type: none"> <li>• Definitions;</li> <li>• Scope within reform programme;</li> <li>• Criteria for decisions;</li> <li>• Likely candidates;</li> <li>• Continuum of divestment (preparation, commercialization to eventual sale);</li> <li>• Implementation process.</li> </ul> |
| <b>Divestment: Statutory bodies and semi-autonomous agencies</b> | Outline other opportunities available for devolution of functions from central government into statutory and semi-autonomous agencies.            | <ul style="list-style-type: none"> <li>• Definitions;</li> <li>• Criteria for different options;</li> <li>• Likely candidates;</li> <li>• Implementation process.</li> </ul>   |
| <b>Link to MTEF</b>  | Explain how the results of the rationalization exercise will interface with the MTEF programme.   | <ul style="list-style-type: none"> <li>• Overview of the elements of the MTEF programme;</li> <li>• Links between MTEF and the rationalization exercises.</li> </ul>   |

156. Ministries/departments are required to make extensive use of these guidelines in conducting ministerial rationalization. In case further clarification, pertaining to the use of these guidelines is needed, ministries/departments are advised to seek assistance from the Permanent Secretary and Director, DPM.

# APPENDIX I

## Criteria for Assessing Appropriateness of Contracting Out a Service

The first thing to decide is whether there are fundamental reasons why a service or function should not be contracted out. There are some criteria which operated as 'show stoppers', effectively ruling out an option if it scores against them. They are as follows:

- (i) *statute*: a significant statutory impediment may exist which prevents the service from being contracted out;
- (ii) *confidentiality*: the data involved in the service may be so sensitive that it would not be feasible to implement the option. In practice, there are very few cases where this applies;
- (iii) *political sensitivity*: the option of contracting out may be ruled out on the grounds of political sensitivity;
- (iv) *accountability*: contracting out could lead to Ministers finding that they are no longer able to control activities for which they are accountable.

Detailed consideration of the appropriateness of contracting out should be undertaken for all services that are not ruled out by the above criteria. The following criteria are the key ones to use in assessing whether contracting out a specific service area is appropriate.

### **Value for Money**

Value for money is the most important criterion of all. Through contracting out, could the ministry secure better value for money through reduction in costs or, more likely through improvements in the quality or levels of service obtained?

### **Scope for Improvement**

To assess the scope for improvement, current service levels and standards must be rigorously assessed. The ministry must ask:

- (i) can the current level or quality of service be improved?
- (ii) are there specific constraints on performance improvement that would be reduced by a move to the private sector?

### **Nature of the Market**

The Government will normally form the primary market for the services to be contracted out and an assessment of the capacity to provide these services must be assessed. The most important question is whether there are contractors available at present who would want to supply the services in question, and whether there is a risk of locking the public sector into a single supplier.

### **Ease of Specification**

Invitations to tender and the contract agreed subsequent to the tendering process must be tightly specified. Not only must the ministry assess current service provision and the future requirements of the service, but performance standards and monitoring procedures must be set. Questions include:

- (i) is it possible to identify exactly what service, and what service level is required?
- (ii) can specifications and output measures adequately define what has to be delivered?
- (iii) what are the output measures and how is performance measured against them?
- (iv) can robust output measures be set, which really reveal whether the service is being provided to an acceptable level?
- (v) how can the output measures be built into a contract?

### **Strategic Significance**

The key issue here is whether carrying out a service internally adds unique value that could not be replicated externally. There are three different issues to be considered here:

- (i) is the service of strategic significance to the country as a whole?
- (ii) is the service so central to the ministry, either now or in the future, that it must be carried out in house?
- (iii) if this service is carried out internally, do we gain unique value that could not be replicated externally?

### **Acceptability to Customers**

There are a number of questions to be asked in order to consider the impact of contracting out in terms of acceptability to customers:

- (i) how acceptable will delivery by a contractor be to customers?
- (ii) how acceptable will delivery by a contractor be to the general public, if they are not direct customers of this service?

## APPENDIX II

### GUIDELINES FOR CONTRACTING OUT THE CLEANING FUNCTION IN GOVERNMENT MINISTRIES/DEPARTMENTS

The following is a logical sequence of activities which should be followed in contracting-out cleaning services. It should be noted that there are important technical aspects which can be lost if the procedures are not meticulously adhered to. The sequence is presented in simple descriptive form for ease of use by the Ministry/Department. These guidelines should be used jointly with the existing procedures for the procurement of Government services.

#### **Step One: Develop Specifications for Cleaning Service**

1. Detailed specifications should be developed by each Ministry/Department clearly stating:
  - (i) The scope of the contract, which should include: -
    - (a) The location of the premises.
    - (b) The number and floor areas (in square metres) of office, conference rooms, special use areas (if any), toilets and public areas indicating the type of floor covering such as PVC, terrazzo and carpets.
  - (ii) The schedule of envisaged requirements indicating clearly the location, description of activities and the frequency of cleaning operations.
  - (iii) Detailed list of equipment and tools.

#### **Step Two: Develop Terms and Conditions of Contract Agreement**

2. The terms and conditions of the agreement should be made simple to be understood by all the parties to the contract and should include: -

- (i) **Article of Agreement**  
The parties to the contract; their addresses; the date of the contract; duration of contract; the contract sum; the signatories to the contract and the witnesses.
- (ii) **Scope of the Contract**  
As developed in step one above.
- (iii) **Work Programme**  
The contractor to assess the current condition of the elements and features of the work of the contract, and must produce work programme for approval by the Ministry/Department.
- (iv) **Personnel Proposals**  
The contractor to provide detailed number and breakdown of personnel to be assigned to the contract together with documentary evidence of their qualifications, experience, formal training/education and a certificate of good conduct from Kenya Police Investigation Department for each staff. In addition, the contractor's employees should sign a secrecy code for confidentiality and security of documents in the work place.
- (v) **Security of Government property, documents etc.**  
In addition to (iv) above, the Contractor will ensure and guarantee security of all Government property, documents etc in the premises he is cleaning, and will, from time to time demand to be issued with a certificate of good conduct from the employer.
- (vi) **Responsibilities of the Contractor**  
The responsibilities of the contractor shall include: -
  - (a) **Provision of trained and experienced staff.**  
The contractor to provide properly trained and experienced staff including supervisors.
  - (b) **Provision of equipment, tools and supplies.**  
The contractor to provide adequate tools, equipment and supplies for the work.

- c) **Adherence to confidentiality clause.**  
The contractor to ensure that his/her employees sign secrecy code.
- (d) **Provision of quality work.**  
Contractor to ensure that good quality work is carried out.
- (e) **Adherence to safety standards for the employees, Ministry staff and all electrical equipment.**  
The contractor shall be subject to the health and safety regulations in the country.
- (f) **Provision of activity report.**  
The contractor to present monthly report on activities carried out during the past month and how it is related to the overall work programme. It should include necessary statistics of work done.
- (g) **Provision of spare parts for maintenance of equipment.**  
The contractor shall ensure that all the cleaning equipment are well maintained.
- (h) **Fluctuation in the schedule of operations.**  
The contractor to be made aware to cope with unforeseen urgency cleaning works.
- (i) **Adherence to working hours.**  
The contractor should provide cleaners for fifty two (52) hours per week as follows: - Mondays to Saturday inclusive except in respect of recognized and gazetted holidays at agreed times. The Ministry to provide full access for the contractor's employees to carry out the work.
- (j) **Attendance to monthly meetings.**  
For co-ordination purposes and to enhance efficient operation of cleaning tasks the contractor is to submit monthly reports and attend monthly meetings with key

staff of the Ministry and to be represented at such meetings by key staff e.g. Manager/Supervisor.

- (k) **Adhering to attendance checks.**  
The contractor may be requested to provide at the end of each month, certified copy of attendance records.
- (l) **Provision of uniforms to cleaners.**  
The contractor at sole cost shall supply uniforms in quantities sufficient to discharge its (contractor's) obligations under the contract.
- (m) **Adherence to the Terms of Reference.**  
The staff of the contractor shall perform any task within the contract as instructed by the Ministry supervisor.
- (n) **Adherence to the verification procedures.**  
The contractor shall carry out any work order and comply with any verification procedures specified by the Ministry.
- (o) **Adherence to other requirements.**
  - Avoiding excessive use of water.
  - Protecting the workers while using electrical appliances by using gloves and gumboots.

(vii) **Financial Provision: -**

- (a) **Payment to the contractor**  
Specific period should be indicated when monthly invoices to the Ministry are to be paid, and method of submission.
- (b) **Invoicing**  
Specify whom the invoice should be sent to. The invoices should include the name, address of the bank and the account number for the contractor.

- c) **Adjustment for fluctuations in wages**  
A clause for adjustment for increases in wages during the performance of the contract should be made.

(viii) **Performance**

- (a) **Interruption of contractor's activities**  
The Ministry reserves the right to interrupt the contract whenever it deems such action is necessary for the protection of life and the property.
- (b) **Sub-letting or assignments**  
The contractor shall not without the written consent of the Ministry, assign this contract or sub-let any portion of the works.
- c) **Termination of the contract**  
That this contract will be subject to termination on the following basis: -
- If the premises to be cleaned and/or maintained are destroyed by fire, earthquake, flood and other natural calamities and are not restored or are demolished for rebuilding or redevelopment by the Ministry.
  - If the contractor fails without any reasonable cause or reason to present themselves for cleaning for continuous period of five (5) working days, provided however, that this proceeding clause shall not apply for cessation of work caused by directly or otherwise through lock-outs or strikes, civil war or war like operations (whether war be declared or not), civil hostilities and/or commotion of any type or degree, mutiny, rebellion, invasion by foreign enemies, earthquakes, floods, fires or other related conflagrations or natural catastrophes through act of God.

- If the contractor's workmanship is below the expected standard and the Ministry has written letters drawing the contractor's attention to the omission to maintain standards and no written denial thereto has been received from the contractor or alternatively no improvement is promised and carried out by the contractor, a written notice of cancellation to take effect one month thereafter shall be given by the Ministry.
- If the contractor becomes bankrupt or if it liquidates its assets to pay off its creditors, or if it is placed in receivership for insolvency, the Ministry may without prejudice to any other remedy to which it may be entitled, cancel the contract in a written notification sent to the contractor.
- If the payment to the contractor remains outstanding after two (2) written requests to settle any delayed payments which are in arrears of more than sixty (60) days from the due date, and no explanation is given by the Ministry, the contractor reserves the right to terminate the contract and claim payment for all work completed; provided that the contract shall be terminated after exhausting consultations and negotiations to remedy any default in providing cleaning services.

(ix) **Disputes and Litigation**

An arbitration clause to help in settling disputes either during the process, or after the termination of the contract to be inserted. Appointment of an arbitrator should be agreed upon by both parties and arbitrator's decision shall be final.

### Step Three: Tender for Cleaning Services

3. When the terms and conditions of the contract are finalized, tendering should commence and proceed as follows: -
- (I) Advertise tender for cleaning services in the daily newspapers or through approved media or selective tendering and should include:-
    - (a) The advertiser and address;
    - (b) Specifications for the works;
    - c) Mode of receiving the tenders;
    - (d) Specific date for returning and opening of the tenders;
    - (e) Specify the contract period; and
    - (f) Place for receiving the tenders.
  
  - (ii) Issue tender documents with the following:-
    - (a) Terms and conditions of the agreement to assist them in tendering
    - (b) Document to prove financial capability.
    - c) Forms to prove technical capability.
  
  - (iii) Receive and open tenders.
    - (a) Tender documents should be returned on appropriate date and time.
    - (b) The tender documents should be sealed in an envelope and placed in the tender box.
    - c) The tender box should be sealed immediately when closing time for submission of tenders has reached.
    - (d) The tender box should be opened thereafter by three (3) Ministry's/Department's officials who are the authorized holders of different keys for the tender box.
    - (e) The tender box should be opened in the presence of other senior Government officials and the contractors or their representatives.
  
  - (iv) Evaluate the tenders.

A competent officer of the Ministry should evaluate the tenders received. The evaluation should be based on:-

- (a) Cost offered by the contractor.
- (b) Financial capability by ensuring the contractor produces financial credibility letter signed by a bank or a fidelity company.
- (c) Technical capability. The following should be considered:-
  - Obtain number of employees and how they are organized.
  - The staff proposed for the cleaning works, education, training and experience.
  - Contractor's records of past performance and experience.
  - Length of service in cleaning business.
  - Equipment and tools: The number, type and range owned or related by the contractor.
  - Obtain range of cleaning undertaken and frequency.
  - Determine assurance on confidentiality, security on documents and moveable equipment in offices.
  - Identify training offered to cleaners.

**Step Four: Award the Contract to the Qualified Contractor**

4. Step four has the following components:-

- (i) After a thorough evaluation of the tenders, presentation of the recommendations should be made to the Ministerial Tender Board.
- (ii) The Committee should deliberate on the recommendations and approve the award of the contract to a qualified contractor.
- (iii) The Permanent Secretary of the Ministry/Department should issue a letter of acceptance, then arrange for the contract to be signed by him/her and the contractor officially.

### **Step Five: Hand Over the Work to the Contractor**

- (i) Arrange appropriate date and time for handing over the works to the contractor.
- (ii) Provide the contractor with all the details regarding the communication procedures in the Ministry.
- (iii) Assign a Senior Officer to oversee the cleaning operations.

## APPENDIX III

### Proposed Training Programme for Top Government Officials

#### Capacity Building Workshop for Top Government Officials

| Subject   | Summary  | Key Module  |
|---|--|---|
| <b>Introduction</b>   | Outline structure of the workshop and objectives to be achieved.   |   |
| <b>Overview of CSRP II and Ministerial Rationalization exercise</b> | Provide an overview of the key elements of CSRP II. Indicate the proposed timetable.<br>Focus on Rationalization exercise, outline approach, and expected outputs. | <ul style="list-style-type: none"> <li>• Outline of the components of CSRP II and proposed timing;</li> <li>• The linkages between the redefinition and rationalization processes;</li> <li>• Overview of Ministerial Rationalization exercise setting out all elements of the approach;</li> <li>• Expected results from the exercise and implementation.</li> </ul> |
| <b>Link to MTEF</b>   | Explain the interdependence between rationalization exercise and the MTEF programme.   | <ul style="list-style-type: none"> <li>• Overview of the elements of the MTEF programme;</li> <li>• Linkages between the MTEF and the rationalization programme in terms of objectives and expected outcomes.</li> </ul>  |
| <b>Requirements for successful reform programmes</b>                | Outline the key elements required to provide a foundation for a successful reform programme.   | <ul style="list-style-type: none"> <li>• Top level commitment;</li> <li>• Sponsorship by MCSRC members;</li> <li>• Clear objectives;</li> <li>• Strategy and implementation plan;</li> <li>• Institutional framework;</li> <li>• Implementation and management capacity;</li> <li>• Sensitization at key levels.</li> </ul>   |

| <b>Subject</b>                                       | <b>Summary</b>  | <b>Key Module</b>   |
|--|---|---|
| <b>Benefits of implementing the proposed reforms</b> | Discuss the benefits to be derived from successful implementation.  | Key benefits and impact.  |
| <b>Expected challenges</b>                           | Explain possible challenges, obstacles and difficulties that will be anticipated.   | <ul style="list-style-type: none"> <li>• Resistance to change;</li> <li>• Approaches to preventing or managing challenges</li> <li>• Reform ownership.</li> </ul> |
| <b>Action plan by participants</b>                   | Set out expected role to be played by the participants and agree specific actions including dates.                        | <ul style="list-style-type: none"> <li>• Role for the top levels of government;</li> <li>• Action plan and timing by the participants.</li> </ul>                 |
| <b>Workshop evaluation</b>                           | Obtain feedback from the participants on the effectiveness of the workshop and its impact on the participants commitment. | <ul style="list-style-type: none"> <li>• Workshop evaluation form;</li> <li>• Further support required by the participants.</li> </ul>                            |

## APPENDIX IV

### Proposed Training Programme for Facilitators and CSRS/DPM Staff

#### Ministerial Rationalization Guidelines Facilitators Workshop

| Subject   | Summary   | Key Module   |
|---|---|--|
| <b>Introduction</b>   | Outline structure of the workshop and objectives to be achieved.  |  |
| <b>Overview of CSRP II and Ministerial Rationalization exercise</b> | Provide an overview of the key elements of CSRP II and their objectives. Indicate the proposed timetable. Focus on Rationalization exercise, outline approach, and expected output. | <ul style="list-style-type: none"> <li>• The components of CSRP II and proposed timing;</li> <li>• Linkages between the redefinition and rationalization processes;</li> <li>• Overview of Ministerial Rationalization exercise setting out all elements of the approach;</li> <li>• Expected results from the exercise and implementation.</li> </ul> |
| <b>Developing the required skills</b>                               | Identify the key skills required by facilitators which include, detailed knowledge of the process, training, team building, communication, presentation and report writing.         | <ul style="list-style-type: none"> <li>• Team building and facilitation skills;</li> <li>• Communication, training and presentation skills;</li> <li>• Information gathering - interviewing techniques;</li> <li>• Time and meeting management;</li> <li>• Report writing.</li> </ul>  |

| <b>Subject</b>  | <b>Summary</b>  | <b>Key Module</b>  |
|---|---|--|
| <b>Defining ministry mission, strategic objectives and priorities</b> | Explain the process to be followed together with examples.  | Definitions;<br><ul style="list-style-type: none"> <li>• Mission statement;</li> <li>• Strategic Objectives;</li> <li>• Priorities and key outputs.</li> </ul>   |
| <b>Pre-requisites for Ministerial Rationalization</b>                 | Core functions and policy priorities.   | <ul style="list-style-type: none"> <li>• The core functions of Government;</li> <li>• Policy priorities;</li> <li>• Relevance to the review process;</li> <li>• Ministerial core functions and policy priorities.</li> </ul>   |
| <b>Abolition of functions</b>   | Outline the approach to be adopted in arriving at abolition decisions   | <ul style="list-style-type: none"> <li>• Identifying current functions;</li> <li>• Criteria for abolition;</li> <li>• Candidates for abolition.</li> </ul>   |
| <b>Eliminating overlap and duplication</b>                            | <ul style="list-style-type: none"> <li>• Explain possible areas of overlap and duplication within and between ministries/ departments.</li> <li>• Facilitation process to arrive at the decisions.</li> </ul> | <ul style="list-style-type: none"> <li>• Framework for identifying areas of overlap and duplication;</li> <li>• Co-ordination with other ministries.</li> </ul>  |
| <b>Divestment: contracting out and privatization</b>                  | Describe range of divestment options focusing on privatization and contracting out.   | <ul style="list-style-type: none"> <li>• Definitions;</li> <li>• Scope within the reform programme;</li> <li>• Criteria for decisions;</li> <li>• Likely candidates;</li> <li>• Continuum of divestment (preparation, commercialization to eventual sale);</li> <li>• Implementation process.</li> </ul> |

| <b>Subject</b>  | <b>Summary</b>  | <b>Key Module</b>   |
|---|---|---|
| <b>Divestment: Statutory bodies and Semi-autonomous government Agencies</b> | Outline other opportunities available for devolution of functions from central government into statutory and semi autonomous agencies.  | <ul style="list-style-type: none"> <li>• Definitions;</li> <li>• Criteria for different options;</li> <li>• Likely candidates;</li> <li>• Implementation process.</li> </ul>                                |
| <b>Link to MTEF</b>   | Explain how the results of the rationalization exercise will interface with the MTEF programme.   | <ul style="list-style-type: none"> <li>• Overview of the elements of the MTEF programme;</li> <li>• Links between MTEF and the rationalization exercises.</li> </ul>  |
| <b>Preparing action plans</b>   | Discuss the approach and format to be adopted in the preparation of action plans including identification of the specific action required, timing for implementation, person or body responsible for implementation and quantification of impact in terms of costs and savings including impact on PE and O&M expenditures. | <ul style="list-style-type: none"> <li>• Format of action plans;</li> <li>• Quantifying recommendations;</li> <li>• Time scale for identified actions;</li> <li>• Responsibility for the action.</li> </ul> |
| <b>Applying the skills</b>  | For each of the skills identified, discuss basic principles and outline application in the rationalization process.   | Case studies.   |
| <b>Dealing with expected challenges</b>                                     | Identify the possible obstacles expected to be encountered and outline approaches to ensure these do not derail the process.  | <ul style="list-style-type: none"> <li>• Possible obstacles;</li> <li>• Approaches to prevent or manage obstacles, challenges and tackling resistance.</li> </ul>   |

| <b>Subject</b>                    | <b>Summary</b>  | <b>Key Module</b>  |
|-----------------------------------|---|--|
| <b>Monitoring and controlling</b> | Identify mechanisms to be used for reporting progress and taking decisions required to take the process forward.                                      | <ul style="list-style-type: none"> <li>• Mechanisms for monitoring and controlling the rationalization process;</li> <li>• Controlling implementation</li> </ul> |
| <b>Obtaining feedback</b>         | Provide an understanding of feedback mechanisms and agree application in the process.   | Feed back mechanisms in the rationalization process.   |
| <b>Workshop evaluation</b>        | Obtain feedback from the participants on the effectiveness of the workshop and its impact on their ability to facilitate the rationalization process. | Workshop evaluation form;<br>Further support required by the participants.   |

# Appendix V

**Proposed Training Programme for Ministerial  
Civil Service Reform Committees (MCSRCs)  
Ministerial Performance Improvement Teams (MPITs)**

| <b>Subject</b>  | <b>Summary</b>  | <b>Key Module</b>   |
|---|---|---|
| <b>Introduction</b>   | Outline structure of the workshop and objectives to be achieved.  |   |
| <b>Developing a comprehensive reform programme</b>                  | Agree the challenges facing the country. Explain rationale for the development of the reform programme.   | <ul style="list-style-type: none"> <li>• Kenya's economic, political, social and cultural challenges;</li> <li>• Separation of the role of Government and other stake holders;</li> <li>• Outline of the objectives of civil service reform programme;</li> <li>• Civil service reform and other public sector reforms.</li> </ul>                  |
| <b>Overview of CSRP II and Ministerial Rationalization exercise</b> | Provide an overview of the key elements of CSRP II and their objectives. Indicate the proposed timetable. Focus on Rationalization exercise, outline approach, and expected deliverables. | <ul style="list-style-type: none"> <li>• The components of CSRP II and proposed timing;</li> <li>• Linkages between the redefinition and rationalisation processes;</li> <li>• Overview of Ministry Rationalisation exercise setting out all elements of the approach;</li> <li>• Expected results from the exercise and implementation.</li> </ul> |

| <b>Subject</b>  | <b>Summary</b>  | <b>Key Module</b>   |
|---|---|---|
| <b>Expected challenges</b>  | Identify the challenges that the MPIT is expected to face in the process and measures to counter those challenges. This will include issues that the MPIT will require to focus on. | <ul style="list-style-type: none"> <li>• Possible obstacles at Ministry level;</li> <li>• Resistance to change;</li> <li>• Approaches to prevent or manage the challenges.</li> </ul>   |
| <b>Overview of institutional arrangements</b>                         | <ul style="list-style-type: none"> <li>• Provide an overview of the institutional arrangements, explain roles at each level.</li> <li>• Focus on the role of the MPIT.</li> </ul>   | <ul style="list-style-type: none"> <li>• Top government level - NSC;</li> <li>• Co-ordination - TAC;</li> <li>• Facilitation and Management - DPM;</li> <li>• Ministerial Rationalization exercise - Accounting Officers, MCSRC, MPIT.</li> </ul> |
| <b>Pre-requisites for Ministerial Rationalization exercise</b>        | Core functions and policy priorities  | <ul style="list-style-type: none"> <li>• The core functions of Government;</li> <li>• Policy priorities;</li> <li>• Relevance to the process;</li> <li>• Ministerial core functions and policy priorities.</li> </ul>                             |
| <b>Defining ministry mission, strategic objectives and priorities</b> | Explain the process to be followed together with examples.  | <ul style="list-style-type: none"> <li>• Definitions;</li> <li>• Mission statement;</li> <li>• Strategic Objectives;</li> <li>• Priorities and key outputs.</li> </ul>  |
| <b>Abolition of functions</b>   | Outline the approach to be adopted in arriving at abolition decisions.  | <ul style="list-style-type: none"> <li>• Identifying current functions;</li> <li>• Criteria for abolition;</li> <li>• Candidates for abolition.</li> </ul>  |

| <b>Subject</b>   | <b>Summary</b>  | <b>Key Module</b>  |
|--|---|--|
| <b>Eliminating overlap and duplication</b>                       | Explain possible areas of overlap and duplication within and between Ministries/ Departments.<br>Facilitation process to arrive at the decisions. | <ul style="list-style-type: none"> <li>• Framework for identifying areas of overlap and duplication;</li> <li>• Co-ordination with other ministries.</li> </ul>  |
| <b>Divestment: contracting out and privatization</b>             | Describe range of: privatization and contracting out.   | <ul style="list-style-type: none"> <li>• Definitions;</li> <li>• Scope within reform programme;</li> <li>• Criteria for decisions;</li> <li>• Likely candidates;</li> <li>• Continuum of divestment (preparation, commercialization to eventual sale);</li> <li>• Implementation process.</li> </ul> |
| <b>Divestment: Statutory bodies and semi-autonomous agencies</b> | Outline other opportunities available for devolution of functions from central government into statutory and semi-autonomous agencies.            | <ul style="list-style-type: none"> <li>• Definitions;</li> <li>• Criteria for different options;</li> <li>• Likely candidates;</li> <li>• Implementation process.</li> </ul>   |
| <b>Link to MTEF</b>  | Explain how the results of the rationalization exercise will interface with the MTEF programme.   | <ul style="list-style-type: none"> <li>• Overview of the elements of the MTEF programme;</li> <li>• Links between MTEF and the rationalization exercises.</li> </ul>   |

| <b>Subject</b>                | <b>Summary</b>   | <b>Key Module</b>  |
|-------------------------------|--|--|
| <b>Preparing action plans</b> | Discuss the approach and format to be adopted in the preparation of action plans including identification of the specific action required, timing for implementation, person or body responsible for implementation and quantification of impact in terms of costs and savings including impact on establishment, and O&M. | <ul style="list-style-type: none"> <li>• Format of action plans;</li> <li>• Quantifying recommendations;</li> <li>• Time line for identified actions;</li> <li>• Responsibility for the action</li> <li>• Need for technical assistance to develop comprehensive action plans which will be consistent and uniform across ministries.</li> </ul> |

# APPENDIX VI

## LIST OF REFERENCE MATERIALS FOR DEVELOPING TRAINING MODULES

1. Republic of Kenya, *Report of the Working Party on Government Expenditures, 1982.*
2. Republic of Kenya, *Sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth.*
3. Republic of Kenya, *Sessional Paper No. 1 of 1994 on Recovery and Sustainable Development to the Year 2010.*
4. Republic of Kenya, *Country Position Paper, World Summit for Social Development, March 1995.*
5. Republic of Kenya, Ministry of Environment and Natural Resources, *Report of the Task Force on the Ministry's Operations and Maintenance Expenditures, 1996.*
6. Republic of Kenya, *Economic Reforms for 1996 - 1998 - The Policy Framework Paper.*
7. Republic of Kenya, *Sessional Paper No.2 of 1997 on Industrial Transformation to the Year 2020.*
8. Republic of Kenya, Directorate of Personnel Management, *Report on Operations and Maintenance Expenditures of Ministries/Departments 1992/93 - 1996/97.*
9. Republic of Kenya, Ministry of Finance, *Report of the 1997 Public Expenditure Review.*
10. Republic of Kenya, *National Development Plans (various).*
11. Republic of Kenya, *Ministry of Finance, Quarterly Budget Review (various).*
12. Republic of Kenya, Directorate of Personnel Management, *Civil Service Reform Medium Term Strategy 1998-2001.*
13. *Ministerial Rationalization Reports (various).*
14. *Ministerial Public Expenditure Review Reports 1998.*
15. Republic of Kenya, *Budget Speech, Fiscal Year 1998/99.*

16. Republic of Kenya, *Public Investment Programme 1998/99-2000/2001*.
17. Republic of Kenya, *Organization of the Government of the Republic of Kenya* (various).

