

The Second Kenya Devolution Support Program (KDSP II)

The proposed KDSP II will build on the achievements of the first phase of the Kenya Devolution Support Program (KDSP), which was implemented from 2016 to 2021. Through KDSP I, foundational institutions, systems, and capacities to support devolution were established, but certain gaps remain. Through implementing several other devolved sector projects, a common theme of challenges has emerged, which the Program also proposes to address. The overarching objective is strengthening counties to deliver their functions efficiently and effectively. The Program proposes to address these challenges through a range of activities undertaken by national Ministries, Departments and Agencies (MDAs), and county governments.

KDSP II interventions are aligned under three Key Result Areas (KRAs):

KRA 1 will support efforts towards enhancing financing, and expenditure management by counties. In this KRA, the IPF will support the development of frameworks and guidelines for county revenue mobilization; policy and legislation to support financing for service delivery units through Appropriation-in-Aid (A-in-A) and Authority to-Incur Expenditure (A-I-E); and structures and tools to support counties institutionalization of shared project management functions (i.e., the County Single Project Management Unit (SPMU)). The DLIs and Disbursement Linked Sub-Indicators (DLSIs) will similarly target the revenue mobilization agenda (e.g., increased revenue collection, enhanced accuracy of fiscal forecasting, and expansion of revenue base), timely communication on releases of conditional grants, automation of the county exchequer requests, and implementation of pending bill action plans.

KRA 2 will support national and county government initiatives toward strengthening intergovernmental coordination, institutional performance, and integration of HR and payroll data. The IPF will support the development of policy, legislation, and administrative procedures for the operationalization of inter-governmental, inter-city, and inter-municipality forums. The IPF will also support the development of guidelines including county HR and skills audits, model organization structures for customization by counties, and performance management. DLIs and DLSIs under this KRA will target counties conducting and implementing recommendations of HR, Skills, and payroll audits, alignment of county staffing with departmental functions, and improving the credibility of the payroll.

KRA 3 will support improvements in oversight, participation, and accountability. The IPF will support the development of guidelines on project stock-taking, community-led project management committees, and climate change risk screening and preparedness (including assessment of the climate resilience of existing infrastructure assets). The IPF will also support the rollout of the county PIM framework. The DLIs and DLSIs will focus on the establishment of project management committees; county compliance with the PIM framework and the development and operationalization of a county investment dashboard with a citizen feedback interface (which is used to improve public investments). The Program will support a range of investments in the construction and/or rehabilitation of

infrastructure in the following sectors: Agriculture, health, transport, trade, education, county public works, firefighting and disaster management, cultural activities, public entertainment, and public amenities. The program will not finance any investments in the negative list of the ESSA, and other ineligible expenses as defined in the PAD.

To support the implementation of the Program, the following institutional arrangements are to be established in each participating county not later than 3 months after Program effectiveness:

1. County Program Steering Committee

The County Program Steering Committee (CPSC) shall be established in each county participating in KDSP II and will provide overall direction for the achievement of Program results at the county level.

2. County Program Technical Committee

The County Program Technical Committee (CPTC) will be responsible for the technical operation of the Program. It will be comprised of representation from the relevant county agencies and departments from the relevant sectors to ensure coordinated delivery of program results.

2.1. County Technical Implementing Partner Teams (CTIPTs)

County Technical Implementing Partner Teams will be formed to support the technical operation of the program's Key Result Areas in the County. Representatives in the CTIPTs will be selected according to their technical capacity and mandates and will be organized and coordinated into dedicated results teams for each KRA to drive collaboration and achieve holistic results. The technical focal persons of the respective KRAS will chair the Partner teams.

3. KDSP II County Program Lead and Accounting Officer

The CECM in charge of matters related to Devolution shall be the KDSP II County Program Lead and is responsible for the overall oversight, accountability, and achievement of results for the Program.

The Chief Officer in charge of Devolution will be the county KDSP II Accounting Officer and a mandatory signatory to the KDSP II Special Purpose Account (SPA).

The Chief Officer in charge of Devolution, in consultation with the CECMs Devolution and Finance, shall be responsible for:

- ✓ Designating county accountants
- ✓ Ensuring that funds disbursed from the National Treasury to the CRF are transferred to the Special Purpose Account (SPA) and from the SPA to operational accounts without delays.
- ✓ Maintaining proper books of accounts and financial reporting, including quarterly financial reports to NPCU
- ✓ Submitting financial and non-financial reports related to the Program
- ✓ Ensuring compliance with the Public Finance Management Act (2012) and PFM Regulations (2015) in the conduct of their work.

4. County Program Implementation Unit

The County Program Implementation Unit (CPIU) will be responsible for the day-to-day operations of the KDSP II Program and will be led by the County Program Coordinator.