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Report No:

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND/OR
INTERNATIONAL DEVELOPMENT ASSOCIATION

IMPLEMENTATION COMPLETION AND RESULTS REPORT

Credit Number 5765-KE

ON A

CREDIT

IN THE AMOUNT OF SDR 144.4 MILLION

(US$ 200 MILLION EQUIVALENT)

TO THE

Republic of Kenya

FOR THE

Kenya Devolution Support Project

PROGRAM-FOR-RESULTS

{Date submitted to SECPO}

Urban, Resilience And Land Global Practice
Africa East Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective {Jul 12, 2021})

Currency Unit =	USD
SDR 1 =	US$1.4
US 1 =	Kshs107.95

FISCAL YEAR
July 1 - June 30

Regional Vice President:	Hafez M. H. Ghanem
Country Director:	Keith E. Hansen
Regional Director:	Cathrine Signe Tovey
Practice Manager:	Peter D. Ellis
Task Team Leader(s):	Davison Muchadenyika, John Muratha Kinuthia
ICR Main Contributor:	Davison Muchadenyika

ABBREVIATIONS AND ACRONYMS

ACPA	Annual Capacity and Performance Assessment
AM	Aide Memoire
ATI	Access to Information
CAJ	Commission for Administrative Justice
CARA	County Allocation and Revenue Act
CE&PP	Civic Education and Public Participation
CIDPs	County Integrated Development Plans
COVID-19	Coronavirus disease
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
DLI	Disbursement Linked Indicators
DLR	Disbursement Linked Result
DORA	Division of Revenue Act
EPE	End of Program Evaluation
ESS	Environmental and Social Safeguards
FY	Financial year
GoK	Government of Kenya
GRM	Grievance Redress Mechanism
HR	Human Resources
HRM	Human Resources and Performance Management
IFMIS	Integrated Financial Management Information Systems
IRIs	Intermediate Results Indicators
KDSP	Kenya Devolution Support Project
KRAs	Key Result Areas
KSG	Kenya School of Government
M&E	Monitoring and Evaluation
MACs	Minimum Access Conditions
MDAs	Ministries, Departments and Agencies
MoDA	Ministry of Devolution and Arid and Semi-Arid Lands
MoPSYGA	Ministry of Public Service, Youth and Gender Affairs
MPCs	Minimum Performance Conditions
MTR	Mid-Term Review
NCBF	National Capacity Building Framework
NCBF-MTI	National Capacity Building Framework Medium-Term Interventions
NEMA	National Environment Management Authority
NT	National Treasury
O&M	Operations and maintenance
OAG	Office of the Auditor General
OSR	Own Source Revenues
PAD	Program Appraisal Document
PDO	Program Development Objective
PFM	Public Financial Management
PFMRS	Public Financial Management Reform Strategy
PforR	Program for Results
PME	Planning, Monitoring and Evaluation
RF	Results Framework
TTL	Task Team Leader
VfM	Value-for-Money

TABLE OF CONTENTS

DATA SHEET

BASIC INFORMATION

Product Information

Program ID	Program Name	Financing Instrument
P149129	Kenya Devolution Support Project	Program-for-Results Financing

Country	IPF Component
Kenya	No

Organizations

Borrower	Implementing Agency
Republic of Kenya	Ministry of Devolution and ASAL

Program Development Objective (PDO)

Original PDO

To strengthen capacity of core national and county institutions to improve delivery of devolved services at the county level.

FINANCING

	Original Amount (US$)	Revised Amount (US$)	Actual Disbursed (US$)
World Bank Administered Financing			
IDA-57650	200,000,000	200,000,000	192,990,400
Total	**200,000,000**	**200,000,000**	**192,990,400**
Non-World Bank Administered Financing			
Borrower/Recipient	0	0	0
Total	**0**	**0**	**0**
Total Program Cost	**200,000,000**	**200,000,000**	**192,990,400**

KEY DATES

Program	Approval	Effectiveness	MTR Review	Original Closing	Actual Closing
P149129	15-Mar-2016	15-Sep-2016	11-Mar-2019	31-Dec-2020	30-Sep-2021

RESTRUCTURING AND/OR ADDITIONAL FINANCING

Date(s)	Amount Disbursed (US$M)	Key Revisions
02-Apr-2020	106.67	Change in Results Framework Reallocation between and/or Change in DLI Change in Disbursements Arrangements Change in Institutional Arrangements Other Change(s)
09-May-2020	149.74	
09-Dec-2020	163.96	Change in Loan Closing Date(s)

KEY RATINGS

Outcome	Bank Performance	M&E Quality
Satisfactory	Satisfactory	High

RATINGS OF PROGRAM PERFORMANCE IN ISRs

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US$M)
01	29-Jun-2016	Moderately Satisfactory	Moderately Satisfactory	0
02	22-Dec-2016	Moderately Satisfactory	Moderately Satisfactory	1.00
03	28-Jun-2017	Moderately Satisfactory	Moderately Satisfactory	25.81
04	09-Jan-2018	Moderately Satisfactory	Moderately Satisfactory	25.81
05	27-Jun-2018	Moderately Satisfactory	Moderately Satisfactory	62.14
06	07-Dec-2018	Moderately Satisfactory	Moderately Satisfactory	62.14
07	19-Jun-2019	Moderately Satisfactory	Moderately Unsatisfactory	62.14
08	20-Dec-2019	Moderately Satisfactory	Moderately Unsatisfactory	106.67
09	29-May-2020	Moderately Satisfactory	Moderately Satisfactory	149.74
10	02-Dec-2020	Satisfactory	Moderately Satisfactory	163.96
11	31-May-2021	Satisfactory	Moderately Satisfactory	192.99
12	13-Oct-2021	Satisfactory	Moderately Satisfactory	192.99

SECTORS AND THEMES

Sectors

Major Sector/Sector	(%)
Public Administration	**100**
Sub-National Government	100

Themes

Major Theme/ Theme (Level 2)/ Theme (Level 3)	(%)

Public Sector Management	**65**
Public Finance Management	15
Public Expenditure Management	15
Public Administration	50
Transparency, Accountability and Good Governance	15
Municipal Institution Building	35
Urban and Rural Development	**35**
Urban Development	35
Urban Infrastructure and Service Delivery	35

ADM STAFF

Role	At Approval	At ICR
Regional Vice President:	Makhtar Diop	Hafez M. H. Ghanem
Country Director:	Diarietou Gaye	Keith E. Hansen
Director:	Ede Jorge Ijjasz-Vasquez	Mark R. Lundell
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I. PROGRAM CONTEXT AND DEVELOPMENT OBJECTIVES

A. CONTEXT AT APPRAISAL AND THEORY OF CHANGE

Context

1. **Kenya's 2010 Constitution ushered in devolution and restructured the state.** The main objectives of devolution were to (i) decentralize political power, public sector functions, and public finances; (ii) ensure a more equitable spatial distribution of resources between regions; and (iii) promote more accountable, participatory, and responsive government at all levels. To achieve these objectives, the state's governing structures were reconfigured.

2. **A total of 47 new county governments were established after the March 2013 elections.** Counties assumed frontline service delivery functions, the main ones being health, agriculture, urban services, and local infrastructure. Other devolved functions included roads and transport, planning and development, trade development and regulation and county public works and services. To deliver these functions, county governments were to be financed through equitable share from national government and own source revenues (OSRs). The Local Government Act (Cap 265) was repealed, and the country's 175 local authorities ceased to exist, with their functions and revenues taken over by the newly established county governments. However, counties lacked the basic systems and capacity to perform these functions.

3. **To facilitate structured capacity building of County governments, the Government of Kenya (GoK) developed the National Capacity Building Framework (NCBF) in 2013.** The objective of the NCBF was 'to ensure the devolution process is smooth and seamless to safeguard the delivery of quality services to the citizenry'.[1] Following a review of implementation, the GoK developed the NCBF Medium-Term Interventions (NCBF-MTI), a results-focused implementation program and expenditure framework for the NCBF covering the period FY14/15–FY17/18. The NCBF-MTI defined priority objectives, outputs, and budgets for building devolution capacity across 5 key result areas (KRAs): Public Financial Management (PFM), Planning, Monitoring and Evaluation (PME), Human Resources and Performance Management (HRM), Devolution and Inter-Governmental Relations and Civic Education and Public Participation (CE&PP). For each KRA, the NCBF-MTI outlined both national and county level results, as well as key outputs and activities. The NCBF was the broader government program.

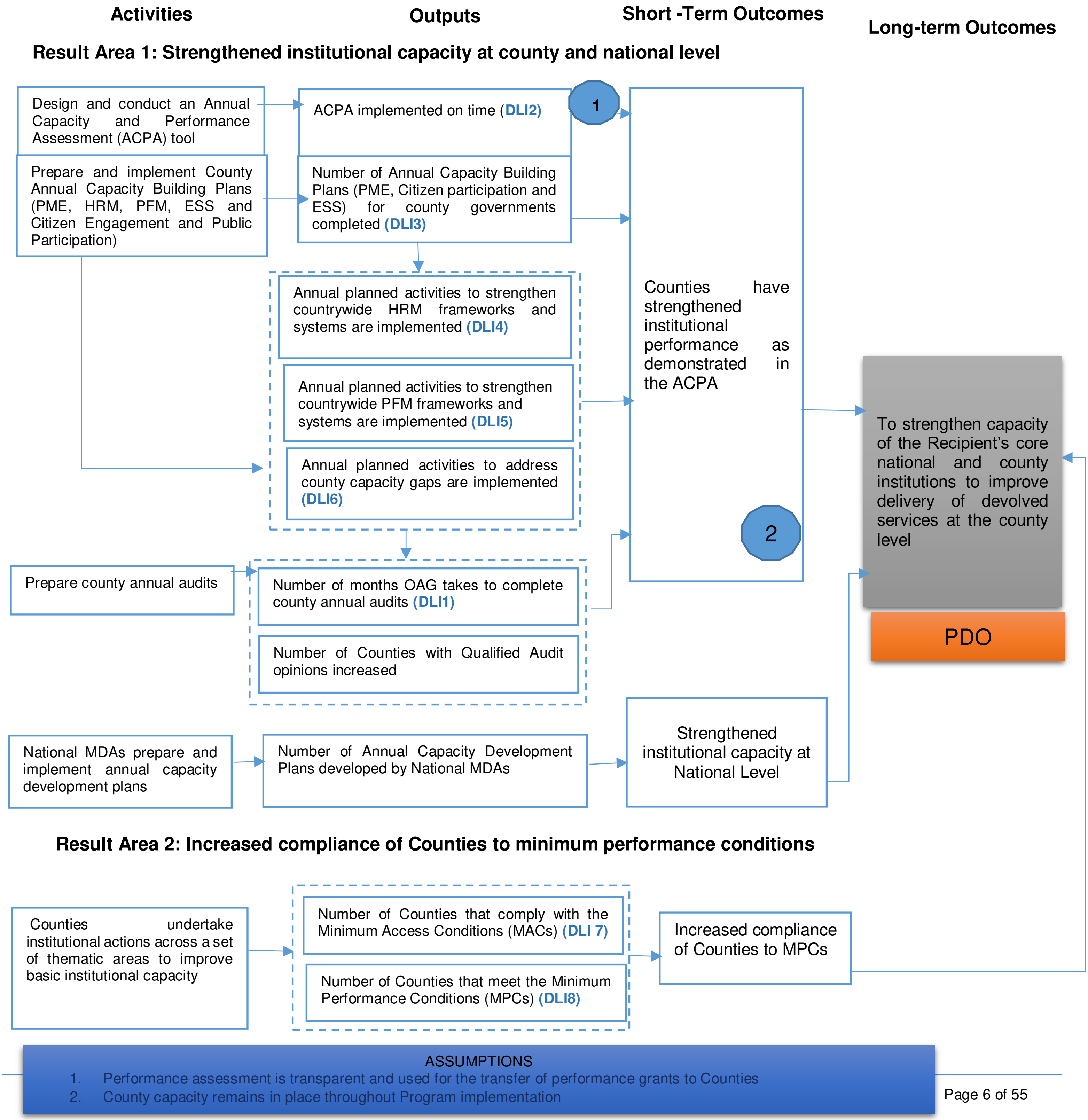
4. **The Kenya Devolution Support Project (KDSP) was designed to implement the 5 KRAs of the NCBF-MTI.** These are PFM (KRA1), PME (KRA2), HRM (KRA3), Devolution and Inter-Governmental Relations (KRA4) and CE&PP (KRA5). For each KRA, the Program supported national and county-level results aimed at strengthening institutions for devolved service delivery. It incentivized the national government to provide capacity building support to counties, and counties to make system and capacity improvements.

5. **The World Bank's Country Partnership Strategy (CPS) (FY2014-18) prioritized actions to help Kenya deliver on the 'devolution dividend'.** Devolution was conceived as a vehicle to build consistency and equity with Bank support aimed at making devolution work for all Kenyans. As stated in the Constitution, Kenya's devolution goals are reducing spatial disparities, improving service delivery, and promoting accountable and responsive governments. Through focusing on capacity enhancement and infrastructure services, KDSP contributed both to Kenya's goals ad Bank's CPS objectives.

[1] The NCBF had 5 pillars: training and induction, technical assistance to counties, inter-governmental sectoral forums, civic education and public awareness, and institutional support and strengthening.

Theory of Change (Results Chain)

At Appraisal, it was not a requirement for the project to have a Theory of Change. Therefore, the reconstructed Theory of Change is based on the Program's main focus of addressing institutional capacity gaps at national and county level.



Rationale for PforR Support, and Program Scope and Boundaries

6. **PforR support was considered the best vehicle to build necessary capacity required for devolution.** As capacity was needed at both levels of government, defining KRAs at the county and national level, regular progress assessments, and strengthening incentives for counties to achieve these results was required. Counties that would manage to strengthen PFM, HRM, PME, and CE&PP capacities would be better equipped to manage county revenues and services, achieve county development objectives, and access other sources of development financing.

7. **A PforR was justified for four reasons.** First, introducing a results-based approach to building capacity for devolution would leverage the effectiveness of other capacity building resources at both national and county levels. Second, a PforR instrument was expected to expand government financing dedicated to devolution capacity building in 5 KRAs, complementing external partner financing. Third, a PforR would strengthen alignment of national and county results. Lastly, since the PforR focused on enhancing existing country systems and financing for capacity building, it would reinforce government's own program and system strengthening initiatives, including through providing results-based financing directly to counties.[2]

8. **The Program identified three development challenges.** These are (i) lack of systems for managing finances, human resources, planning, monitoring, and evaluation, (ii) unstructured citizen engagement, and (iii) undeveloped intergovernmental mechanisms. These were affecting the delivery of devolved services. The following 5 selected Program KRAs directly address the identified challenges:

- *KRA 1: Public Financial Management* including improved county budgeting, revenue management; use of Integrated Financial Management Information Systems (IFMIS); financial accounting, recording, and reporting, procurement, and internal and external audit performance.
- *KRA 2: Planning, Monitoring and Evaluation* including improved county planning, progress reports, monitoring, and evaluation (M&E), and linkages between county plans and budgets.
- *KRA 3: Human Resource and Performance Management* including county staffing plans, human resources (HR) competency frameworks, appraisal, and performance contracting systems.
- *KRA 4: Devolution and Inter-Governmental Relations* including introduction of a new performance-based conditional grant.
- *KRA 5: Civic Education and Public Participation* including rollout of civic education and county civic education units; greater number of counties that meet the County Government Act requirements for public participation and transparency.

Program Development Objectives (PDOs)

9. The PDO was 'to strengthen capacity of the Recipient's core national and county institutions to improve delivery of devolved services at the county level'.

Key Expected Outcomes and Outcome Indicators

10. **The PDO was measured by two PDO indicators. These are:**

- PDO indicator 1: Countries have strengthened institutional performance as demonstrated in the ACPA,
- PDO indicator 2: Number of countries which comply with the minimum performance conditions.

[2] KDSP Program Appraisal Document (PAD), p. 4-5.

Program Results Areas and DLIs

11. **The Program had 8 DLIs (6 for national government and 2 for county government) as shown in Table 1.**

Table 1: Program DLIs and KRAs

Level of government	DLI	KRA
National level results	1: Office of the Auditor General (OAG) conducts county audits on time	1
	2: Introduction and timely implementation of ACPA by the Ministry of Devolution and Planning.	-
	3: Ministry of Devolution and Planning implements annual planned activities to strengthen countrywide frameworks and systems and to address county capacity gaps.	2,4,5
	4: Ministry of Public Service, Youth and Gender Affairs (MoPSYGA) implements annual planned activities to strengthen countrywide frameworks and systems and to address county capacity gaps.	3
	5: National Treasury (NT) implements annual planned activities to strengthen countrywide frameworks and systems and to address county capacity gaps.	1
	6: Kenya School of Government (KSG) implements annual planned activities to address county capacity gaps.	1-5
County government level results	7: Counties have participated in an annual assessment of performance and met MACs.	4
	8: Counties have participated in an annual assessment of performance, met MACs and MPCs for grant funding and implemented projects according to Program requirements.	1,2,3,5

B. SIGNIFICANT CHANGES DURING IMPLEMENTATION (IF APPLICABLE)

Revised PDOs Outcome Targets, Result Areas, and DLIs

12. **The Program was restructured twice, and both were Level 2 restructuring.** Approved on April 2, 2020, the first restructuring made changes (i) to the Results Framework, (ii) in Disbursement Arrangements, (iii) in Institutional Arrangements, and (iv) in DLIs. The following were the main changes:

- Time to produce financial statements under DLI1 was increased from 7 to 9 months,
- Based on Program experience, the time to complete the ACPA (DLI2) was extended. The Value-for-Money (VfM) audit was removed from being an integral part of the ACPA,
- Number of counties to sign up to the capacity and performance grant was increased from 35 to 47,
- To align with changes in ministerial mandates, the responsibility of county planning was shifted from the Ministry of Devolution and Arid and Semi-Arid Lands (MoDA) to NT through changes to DLI3. MoDA's capacity building was enhanced to include environmental and social safeguards (ESS) issues, grievance redress mechanism (GRM) and Program financial reporting,
- On DLI3-6, a year 6 Disbursement Linked Result (DLR) was added to ensure that NT, MoDA, KSG and MoPSYGA have incentives to implement capacity building plans in FY 2019-20,
- On DLI5, the responsibility of undertaking an end-of-program VfM audit was given to NT,
- The verification protocol of DLIs 7 and 8 was separated, with DLI8 only covered in the ACPA.

13. The second restructuring (approved on December 9, 2020) changed the loan closing date from December 31, 2020 to September 30, 2021.

Other Changes

14. **The following other changes were made during the first restructuring**:

- To incentivize Program coordination, a new DL2a 'MoDA coordinates KDSP Implementation' was created,
- In recognition of the higher-than-expected rate of county participation in the Program, more funds were allocated to DLI7 leading to a reduction in DLI8 allocation. The implication was that more counties accessed and made us of capacity building grants than originally planned.

Rationale for Changes and their Implication for the Original Theory of Change

15. **The changes were necessitated by three main issues.** These are (i)ACPA procurement delays; (ii) unrealistic DLI targets; and (iii) changes in government structure (i.e., county planning was moved from MoDA to NT). Therefore, the proposed changes allowed the Program to: (i) align with GoK's organizational structure; (ii) set realistic targets and provide adequate incentives for achieving DLIs; and (iii) provide adequate funding for meeting DLI targets over the entire life of the Program. The second restructuring gave the Program more time for implementation considering the delays which had been faced in the initial implementation period. Both changes ensured that the Program is designed and implemented to meet its expected outcomes and targets.

II. OUTCOME

A. RELEVANCE

Relevance of PDO

Rating: *High*

16. **At completion, the PDO remained highly relevant to the World Bank Group CPS for Kenya (FY14–18), extended under the Performance and Learning Review of the CPS to FY20.** The CPS had three strategic results areas: (i) competitiveness and sustainability—growth to eradicate poverty; (ii) protection and potential—human resource development for shared prosperity; and (iii) consistency and equity—delivering a devolution dividend. KDSP contributed to the third strategic results area.[3] This is through supporting capacity building of national level agencies and county governments and financing infrastructure to expand devolved services.

17. **The PDO was also relevant to the draft Country Partnership Framework (CPF) FY22-27.** The Draft CPF has three pillars: (i) boost productivity, job creation and incomes, (ii) reduce inequality and vulnerabilities, and (iii) improve institutional effectiveness. KDSP contributed to the last two pillars. This is through supporting the delivery of devolved services in counties and enhancing the capacity of county governments and national government agencies.

Relevance of DLIs

Rating: *Substantial.*

18. **The assessment of the relevance of the DLIs to the PDO is based on three things:**

19. Definition of DLIs: The DLIs adhere to the criteria defined in the PAD: (i) they signal and monitor a milestone along the results chain without the PDO cannot be achieved; and (ii) they signal incentives for rewarding performance (outputs and outcomes) to encourage the practice of managing for results. The DLIs were well structured as they easily contributed to the broader national government program. The definition of the eight DLIs was clearly presented and measurable along with the PAD's disbursement arrangements and verification protocols and the financing agreement's withdrawal conditions. However, targets for DLI1 and requirements for DLI2 were overly ambitious and unrealistic considering the obtaining context (these were however rectified at mid-term review (MTR).

20. *Integration between the DLIs and the results framework:* The formulation of the Program's Results Framework

[3] Country Partnership Strategy FY2014-18.

(RF) and the selection of DLIs were strongly aligned. The DLIs were structured to reflect achievement of PDO indicators 1 and 2. They focused on strengthening (i) institutional performance, and (ii) county institutions in enhancing their capacity and systems to perform functions critical to infrastructure provision and service delivery. The Program's RF had national and county level results. DLIs 1-6 contributed to results area 1 (national level results) with DLIs 7-8 contributing to results area 2 (County level results). These DLIs incentivized critical actions (such as audits, annual plans, financial statements, adherence to investment menu, core county staff, procurement plans) and indicators along the results chain which directly contributed to the achievement of the PDO.

21. *Incentives for improving institutional performance and results*: The DLIs provided the right triggers for improving institutional performance and achieving the desired results. For example, DLI8 incentivized performance measures on PFM (financial statements and audit opinions), Annual planning, procurement, HRM, ESS and citizen participation. The KRAs directly contribute to improved institutional performance (which is the program's PDO), as borne out by enhanced county systems on these thematic areas. This DLI was allocated the largest amount, about 54percent of the total project envelope. All the DLIs except one (DLI1) were allocated sufficient amounts to achieve the Program's objectives. In comparison to other projects supporting OAG, it appears the allocation was too small. It is not surprising that at Program closing, DLI1 was the least achieved DLI at 50percent.

Rating of Overall Relevance

Rating: *Substantial*.

22. The PDO was well aligned with both the Bank's CPS and CPF. At the same time, the DLIs established a clear link with both the results chain and RF.

B. ACHIEVEMENT OF PDOs (EFFICACY)

23. This section reviews achievements related to the two elements of the PDO, namely strengthening institutional capacity and improving delivery of devolved services. As stated in the PDO, the direct beneficiaries of the Program were county governments and national government agencies. Evidence presented on this section is drawn from PDO Indicators, DLIs, ACPAs, End of Program Evaluation (EPE) and Intermediate Results Indicators (IRIs). The EPE collected survey data in 47 counties and conducted in-depth interviews and observations in 25 counties.

Assessment of Achievement of Each Objective or Outcome

24. The summary of the results framework is in Annex 1.

Objective: Strengthen core national and county institutions to improve delivery of devolved services at the county level

25. **Major achievements were made on capacity enhancement which is crucial to devolution in Kenya.** PDO indicator 1 (Counties have strengthened institutional performance as demonstrated in the ACPA) was exceeded. It measured county average performance and national government performance on capacity building support to counties. It assessed 5 performance measures namely PFM (budget formulation, resource mobilization and allocation; revenue enhancement; budget execution, accounting, and reporting; and audit); PME (M&E frameworks and systems), HRM (staffing plans, appraisals, and competence frameworks), CP&PP (civic education structures, systems, and processes) and investment implementation and ESS performance (projects implemented according to cost estimates, maintenance budget, and ESS screening). These capacity areas formed the basis of both IRI and DLIs. At Program closing, the average county performance score was 71 out of 100 (target of 55percent). The ACPAs, showed an increase in the average county performance from 33percent baseline score to 42 percent in ACPA 1 to 64percent in ACPA 2 and finally 71 percent in

ACPA 3.[4] About 83percent of counties showed constant year on year improvement in their scores, 15percent had inconsistent up and down performance while one county, Nairobi, stagnated. This reflects progressive improvement in the institutional performance of counties, with counties implementing better quality capacity building plans and improving their core systems that are essential for service delivery. In terms of IRIs, 14 were exceeded, 10 achieved and 1 was not achieved. At Program closing, PDO Indicator 1 DLI performance stood at 87percent. Such performance indicates to robust capacity building support by national government agencies to counties. KDSP also helped put in place key minimum county capacities in areas such as environmental and social risk management that were used by other PforR operations.

26. **Enhanced institutional systems were vital in improving the delivery of devolved services.** PDO indicator 2 (Number of counties which comply with the MPCs) was exceeded, though it did not necessarily track service delivery. It was used as a 'proxy indicator' to track county investments in health, water, trade, connectivity, agriculture, and education. This indicator measured county capacity on financial management (financial statements and audit opinions), planning (annual planning documents), use of funds in accordance with investment menu, procurement, core county staffing, and ESS systems. The number of counties meeting the MPCs (DLI8) increased from 13 to 22 to 38, surpassing the end of Program target of 35. Therefore 38 counties accessed 'Level 2' / Development grants in the final round of disbursement, for the development of critical county-level infrastructure, higher than 22 counties in the second disbursement tranche, and only 13 in the first disbursement. At closing, PDO Indicator 2 DLI performance stood at 97 percent. This demonstrates improved performance by Counties, with more accessing 'Level 2' grants helping counties expand service delivery. The Program shows potential in incentivizing improvements in institutional capability to deliver services, while providing funding for service delivery.[5]

27. **The Program expanded access to key devolved services such as transport, water, health, agriculture and facilitated rural trade.** Through KDSP, 'counties have developed infrastructure, established investments, and provided modern services never seen previously especially in marginalized regions and communities in the country'.[6] Of the 171 sub-projects supported by KDSP, 44 percent were in health, 19 percent in water, 9 percent in trade including rural markets, 6 percent in agriculture, 4 percent in education, and 6 percent in rural roads.[7] About 2,5million people benefitted from improved services as a result of the Program. These investments support the delivery of core county service delivery functions. For the 121 projects supported in FY16/17 and FY2017/2018, 65 percent are complete, 8 percent were above 85 percent, and the remainder were below 85 percent. These 'completion levels are remarkable given the large number of stalled public projects in Kenya estimated at Kshs 9 trillion'.[8] Moreover, 'KDSP projects' impressive completion rate may be explained by the direct linkage to the results framework, associated incentives, and improved financial management and a strong M&E component'.[9] Some of the benefits from this infrastructure include increased access to education services, reduction in post-harvest losses, improved road network in historically marginalized counties, and improved social amenity facilities which have potential to reduce conflict in remote counties.[10]

[4] KDSP ACPA1-3.
[5] Making Devolution Work for Service Delivery Draft Report.
[6] KDSP ACPA 3, p. 7.
[7] The remaining 12 percent were under screening. KDSP EPE Report.
[8] Ibid., p. 59.
[9] Ibid., p. 59.
[10] KDSP ACPA 3, p. 71.

28. **The End of Program's Evaluation found several impacts of infrastructure investments to beneficiaries.** For example, health investments improved the delivery of health services as most respondents described these as 'having very high impact'.[11] These reached a wide population (over 1 million), and reduced distance covered to access health services by ensuring health centers are located at sub-county and ward levels.[12] Likewise, the upgrading of hospitals to level 4 and 5 ensured availability of high standard medical equipment and health services. Trade and connectivity projects boosted county economies and linked farmers to markets who previously were in remote and unreachable areas. Agriculture projects enhanced food security at both household and county level. Water investments were associated with improved sanitation outcomes and reduced time spend by households in fetching water.

29. **There were notable improvements on County audit outcomes.** For the first time since the establishment of county governments, two counties obtained unqualified audits for FY2017/18.[13] Also, the number of counties with adverse and disclaimed audits reduced. For example, according to ACPA2, 13 counties obtained a qualified audit opinion, 12 counties had an adverse audit opinion while 22 counties obtained a disclaimer of audit opinion. ACPA3 results show that 36 counties had qualified audits, 4 counties with adverse opinions and 5 counties with disclaimed audits. However, the erratic number of qualified opinions are an indication that county governments still need to improve financial management. The number of months taken by OAG to produce a full set of audited financial statements was 7 months (against a target of 9months). Despite the OAG producing timely county audits for FY2017/18, delays in appointing a substantive Auditor General meant that whereas FY2018/19 audits were completed in time, these could not be certified in time to meet DLI timelines.

30. **There were tremendous improvements in Planning, Monitoring and Evaluation**. Counties made significant progress in both establishing, implementing, and using the planning and M&E functions. At closing, 95 percent of counties had set up functional units and established planning and M&E frameworks, 85 percent of counties have functioning County M&E Committees in place, 93 percent of counties produced County Integrated Development Plans (CIDPs) and annual development plans according to quality standards and on time, and 97 percent of counties produced timely Annual Progress Reports on the implementation of their CIDPs. As a result, county governments reported (i) effectiveness on procedures of making various plans, (ii) increase in accuracy of plans developed, and (iii) budget synchronization with implementation schedules.[14] The Program surpassed its achievement thresholds on PME. ACPA3 registered a record performance of 89 percent for KRA 2, a 39 percentage points increase from ACPA1 result of 50 percent.

31. **HRM systems and practices were modernized**. Through the Program, county governments adopted model policies, structures, systems, and procedures developed by the national government agencies. Achievements recorded on HRM include: (i) review of allocation of functions, organization structures, staffing patterns, and HRM practices; (ii) staff rationalization and redeployment, (ii) planning for staff recruitment and development; and (iii) strengthened systems for meritocratic recruitment, promotions, and appointment of staff, especially by training members of the County Public Service Boards. Further, most county governments successfully implemented performance contracting while others have implemented a comprehensive digital-based performance management system. HR policies, schemes of service, performance management and performance contracting led to a 'culture change and cultural acceptance of performance management'.[15] This is shown by 'most of the county staff developing a work culture characterized by a positive attitude

[11] KDSP EPE Report.
[12] Ibid.
[13] These are Makueni and Nyandarua (KDSP ACPA3).
[14] KDSP EPE Report.
[15] KDSP EPE Report, p. 21.

toward duties, targets achievement, supervisors, and compliance to work-related dictates such as time management'.[16] At Program closing, the mean performance score for counties on HRM was 69percent, up from 35 percent during ACPA1.

32. **PFM consistently improved.** Key indicators demonstrative of this progress include: (i) quality of financial statements improved by 18 percent and financial reporting by 13 percent; (ii) budget format and quality increased by 39 percent; (iii) automated systems for revenue collection increased by 62 percent with OSR increasing by 66 percent; (iv) improvement in procurement procedures by 32 percent; and (v) internal audit improved by 26 percent. During the EPE, counties sampled described PFM capacity enhancement to have promoted transparency, and accountability in delivery of services at national and county government levels. Other notable impacts include (i) reduced dependence on exchequer in county development plans due to enhanced revenue collection, (ii) better management of creditors, (iii) improved supplier relationships and (iv) coherence in execution of county development activities.[17] At Program closing, the average performance score for counties on PFM was 71percent, up from 43 percent at the beginning of the Program.

33. **Systems and structures for citizen engagement and public participation were enhanced.** At Program closing, 93 percent of counties had set up functional civic education units; an equal percentage had established systems for access to information; 93 percent of counties had institutional structures, systems, and processes for public participation; and 70 percent of counties had in place participatory planning and budgeting forums for engaging communities. There has also been an improvement in transparency and information sharing with 81percent of the counties publicizing and sharing core PFM material online. Civic education emboldened citizens to demand better services and raise pertinent issues of concern in governance like corruption, low value for money on projects, skewed budget allocations and gender imbalances.[18] The mean performance score increased from 50 percent during ACPA1 to 82 percent on ACPA3.

34. **The Program supported Counties to respond to COVID19.** About 51 percent of the discretionary performance grants to qualifying county governments financed health-care investments. KDSP facilitated the refurbishment and equipping of over five Level-4 health centers in five Counties, with an extended coverage area of over one million beneficiaries.[19] Even before Coronavirus disease (COVID19), 'Level 2' investments increased county bed capacity by over 2,700 in new or expanded health facilities. Many of these facilities served as COVID19 isolation centers. In total, the Program supported the installation of over 10 oxygen plans which were very useful during the pandemic.[20] Counties repurposed part of the capacity building / 'Level 1' grants toward COVID19 awareness raising and training to rural communities, provided personal protective equipment to over 1,000 front line health workers accompanied by distribution of masks to local communities. The Program also helped all Counties to embed measures in capacity building and strategic plans that mitigate the effects of the COVID19 pandemic.

Rating of Overall Efficacy

35. Rating: *Substantial.* The Program surpassed its two PDO indicators. Further, of the Program's 25 IRI, 14 were exceeded and 10 were achieved (only 1 was not achieved). At closing, the average achievements of all DLIs stood at 92percent.

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[16] Ibid., p. 37.
[17] Ibid., p. 30.
[18] Ibid.
[19] Ibid.
[20] Ibid.

C. JUSTIFICATION OF OVERALL OUTCOME RATING

Rating: *Satisfactory*

36. **The Program provided structured accompanying support to newly created counties.** As new institutions, counties were enhanced with fundamental systems to support both their operations and delivery of services. A 95 percent achievement of DLI 1-7 shows the performance of capacity building support provided by the Program. It equipped counties with systems and structures for PFM, HRM, PME, ESS, and Citizen Engagement and Public Participation and demonstrated their functioning during the life of the project. It also led to tangible improvements in service delivery at the county level.

37. **Being a pioneer Program supporting devolution, KDSP influenced policy changes at the national level.** KDSP paved the way for inclusion of devolved conditional programs in the GoK's Division of Revenue Act (DORA) and County Allocation and Revenue Act (CARA). In 2021, KDSP 'Level 2' grants were the first conditional grants to be disbursed to counties under a new framework (conditional grants need not be included in DORA and CARA) based on challenges and lessons from the Program. Second, lessons learned from KDSP (especially on PFM) informed the development of the public financial management reform strategy (PFMRS). The PFMRS provides a platform for the sequenced, systematic, and collective implementation of key reform steps to address PFM and HR bottlenecks to service delivery.

D. OTHER OUTCOMES AND IMPACTS (IF ANY)

Gender

38. **Upgraded health centers especially maternity facilities in counties improved access to maternal services to women.** At closing, health care facilities, including level 5 county hospitals and village level health facilities had been constructed or rehabilitated and/or equipped. The design of these health facilities took into consideration the needs of women, children and people living with disabilities. Thus, the Program contributed to gender responsive public services. Also, large scale water reticulation projects constructed or rehabilitated improved access to portable, clean water for domestic and agricultural activities to households. The improvement of water supply facilities reduced time spent by women and girls fetching water. Most beneficiaries on rural markets supported under the Program were women. Working conditions for women traders were improved and it is expected that their revenues from upgraded markets will increase.

Poverty Reduction and Shared Prosperity

39. Through expansion of devolved services, the Program indirectly contributed to poverty reduction as beneficiaries accessed basic services. These services include water, sanitation and healthcare which are essential for poverty reduction. Moreover, support to rural markets and agriculture were critical in respectively, enhancing rural economies and boosting agri-business. Some of the infrastructure investments improved economic competitiveness of counties.

Other impacts

40. **KDSP contributed to improved government ownership and coordination of capacity building**. Prior to KDSP, a lot of capacity building efforts were through development partner managed programs. The PforR modality contributed to capacity building programs being managed and coordinated by national and county governments. All counties created capacity building interdepartmental committees to coordinate capacity building and at the national level, and there was greater coordination across the agencies tasked with capacity building.

III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME

A. KEY FACTORS DURING PREPARATION

41. **Program objectives were set to reflect both Bank and country objectives.** KDSP objectives were fully aligned with the CPS, NCBF and NCBF-MTI. Given that devolution was new to Kenya, KDSP objectives were realistic and focused on foundational issues namely capacity and service delivery. PDO Indicators, intermediate indicators, and DLIs were well designed and aligned with Program objectives. Program Action Plans (PAPs) were well-sequenced though the timeframes for some DLIs and PAPs were unrealistic.

42. **Program design was simple and was appropriate for the country context.** After the 2013 elections, 47 county governments were set up and these assumed various service delivery functions. At the same time, several government ministries were mandated to promote devolution. To build county capacity and expand the delivery of devolved services required actions from both national government agencies and county governments themselves. Therefore, the Program designed national level results (DLI1-6) and county level results (DLI7-8).

43. **Relevant stakeholders were targeted and included in the Program.** These are KSG, Ministry of Public Service, NT, MoDA, OAG and were assigned respective DLIs. However, the Program did not include three other institutions that could have enhanced the Program on issues of safeguards (i.e., National Environment Management Authority (NEMA) and Commission for Administrative Justice (CAJ)), and intergovernmental relations (Council of Governors). Though without specific DLIs, these agencies were brought onboard in the Program halfway into implementation.[21] Thereafter the contribution of these agencies made significant progress on ESS and coordination especially with counties.

44. **Despite some weaknesses, the DLI verification protocol was overall well designed.** The ACPA was always undertaken by an independent body and the integrity of the assessment results was respected by counties and ministries, departments, and agencies (MDAs). Though, the ACPA had a design requirement of including a VfM which the Program could not realistically undertake annually. This requirement was removed at restructuring, opting for one VFM toward the end of the Program. Further, it was only at MTR that enhanced focus and emphasis was placed on ESS and GRM as part of the ACPA.[22]

45. **Indicators for the Program's results framework were operationally sound and easier to monitor.** Despite some exceptions, the established baselines were clear and realistic. Exceptions were the targets and requirements for respectively DLI1 and 2 which proved unrealistic and were therefore changed. Overall, the targets established were aligned to both Program and government objectives. At the first restructuring, only 4 IR indicators were revised (see section I. (B)). The revisions were meant to reflect changes in DLIs, government structure and implementation experiences. It is justifiable why overall Program risk rating was considered High. First, County governments were new and lacked both experience and capacity in managing projects. Second, KDSP was the first devolution PforR for Kenya designed in a context of transition to devolved government structures. Third, both national and county level institutions and the Bank team had to practice learning by doing. At Appraisal, technical and fiduciary risks were rated as Substantial and High respectively. Technical risk was mitigated through assessment of MACs during the annual ACPA. During implementation, basic capacities of Counties improved with each passing year, as evidenced by increasingly higher scores on capacity assessments, as well as successful implementation of 'Development Grants'. Fiduciary challenges identified (i.e., weak procurement, fraud, and corruption) were mitigated through Program focus on strengthening PFM and procurement, and

[21] KDSP EPE Report.
[22] KDSP MTR Aide Memoire (AM) February 15—28, 2019; KDSP Restructuring Paper.

performance measures (incentivizing counties to address areas of weakness, including measures related to improved county financial accounting, recording, and reporting, use of IFMIS, strengthened internal controls, and quality of county audits).[23]

B. KEY FACTORS DURING IMPLEMENTATION

46. **Government showed consistent commitment and leadership in promoting devolution.** Being the first large-scale devolution PforR, the GoK cascaded lessons from KDSP to other devolved projects. These include the Kenya Urban Support Program, Kenya Climate Smart Agriculture project, and Kenya Water and Sanitation Improvement project. MoDA, as the ministry mandated with promoting devolution used the Program to not only strengthen its mandate. Rather, it led and advanced the devolution agenda among development partners, other MDAs, and county governments. Similarly, MDAs mandated to support county governments continuously provided guidance. Further, government allowed the country's conditional grants framework to evolve based on KDSP lessons.

47. **Compliance with ESS Program requirements by Counties improved substantially over time.** Based on ACPA1, ACPA2 and ACPA3, respectively, the number of Counties that met ESS requirements increased from 38 to 43 and finally to 45. At the same time, the number of non-compliant counties declined from 9 to 4 and lastly 2. Overall, the majority of counties complied with ESS Program requirements. Also, compliance to NEMA guidelines ensured that KDSP investments had low environmental degradation impacts.[24]

48. **The MTR provided the basis for Program restructuring in line with the obtaining environment.** It provided a comprehensive assessment of progress toward PDO and implementation performance and confirmed Program relevance and effectiveness. It recommended changes in DLIs, RFs and design to align with the new government institutional structure. Implementation challenges were identified, and corrective measures were recommended. Yet, the MTR did not include an indicator to measure service delivery, which was an oversight at appraisal.

49. **The Bank supervision team remained consistent throughout project implementation contributing to deeper client relations.** From approval to closing, the Program had three Task Team Leaders (TTLs), though most of Program implementation (four years) was under one TTL, who was country based. Respectively, all KRA leads, and most task team members were consistent throughout implementation and were locally based. This allowed the Bank's supervision team close engagement with the client and to effectively guide MDAs in implementing the first devolution PforR in Kenya and work closely with 47 county governments and eight national government agencies.

50. **Program implementation was affected by delays.** First, the ACPA was typically delayed due to procurement issues which resulted in the ACPA being misaligned to the budget process.[25] Second, there were numerous delays in the release of funds to counties by the National Treasury. These two resulted in delays in both grant allocations and disbursements to county governments.[26] Third, during the first two years of implementation, the program experienced delays in timely completion and submission of audited financial accounts by the OAG. Lastly, Covid-19 affected the completion of 'Level 2' investments as contractors grappled with working during a pandemic.

[23] KDSP PAD, p. 21.
[24] KDSP EPE Report, p. 47.
[25] KDSP AM, May 15-June 15, 2018.
[26] KDSP Restructuring Paper.

51. **The Program faced persistent coordination and management challenges**. At design, a small-dedicated Secretariat in MoDA was tasked to 'support the operations of the new grant scheme' and 'coordination of the ACPA'[27], which during implementation proved to be too restricted. Coordination among MDAs and the 47 county governments was considered 'weak'.[28] Likewise, it took time for the KDSP Secretariat to hire all the required experts especially on social and environment safeguards and financial management.[29] There were instances in which the contracts for experts expired and the Program was managed by seconded government staff on a temporary basis.[30] These two developments affected implementation of Program activities. To address the challenges, at MTR, a sub-DLI was introduced to incentivize MoDA to coordinate the implementation of KDSP. This led to progressive improvements in Program coordination.

52. **Inadequate budgets constrained MDAs from performing their functions.** At the national level, MDAs did not have adequate budgets to meet results. This challenge persisted throughout Program implementation, although it became worse during the COVID19 pandemic as national revenues shrank. Also, during FY21/22, GoK implemented budget cuts as part of fiscal measures in a context of reduced revenue collection. Consequently, capacity development from the national level to county governments was more restricted than initially planned.

53. **The Program encountered some fiduciary compliance issues.** First, Audit reports for MDAs were continually late, thereby contravening the Program's financial covenants. Agencies that consistently did not meet Program financial reporting requirements include NT, MoDA, MPSYGA, and KSG. Some of the audited financial reports lacked disclosures posing challenges of inability to identify KDSP eligible expenditures in the financial statements.[31] Moreover, some audits had very scant information regarding KDSP. These two combined made it difficult to ascertain the efficacy of the system of tracking expenditures. Second, project fiduciary review of the Program activities at the counties was not undertaken as required by the Internal Auditor. The Internal Auditor Department conducted only one review submitted in February 2019. As such, government did not keep to the requirement of auditing the Program annually.[32]

IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME

A. QUALITY OF MONITORING AND EVALUATION

M&E Design

54. **The Program's Theory of Change (reconstructed) made clear connections between the PDO, indicators and DLIs.** The two selected PDO indicators which focused on assessing county institutional performance and MPCs were used to monitor the PDO. These indicators measured progress on capacity development and systems to deliver devolved services which were the core of the PDO. The DLIs were designed to track progress on national and county level results. Whereas the core of the program was capacity development, the PDO formulation included the aspect of improving service delivery. However, the results framework did not include indicators to measure improvements in service delivery directly. It would have been desirable to include a service delivery indicator although the challenge at design was that it was not known which sectors and what services county governments would prioritize.

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[27] KDSP PAD, p. 15.
[28] KDSP AM, May 8-19, 2017; KDSP AM January 15-February 28, 2018.
[29] KDSP MTR AM, February 15-29, 2019.

55. **Results were monitored through the ACPA and annual verification of national level work plan implementation.** The ACPA collected data on DLIs 1, 2, 7 and 8. To enhance objectivity, ACPAs were conducted by independent firms contracted by MoDA. In addition, other tools such as VfM audits (from year 3 onward) were designed to be part of the ACPA. However, conducting annual VfM audits was unrealistic and was changed at restructuring. National level performance (DLIs 3, 4, 5 and 6) was designed to be verified through annual workplans and implementation reports.[33] The Program was also designed to make use of M&E tools such as county budget implementation reports and financial statements, annual reports, capacity building implementation reports, and a MTR.

56. **To strengthen broader M&E at county level, the Program's KRA 2 focused on Planning, M&E.** This was envisaged to improve county planning, progress reports, M&E, and linkages between county plans and budgets.

M&E Implementation

57. Three ACPAs were conducted, and M&E data was collected and analyzed in a methodologically sound manner. All ACPAs collected data on MACs, and MPCs. Disbursements on DLIs 1, 2, 7 and 8 were based entirely on ACPA results. Successive ACPAs presented data in a format that tracks progress per each county which helped the Program in providing targeted support to relevant counties. Also, the ACPAs produced county specific reports as background data. The verification protocol was effective, and the envisaged checks and balances for results verification proved useful. Verification of national level results was done in a consistent manner. Disbursements for DLI 3, 4, 5 and 6 were based fully on verified annual workplans and implementation reports. Though, at Program closing, the verification of some DLIs was pending and the VfM audit was still outstanding.

58. **County level improvements on M&E bolstered the Program's overall M&E performance, including reporting to the Program M&E framework.** The focus on improving county M&E capacity, which included monitoring the implementation of County Integrated Development Plans, in turn contributed to improving the quality of KDSP progress reports. The Program also put in place a Geo-Enabling for Monitoring and Supervision platform which captured among others all investments, status of completion, beneficiaries, and amount received for both grants. The platform was expanded to capture information on GRM, and social risk management capacity. As explained in Section II (B), PME was the best performing KRA.

[30] KDSP AM, May 15-June 15, 2018.
[31] KDSP AM, September 16—27, 2019.
[32] KDSP AM, September 15-24, 2021.
[33] KDSP PAD, p. 17-18.

M&E Utilization

59. **M&E progress information was routinely used to inform Program management and decision-making.** Notable decisions were taken as reflected in ISRs, agreed actions, MTR, and Restructuring. Based on these decisions, the Program took several corrective measures to advance Program coordination. For example, when it was clear that Program coordination was lagging, through Restructuring, the Program introduced a sub-DLI to incentivize Program coordination activities. Similarly, the Program's Restructuring was informed by M&E data. Yet, MoDA could institutionalize the ACPA process as a tool for continuous county performance measurement. If sustained, the ACPA could also be a basis for future performance-based grants.

Justification of Overall Rating of M&E Quality

60. Rating: *Substantial*. The M&E system introduced by the Program was effective in terms of data collection and analysis and informing program decisions. Both the ACPA and the verification of national level results were done in a consistent and objective manner. Program support to Planning and M&E strengthened the overall Program M&E framework. To report on all aspects of the PDO, an indicator on service delivery should have been included in the results framework.

B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE

Environment and Social

61. **The Program invested significant time and effort to address ESS capacity gaps identified at the county level.** Specifically, Counties lacked both awareness and capacity for environmental and social risk management. Having a few MPCs on ESS provided the necessary incentives for counties to make progress in this area. These conditions were refined over the course of the program based on emerging lessons and challenges. Counties established and maintained separate environmental safeguards focal points at post on full time basis, carried out environmental assessments and obtained required statutory licenses and undertook safeguards training activities for the staff involved in the Program.

62. **Halfway into implementation and after encountering some safeguards issues, the Program established collaborative partnership with NEMA and CAJ.** The partnership with NEMA resulted in the (i) establishment and operationalization of County Environmental Committees; (ii) collaboration between NEMA and counties; and (iii) compliance to the Environmental Management Coordination Act requirements.[34] Similarly, the partnership with CAJ led to the (i) creation of access to information (ATI) frameworks in 47 counties; (ii) appointment, and training of Integrity Assurance Officers in 44 counties; (iii) enhanced CAJ engagement with county governments on ATI and GRM; and (iv) development of the GRM guidelines for counties.

63. **To strengthen compliance with ESS, the Program refined ESS conditions and processes.**[35] These include having separate social and environment risk specialists, social risk management training for ESS specialists and county focal persons, project screening using an exclusion list, stakeholder consultations for all 'Level 2' investments and the training of ACPA consultants on how to provide evidence to ascertain that minimum conditions related to safeguards have been met, according to the new means of verification.[36]

64. **The Program's review of existing GRM practices and systems at the County level identified some challenges.** To address these, the following measures were taken: (i) inclusion of GRM capacity building activities as part of the national and county capacity building plans; (ii) allowing for diversity in complaints handling systems if they meet a minimum threshold rather than prescribing the strict form for complaints handling; and (iii) incorporating flexibility to the means of verification of existence of GRMs based on what counties had in place.[37]

65. **Compliance issues were discussed in Section III (B).** Briefly, these relate to Counties that did not meet program ESS requirements. This number fell from 9 to 4 and finally 2 during the life of the Program.

[34] KDSP AM, September 15-24, 2021.
[35] KDSP MTR AM, February 15-28, 2019.
[36] The ESS corrective measures were introduced on the third ACPA.
[37] KDSP MTR AM, February 15-28, 2019.

Fiduciary

66. **The Program faced some fiduciary challenges.** These are: (i) fungibility of funds held at County Revenue Fund affecting availability of project funds as and when required due to diversion to other county activities; (ii) lack of coordination on trainings by MDAs (especially NT Departments); (iii) implementation status reports not being submitted to MoDA by most counties; and (iv) funds flow delays especially to counties. These challenges were resolved through the: (i) introduction of a Special Purpose Account per county to ring fence Program funds; (ii) preparation of capacity building plans by NT departments in a collaborative manner; and (iii) withholding DLI allocation for counties that do not submit their progress reports on time until they submit their respective progress reports.[38]

67. **As explained in Section III (B), the Program faced some non-compliance by MDAs.** First, the four main MDAs did not submit their audit reports on time. Second, the audit reports did not have adequate disclosures on KDSP transactions. Lastly, the Audit reports were not accompanied by copies of the Auditor's Management Letter highlighting accounting and internal control weaknesses identified during the audit.

C. BANK PERFORMANCE

Quality at Entry

68. **Despite some early delays, overall World Bank support was satisfactory both in assuring quality at entry and during Program implementation.** The Program was aligned with Kenya's strategic priorities, and the key counterparts remained committed during implementation. A PforR was a new instrument for key stakeholders which delayed implementation during the Program's early years. While the implementation arrangements were elaborate, the omission of an incentivizing arrangement for Program coordination at appraisal affected Program implementation. At appraisal, Fiduciary as well as the Overall Risk was rated High. Identified risk mitigation measures to increase capacity and improve systems and procedures were useful during Program implementation. The M&E arrangements which were designed at both national and county level were robust enough to inform the RF.

[38] KDSP MTR AM February 15-28, 2019.

Quality of Supervision

69. **Bank supervision produced candid AMs and ISRs and took corrective measures**. Institutions such as NEMA and CAJ were brought on board to help address social and environmental risk management. The ACPA was streamlined to put more emphasis on environmental and social risk management. Also, the ACPA dropped the VfM, which had proven to be an unrealistic requirement. Similarly, coordination challenges were dealt with at Restructuring through incentivizing Program coordination.

70. **The World Bank undertook 12 full missions during the five and half years of Program implementation.** Lead Specialists provided the Bank team with strategic advice throughout implementation. The TTL, KRA leads and most of the team members were country based, which allowed them to provide just in time support to counties and MDAs. The Task Team provided hands on support to County Program Coordination Teams (CPCTs) especially on fiduciary and ESS throughout Program implementation.

71. **At closing, the Program put in place adequate transition arrangements**. MoDA, MDAs and CPCTs continued implementing outstanding Program activities. Specifically, MoDA's tasks were agreed. These are (i) supporting all county governments in the implementation of ongoing KDSP projects and programs as per the respective approved Capacity Building Plans and Investment Plans; (ii) screening all County Investment Proposals for FY2021/22; (iii) ensuring the completion and operationalization of all outstanding investment projects, and (iv) ensuring that FY2021/22 investment projects are drawn from the CIDP and included in the Annual Development Plan and Annual Development Budget.[39]

Justification of Overall Rating of Bank Performance

72. Rating: *Satisfactory*. There were minor shortcomings on quality at entry due to two things. First, the Program encountered initial delays largely due to a lack of understanding by counterparts of a PforR instrument. Second, the design of the Program did not sufficiently involve all key stakeholders required to advance smooth Program implementation. Despite this, the Quality of Bank supervision was satisfactory as shown by corrective measures put in place to support implementation progress. Likewise, the Program put in place sufficient transition arrangements at closing which are expected to complete outstanding Program activities. For these reasons, Bank Performance is rated Satisfactory.

D. RISK TO DEVELOPMENT OUTCOME

73. **The Program enhanced county capacities, thus posing low risk to development outcomes.** KDSP supported systems strengthening on among others human resources, financial management, citizen participation, PME, procurement, ESS which allow counties to perform their basic functions. These capacities are at the core of driving Kenya's devolution agenda.

74. **Generally, low capital expenditure by counties threatens operations and maintenance (O&M) of investments supported by the Program**. This is compounded by the fact that on average, counties spent about 28.5 percent of total expenditure as development expenditure.[40] To sustain investments at county level, counties employed three main strategies. These are (i) expansion of services increases the base for service fees/charges to maintain and operate the infrastructure; (ii) to minimize on electricity bills, many of the investments rely on solar power during the day; and (iii) increases in budget allocations to support O&M.

[39] KDSP AM, September 15-24, 2021.

[40] Consolidated County Budget Review Report – Office of the Controller of Budget, FY 2018/2019.

V. LESSONS AND RECOMMENDATIONS

75. **A well-developed reform program defined and owned by the national and subnational governments is vital for PforR success**. The national program shaped the Program's design by identifying areas in need of additional support from development partners. The World Bank's value-added engagement was entirely based on identified and prioritized capacity intervention areas. The existence of a robust national program clearly delineated the Program boundary.

76. **Program coordination needs to be sufficiently incentivized.** KDSP primarily incentivized capacity building reforms at national and subnational level and infrastructure investments at subnational level. At appraisal, the incentives were targeted at 47 county governments and 5 MDAs. Yet, no resources were targeted at supporting the lead ministry to coordinate all involved agencies. This affected Program coordination as each agency focused on delivering its DLIs. Thus, future PforR programs need to sufficiently incentivize Program coordination in the form of a separate or sub-DLI.

77. **For continuous performance monitoring, annual performance assessments need to be institutionalized.** PforR programs often choose between an ACPA conducted by external parties or a government MDA. KDSP elected the former, with MoDA contracting a private firm. But, to allow and build capacity for continuous monitoring of subnational government performance beyond the Program, institutionalizing the ACPA process within a government agency is required.

78. **National level agencies mandated with Safeguards need to be identified and incentivized.** KDSP supported extensive infrastructure investments at county level which required considerable safeguards capacity building at county level. However, at appraisal, two government institutions (NEMA and CAJ) mandated with safeguards were not included in the Program. Thus, PforR programs with infrastructure investments need to target and incentivize such institutions.

79. **Early and effective participation of both political and administrative leaders of implementing agencies at both levels of government is necessary for timely and smooth implementation of a PforR program.** Counties that were high performers under the Program had strong commitment at the Governor, and County Executive Committee level. Adequate sensitization and engagement with the county political leaders (including the members of the County legislature – County Assembly) ensures effective support during Program implementation. Among others, this sensitization should clearly spell out obligations of these agencies and consequences in cases of noncompliance.

80. **Training and capacity building activities need to be harmonized, and structured.** Harmonization and proper sequencing of training by diverse agencies yields the following benefits (i) enhanced capacity development occasioned by greater collaboration by different actors responsible for county capacity development; (ii) inter-governmental collaboration which improves Program implementation; and (iii) better delivery and effective implementation of capacity building plans. Harmonization and sequencing was facilitated by the agency responsible for intergovernmental collaboration. Thus, it is essential that intergovernmental bodies be incentivized in PforR operations.

81. **PforR programs are vital to address both capacity and service delivery challenges.** Performance-based grants can address service delivery gaps through bringing together national agencies and counties working toward achieving clearly defined objectives. KDSP has shown potential to catalyze institutional change in counties whilst financing service delivery investments. The Program strengthened systems and institutions of both national government and county governments in ways which address identified challenges to improve service delivery.[41] Therefore support to counties should be targeted at both addressing specific capacity and service delivery constraints.

[41] Making Devolution Work for Service Delivery Draft Report.

ANNEX 1. RESULTS FRAMEWORK, DISBURSEMENT LINKED INDICATORS, AND PROGRAM ACTION PLAN

Annex 1A. RESULTS FRAMEWORK

(i) PDO Indicators

Objective/Outcome: PDO Indicator 1: Counties have strengthened institutional performance as demonstrated in the ACPA

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Counties have strengthened institutional performance as demonstrated in the ACPA	Percentage	0.00 20-Jun-2018	55.00 20-Jun-2018		71.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Objective/Outcome: PDO Indicator 2: MC-Number of counties which comply with the minimum performance conditions (DLI 8)

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
MC-Number of counties which comply with the minimum performance conditions (DLI 8)	Number	0.00 20-Jun-2018	35.00 20-Jun-2018		38.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
PDO Indicator 1: Counties have strengthened institutional performance as demonstrated in the ACPA - Score in the ACPA for institutional performance of participating counties (average across all counti	Percentage	0.00 18-Feb-2016	35.00 18-Feb-2016		71.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
PDO Indicator 2: MC-Number of counties which comply with the minimum performance conditions (DLI 8)	Number	0.00 18-Feb-2016	35.00 18-Feb-2016		38.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

(ii) Intermediate Results Indicators

Results Area: Building county-wide institutional capacity for devolution

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 1.1: Number of months taken to produce a full set of audits of financial statements of counties	Months	12.00 18-Feb-2016	7.00 18-Feb-2016	9.00 09-Dec-2020	7.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the revised target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 1.2: ACPA and value for money audits completed on time (DLI 2)	Yes/No	No 18-Feb-2016	Yes 18-Feb-2016		Yes 30-Sep-2021

Comments (achievements against targets):
All ACPAs were completed and formed the basis on Program disbursements. However, at Program closing, the Value for Money Audit report was yet to be submitted to the Bank.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 1.3: Annual capacity building plans for county governments are completed (DLI 3)	Yes/No	No 18-Feb-2016	Yes 18-Feb-2016		Yes 30-Sep-2021

Comments (achievements against targets):
The target was achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 1.3: Planned MoDA Capacity Building activities are implemented according to the annual implementation plan (DLI 3)	Yes/No	No 18-Feb-2016	Yes 18-Feb-2016		Yes 30-Sep-2021

Comments (achievements against targets):

The target was achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 1.4: Annual HRM capacity building activities for county governments are completed (DLI 4)	Yes/No	No 18-Feb-2016	Yes 18-Feb-2016		Yes 30-Sep-2021

Comments (achievements against targets):
The target was achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 1.4: Planned DPSM capacity building activities are implemented according to annual implementation plan (DLI 4)	Yes/No	No 18-Feb-2016	Yes 18-Feb-2016		Yes 30-Sep-2021

Comments (achievements against targets):
The target was achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 1.5: Annual PFM capacity building activities for county governments are completed (DLI 5)	Yes/No	No 18-Feb-2016	Yes 18-Feb-2016		Yes 30-Sep-2021

Comments (achievements against targets):
The target was achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 1.5: Planned NT PFM capacity building activities are implemented according to annual implementation plan (DLI 5)	Yes/No	No 18-Feb-2016	Yes 18-Feb-2016		Yes 30-Sep-2021

Comments (achievements against targets):
The target was achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised	Actual Achieved at Completion

				Target	
IR Indicator 1.6: Kenya School of Government implements annual planned activities to address county capacity gaps (DLI 6)	Yes/No	No 18-Feb-2016	Yes 18-Feb-2016		Yes 30-Sep-2021

Comments (achievements against targets):
The target was achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 1.6: Planned KSG capacity building activities are implemented according to the annual implementation plan (DLI 6)	Yes/No	No 18-Feb-2016	Yes 18-Feb-2016		Yes 30-Sep-2021

Comments (achievements against targets):
The target was achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion

IR Indicator 1.7: Inter-Governmental Relations Strengthened	Number	0.00 18-Feb-2016	47.00 18-Feb-2016		47.00 30-Sep-2021

Comments (achievements against targets):
The target was achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 2.1: Strengthened County PFM capacity. Average (for all counties) aggregate deviation between budget and outturn (average across all sectors) reduced by:	Percentage	0.00 18-Feb-2016	5.00 18-Feb-2016		11.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 2.1:	Percentage	0.00	5.00		22.00

Strengthened county PFM capacity. Value of Audit queries as % of total expenditures reduced by:		18-Feb-2016	18-Feb-2016		30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 2.1: Strengthened county PFM capacity. Number of counties with 25 steps in the IFMIS procurement process adhered to by:	Percentage	0.00 18-Feb-2016	5.00 18-Feb-2016		11.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 2.2: Improved	Percentage	0.00	10.00		12.00

Planning and M&E capacities. Number of CIDPs that adhere to guidelines increased by:		18-Feb-2016	18-Feb-2016		30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 2.2: Improved Planning and M&E capacities. Number of Counties producing County Annual Progress Reports on time (September 30) by:	Percentage	0.00 18-Feb-2016	7.00 18-Feb-2016		97.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 2.2: Improved Planning and M&E Capacities. Number of	Percentage	0.00 18-Feb-2016	5.00 18-Feb-2016		17.00 30-Sep-2021

counties where the county M&E Committee (COMEC) meets regularly increased by:					

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 2.3: Improved HR and performance management capacity. Number of counties with staff performance appraisal process operationalized increased by:	Amount(USD)	0.00 18-Feb-2016	5.00 18-Feb-2016		8.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 2.3: Improved	Amount(USD)	0.00	5.00		14.00

HR and performance management capacity. Number of counties with performance contracts for level 1 (and or 2) increased by:		18-Feb-2016	18-Feb-2016		30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 2.4: Strengthened citizen education and public participation at the county level. Number of counties with established and functional civic education units increased by:	Percentage	20.00 06-Dec-2019	5.00 18-Feb-2016		7.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised	Actual Achieved at

				Target	Completion
IR Indicator 2.4: Strenghthened citizen education and public participation at the county level. Number of counties with established and functional civic education units increased by	Percentage	0.00 18-Feb-2016	5.00 18-Feb-2016		7.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 2.4: Strenghthened citizen education and public participaton at the county level. Number of counties with evidence of citizen input in plans and budgets increased by	Percentage	0.00 18-Feb-2016	5.00 18-Feb-2016		5.00 30-Sep-2021

Comments (achievements against targets):
This indicator was fully achieved.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 2.4: Strengthened citizen education and public participation at the county level. Number of counties with the following documents published online: CIDP, ADP, Annual Budget, Fiscal Strat	Percentage	0.00 18-Feb-2016	4.00 18-Feb-2016		25.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 2.5: Improved investement implementation and value-for money. Number of counties that prepare Annual Environmental and Social Audits/reports increased by:	Percentage	0.00 18-Feb-2016	6.00 18-Feb-2016		15.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
IR Indicator 2.5: Improved investment implementation and value-for-money. Number of counties projects with a satisfactory value-for-money level increased by	Percentage	0.00 18-Feb-2016	7.00 18-Feb-2016		0.00 30-Sep-2021

Comments (achievements against targets):
At Program closing, the Value for Money Audit report was yet to be submitted to the Bank.

Results Area: Capacity and Performance Based Grants - County institutional performance

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Capacity and Performance Based Grants - County institutional performance	Percentage	0.00 31-Mar-2016	60.00 18-Feb-2016		71.00 30-Sep-2021

Comments (achievements against targets):
The end actual exceeded the target value.

ANNEX 1B. DISBURSEMENT LINKED INDICATORS

DLI 1: DLI 5: National Treasury implements annual planned activities to strengthen countrywide frameworks and systems and to address county capacity gaps (Text)

	Baseline	FY15	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	Total
Original values	n.a.							
Actual values			FY16 CB plan developed FY15 CB plan implemented			FY19 CB plan developed FY 18 CB plan implemented	FY19 CB Implemented.	
Allocated amount ($)		1.00	3.00	2.00	2.00	2.00	0.00	10.00
Disbursed amount ($)		0.00	3,990,791.67	0.00	0.00	4,125,436.42	1,225,287.82	9,341,515.91
Comments (achievements against targets):								

According to the verified performance of National Treasury, there was a general improvement in the quality of the capacity building plan for FY 2018/19 compared to the previous ones. The performance of the National Treasury on the implementation of their annual planned activities was 73%, 78% , 98% and 63%, in FY 2015/16, FY 16/17, FY 17/18 and FY 18/19 respectively. These were above the targeted thresholds of implementation rates of 70%, 75%, 80% and 80% for FY 15, FY 16, FY 17, FY CB plan implemented, except FY 18 where there was a decline.

DLI 2: DLI 4: MoPSYGA implements annual planned activities to strengthen countrywide frameworks and systems and to address county capacity gaps (Text)

	Baseline	FY15	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	Total
Original values	n.a.							
Actual values			FY16 CB plan developed FY15 CB plan implemente d			FY19 CB plan developed FY18 CB plan implemente d	FY19-20 CB Plan implemente d	
Allocated amount ($)		0.25	0.75	0.50	0.50	0.50	0.00	2.50
Disbursed amount ($)		0.00	995,968.80	0.00	0.00	975,268.25	260,311.69	2,231,548.74

Comments (achievements against targets):

According to the verified performance of MOPSYGA, there was a general improvement in the quality of the capacity building plans for FY 2018/19, compared to the previous ones . The performance of the MOPSYGA on the implementation of their annual planned activities was 73%, 80% 76% and 82%, in FY 2015/16, FY 16/17, FY 17/18 and FY 18/19 respectively. These were above the targeted thresholds implementation rates of 70%, and 75% and 80% for FY 15, FY 16, and FY 17, CB plan implemented. In FY 18 their CB Plan implementation was below the targeted 80%.

DLI 3: DLI 1: Office of the Auditor General submits audit reports on time and in compliance with ISSAI for all counties that have submitted financial statements in compliance with the PFMA and prevailing acc (Text)

	Baseline	FY15	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	Total
Original values	0.00	47	47	47	47	47		
Actual values		0	0	47	0	0		
Allocated amount ($)		1.00	1.00	1.00	1.00	1.00	0.00	5.00
Disbursed amount ($)		0.00	0.00	1,750,481.47	0.00	0.00	0.00	1,750,481.47

Comments (achievements against targets):

OAG produced timely county audits for FY2017/18. However, delays in appointing a substantive Auditor General meant that whereas FY2018/19 audits were completed in time, these could not be certified in time to meet DLI timelines.

DLI 4: DLI 2: Introduction and timely implementation of Annual Capacity & Performance Assessments by MoDP (Text)

	Baseline	FY15	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	Total
Original values	No ACPA implemented							
Actual values			ACPA Implemente	ACPA Implemente		ACPA Implemente		

			d	d.		d		
Allocated amount ($)		1.00	1.70	1.70	1.25	1.25	1.20	8.10
Disbursed amount ($)		0.00	995,968.80	1,728,536.25	0.00	2,499,704.17	0.00	5,224,209.22

Comments (achievements against targets):

Three ACPAs were conducted and disbursements were based on these. A Value for Money Audit (VfM) which was planned from Year 3 onward, was removed at Restructuring.

DLI 5: DLI 3: MoDP implements annual planned activities to strengthen countrywide frameworks and systems and to address county capacity gaps (Text)

	Baseline	FY15	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	Total
Original values	n.a.							
Actual values			FY16 CB plan developed FY15 CB plan implemented			FY19 CB plan developed FY18 CB plan implemented	FY 19 CB plan implemented.	
Allocated amount ($)		750,000.00	2,250,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,601,572.95	9,101,572.95
Disbursed amount ($)		0.00	2,994,822.87	0.00	0.00	3,000,825.37	2,342,805.17	8,338,453.41

Comments (achievements against targets):

MODA surpassed its achievement thresholds (set at 70% in YR 1, 75 % in Yr 2, and 80% in Yr 3 and 4) , from 73% in FY 2015/2 016, to 76% in FY 2016/17 to 81% in FY 2018/19.

DLI 6: DLI 6: Kenya School of Government implements annual planned activities to address county capacity gaps (Text)

	Baseline	FY15	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	Total
Original values	n.a.							
Actual values			FY16 CB plan developed FY15 CB plan implemented			FY 19 CB plan developed FY 18 CB plan implemented	FY19 CB Plan implemented.	
Allocated amount ($)		0.50	1.50	1.00	1.00	1.00	0.00	5.00
Disbursed amount ($)		0.00	1,991,937.60	0.00	0.00	1,875,515.94	520,623.33	4,388,076.87

Comments (achievements against targets):

According to the verified performance of KSG, there was a general improvement in the quality of the capacity building plans for FY 2018/19 compared to the previous ones. The performance of the KSG on the implementation of their annual planned activities was 73%, 82% , 70% and 84% in FY 2015/16, FY 16/17 and FY 17/18 respectively. These were above the targeted thresholds implementation rates of 70%, and 75% and 80% for FY 15, FY 16, FY 17, and FY 18 CB plan implemented. In FY 18 their CB Plan implementation was below the targeted 80%.

DLI 7: DLI 7: Counties have undergone annual capacity & performance assessment and met access conditions. (Text)								
	Baseline	**FY15**	**FY16-17**	**FY17-18**	**FY18-19**	**FY19-20**	**FY20-21**	**Total**
Original values	n.a.							
Actual values		0	15		25	35	35	
Allocated amount ($)		0.00	4,500,000.00	7,500,000.00	10,500,000.00	10,500,000.00	24,189,363.13	57,189,363.13
Disbursed amount ($)		0.00	13,848,489.70	0.00	13,851,512.60	5,540,685.81	23,948,675.02	57,189,363.13

Comments (achievements against targets):

All yearly targets were achieved.

DLI 8: DLI 8: Counties have undergone annual capacity and performance assessment and have met minimum access conditions and minimum performance conditions for grant funding and implemented projects according (Text)								
	Baseline	**FY15**	**FY16-17**	**FY17-18**	**FY18-19**	**FY19-20**	**FY20-21**	**Total**
Original values	0.00							
Actual values				13	22	38		
Allocated amount ($)		0.00	0.00	30.00	45.00	52.00	0.00	127.00

Disbursed amount ($)		0.00	0.00	20,745,384.94	38,997,385.35	43,062,087.41	0.00	102,804,857.70

Comments (achievements against targets):

The number of counties meeting DLI8 increased from 13 to 22 to 38, surpassing the end of Program target of 35.

DLI 9: DLI2a: MODA coordinates KDSP implementation (Yes/No)

	Baseline	FY15	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	Total
Original values	Yes					Yes		
Actual values		Yes				Yes		
Allocated amount ($)		0.00	0.00	0.00	0.00	1.40	0.00	1.40
Disbursed amount ($)		1.40	0.00	0.00	0.00	728,872.71	0.00	728,874.11

ANNEX 1C. PROGRAM ACTION PLAN

Action	Timing		Achieved (Yes/No)	Completion Measurement
Conduct a review of the implementation of the first year of full grant disbursements, and discuss options for financing of the C&P Grant beyond FY	Recurrent	Continuous	Yes	Annual performance assessment (APA)

2019/20 at the KDSP Steering Committee				
Eligibility criteria including resettlement and dealing with vulnerable and marginalized groups will be included in the Program Operational Manual (capacity and performance grants Manual) and in training for KDSP.	Recurrent	Continuous	Yes	APA
Interested county governments are sensitized to ACPA and grants and able to meet the program minimum access conditions	Recurrent	Continuous	Yes	APA
Ministry of Public Service/DPSM appoints a focal point/team to coordinate HR action plans, reports, budget submissions	Recurrent	Continuous	Yes	Completed reflected in MODA progress report
Independent ACPA conducted	Recurrent	Continuous	Yes	Annual exercise captured in MODA program work plan
Results of ACPA widely published to promote transparency and increased incentives for performance	Recurrent	Continuous	Yes	MODA progress report, The Kenya Gazette
Office of the Auditor General completes audit reports in time for grant allocations	Recurrent	Continuous	Yes	APA

Comments:

Only one internal audit was completed. County audits were completed on time but could not be certified at law due to the absence of a substantive Auditor General.

Grant conditions, including adherence to capacity and performance grants Manual, included in County Allocation Revenue Act-CARA	Recurrent	Continuous	Yes	National level verification reports, MODA progress reports, APA
GoK will transfer capacity and performance grants to counties as per Program entitlement and CARA allocations in two tranches, with the first tranche disbursed before end August, and the second tranche disbursed before end February each year.	Recurrent	Continuous	Yes	APA, The Kenya Gazette
Program Operating Manual includes system for tracking Program expenditures and outputs (including compliance with investment menus)	Recurrent	Continuous	Yes	MODA progress reports. POM completed
Technical Committee operational	Recurrent	Continuous	Yes	MODA progress reports
National Treasury appoints a focal point/team to coordinate with Treasury departments and ensure adequate annual budget for the Program is reflected in annual printed budget estimates	Recurrent	Continuous	Yes	National level verification reports
Audit Committee guidelines to be developed and issued	Recurrent	Continuous	Yes	MODA progress reports
Joint Steering Committee operational,	Recurrent	Continuous	Yes	MODA progress reports

including county governor representative				
KDSP Secretariat operational: Coordinator and staff are assigned or appointed in the KDSP secretariat as per institutional arrangements and sufficient operating budget allocated	Recurrent	Continuous	Yes	National level verification reports
KSG appoints a focal point/team to coordinate KSG action plans, reports, budget submissions	Recurrent	Continuous	Yes	National level verification reports
Chapter with methodology and ToR for value-for-money audits added to C&P Assessment Manual, compliant with PFMA requirements	Recurrent	Continuous	Yes	APA
Sensitization of counties includes training of technical staff responsible for environmental and social management.	Recurrent	Continuous	Yes	APA
Sensitization of counties includes training of county focal persons (county secretary's offices, complaints officer) on complaints handling and management (in consultation with the EACC and other institutions)	Recurrent	Continuous	Yes	Regular training undertaken by MODA reported in the MODA progress report
Implementing agencies to develop risk management registers. KDSP Secretariat to develop and periodically update risk management registers	Recurrent	Continuous	Yes	APA

Sensitization and awareness campaigns on corruption reporting mechanisms	Recurrent	Continuous	Yes	APA

ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION

A. TASK TEAM MEMBERS

Name	Role
Preparation	
Abdu Muwonge, John Muratha Kinuthia	Task Team Leader(s)
Joel Buku Munyori	Procurement Specialist(s)
Josphine Kabura Kamau	Financial Management Specialist
Ndiga Akech Odindo	Team Member
Asasira Hilari Kamushaga	Team Member
Davison Muchadenyika	Team Member
Monicah Nyawira Karangi	Team Member
Ben Okindo Ayako Miranga	Environmental Specialist
Vanessa Sigrid Tilstone	Team Member
Angelina Darini Musera	Team Member
Maina Ephantus Githinji	Team Member
Christine Anyango Owuor	Team Member
Hope Turyasingura Nanshemeza	Team Member
Lucy Anyango Musira	Team Member
Steffen Soulejman Janus	Team Member
Kimberly Vilar	Social Specialist
Evarist F. Baimu	Counsel
Annette Akinyi Omolo	Team Member
Philip Brynnum Jespersen	Team Member

Supervision/ICR	
Davison Muchadenyika, John Muratha Kinuthia	Task Team Leader(s)
Joel Buku Munyori	Procurement Specialist(s)
Josphine Kabura Kamau	Financial Management Specialist
Ndiga Akech Odindo	Team Member
Asasira Hilari Kamushaga	Team Member
Monicah Nyawira Karangi	Team Member
Ben Okindo Ayako Miranga	Environmental Specialist
Angelina Darini Musera	Team Member
Maina Ephantus Githinji	Team Member
Christine Anyango Owuor	Team Member
Hope Turyasingura Nanshemeza	Team Member
Lucy Anyango Musira	Team Member
Abdu Muwonge	Team Member
Steffen Soulejman Janus	Team Member
Evarist F. Baimu	Counsel
Annette Akinyi Omolo	Team Member
Philip Brynnum Jespersen	Team Member
Sangeeta Kumari	Social Specialist

B. STAFF TIME AND COST

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US$ (including travel and consultant costs)
Preparation		
FY14	2.952	16,334.89
FY15	26.752	298,773.02
FY16	30.496	375,314.56
Total	**60.20**	**690,422.47**
Supervision/ICR		
FY16	0	661.06
FY17	40.941	321,310.65
FY18	17.920	155,083.98
FY19	46.109	332,279.96
FY20	50.337	319,005.99
FY21	0	3,800.00
Total	**155.31**	**1,132,141.64**

ANNEX 3. PROGRAM EXPENDITURE SUMMARY

Source of Program Financing (US$)	Type of Co-Financing	Estimates at Appraisal	Actual Expenditures (Disbursement)		
			Actual	Percentage of Appraisal	Percentage of Actual
World Bank	**IDA**	**200,000,000**	**192,990,400**	**70%**	**66%**
Borrower		**87,300,000**	**99,058,000**	**30%**	**34%**
Other Partners					
Total		**287,300,000**	**292,048,400**		

ANNEX 4. BORROWER'S COMMENTS

ANNEX 5. SUPPORTING DOCUMENTS (IF ANY)

Project Appraisal Document. World Bank. February 2016.
Financing Agreement. World Bank. April 2016.
Aide Memoires (various). World Bank. 2016–2021.
Implementation Status Reports (various). World Bank. 2016–2021.
Restructuring Papers. World Bank. April and December 2020.
Country Partnership Strategy for Kenya (2014–18). World Bank. 2014.
Draft Country Partnership Framework for Kenya (2022-27). World Bank. 2021.
ACPA 1-4. Ministry of Devolution and Arid and Semi-Arid Lands. 2016-2020.
National Capacity Building Framework. Ministry of Devolution and Planning. 2013.
National Capacity Building Framework Medium-Term Interventions. Ministry of Devolution and Planning. 2014.
Consolidated County Budget Review Report FY 2018/2019. Office of the Controller of the Budget.
KDSP End of Program Evaluation Report. MoDA. February 2022.