



REPUBLIC OF KENYA

**SECTOR PLAN
FOR
PUBLIC SECTOR REFORMS
2013 – 2017**

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FOREWORD

In keeping with the decision that Kenya Vision 2030 be implemented through five year Medium Terms the Government successfully launched the Second Medium Term Plan (MTP 2013-2017) in October 2013. The Ministry of Devolution and Planning then embarked on the process of preparing the second round of Kenya Vision 2030 Sector Plans detailing policies, programmes and projects to be implemented in each sector. A total of twenty one Sector Plans have therefore been produced based on the work of nineteen medium term plan sector working groups and three thematic working groups formed to prepare detailed plans as background documents for the Second MTP).

The Sector Plans outline in greater detail specific plans for implementation in each sector during the 2013-17 period. The Plans have been prepared through a participatory and inclusive process involving representatives from the government, development partners, private sector, NGOs, civil society, faith based organizations, professional associations, research institutions, and organizations representing women and youths, among others. Apart from the technical inputs, the Sector Plan priorities have been aligned and taken into account the priorities and inputs from nationwide Second MTP county consultation forums which captured views and priorities of Kenyans at the grass root and local level. Additionally, the Sector Plans have taken on board the key issues and priorities outlined in the Manifesto of the Jubilee Government in line with Second MTP.

The Sector Plans implementation matrices outline the broad goals and strategic objectives, the specific objective of each programme and project, the expected output and outcomes, the indicators for monitoring progress, the entity responsible for implementation, the implementation timelines, the source and mode of funding for each planned programme and activity starting financial year 2013/14 to 2017/18.

In accordance with the Constitution of Kenya, it is expected that the programmes and projects outlined in the Sector Plans will be implemented in close consultation and collaboration with county governments, keeping in mind, the distribution of functions between the national and county governments as outlined in the fourth schedule; and the capacity of county governments. Involvement of the private sector, including through Public Private Partnerships (PPPs), in implementing the sector plans will also be crucial to deliver the expected outputs and outcomes of various prioritized programmes and projects.

To ensure successful implementation of the Sector Plans, and the activities outlined in the implementation matrices, my ministry will put in place the necessary monitoring and evaluation framework and systems including the reporting formats and templates for production of quarterly progress reports by implementing entities.

In conclusion, let me take this opportunity to thank the respective Cabinet and Principal Secretaries involved in various sectors and all those involved in preparation of the Sector Plans.



Anne Waiguru, O.G.W.
Cabinet Secretary, Ministry of Devolution and Planning

PREFACE

This plan is as a result of the requirement of the Kenya Vision 2030 to develop Medium Term Plans (MTPs) for the year 2013-2017 in the Public Service Reforms Sector. The Plan builds on achievement and lessons learned in implementing the 2008-2012 Sector Medium Term Plans. It marks the end of skilful and rigorous analysis undertaken by the Public Sector Reforms and Performance Contracting (PSR & PC) and the relevant line Ministries.

I wish to acknowledge the core analytical team who have once again demonstrated technical expertise in producing this Plan report. The sector members comprising Ministries and Government Departments (MDAs) involved in the preparation of this Sector Plan have also shown a keen interest to formulate plans and programmes that have the capacity to achieve the Kenya Vision 2030 Agenda.

Finally, let me recognize our Development Partners who have continued to offer both technical and material support.



**Eng. Peter Mangiti,
Principal Secretary,
Ministry of Planning and Devolution**

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1 INTRODUCTION

“A Citizen-Focused and Results-Oriented public service”

An efficient, motivated and well trained public service is one of the major foundations of the Kenya Vision 2030. Indeed, according to the Constitution of Kenya (CoK, 2010) a public service must be build that is efficient, performance or results-oriented and citizen-focused. In fact, an efficient public sector is pivotal for enhanced national competitiveness, economic growth and development, which ultimately leads to a high quality of life for Kenyans as envisaged by the Vision 2030.

Public Sector reforms will be guided by the principles in the Constitution 2010 and Kenya Vision 2030 which bind all public officers to observe the principles of efficiency, observe human rights and good governance, integrity, transparency, accountability and sustainable development. The sector will be transformed by building and implementing service delivery systems that will not only ensure efficiency, quality, speed, convenience, dignity in service delivery but also global competitiveness.

During the First MTP, a number of public sector reform initiatives were undertaken: These include; institutionalization of Results Based Management through such tools as; Rapid Results Initiatives (RRI) in implementation of programs; Performance Contracting and Performance Appraisal Systems. Other reforms focused on transformative leadership, structured stakeholder engagement, Public Financial Management, mainstreaming gender and disability issues.

Reforms in the public service will continue to be deepened across the entire public service. These reforms will be guided by the national values and principles of governance (Constitution of Kenya, Article10). In this regard, citizens will now expect public officers to embrace high standards of professional ethics and prudent use of resources for sustainable development. Great demand will be on provision of prompt, responsive, timely, effective non-discriminative public services. In the face of scarce resources, this will ultimately translate to better resource management and value for money in service delivery.

2 SITUATION ANALYSIS

2.0 Situational Analysis of the Public Sector Reforms

During the First MTP, major achievements were realized in public sector reforms under the various sub-sector mandates. In this endeavour, all the public institutions and ministries, departments and agencies carried out reforms that cut across all the sectors of the economy. However, the Sector equally faced a myriad of challenges some of which seriously affected the outputs and outcomes of sector programmes.

2.1 Public Sector Reforms

The *Kenya Vision 2030* envisages a public service that is more focused, efficient, results-oriented and responsive to citizens' needs and aspirations. The First MTP targets for the sector reforms included intensification of effort aimed at nurturing and instilling attitudinal change in the public service, deepening of Results Based Management (RBM) and Performance Contracting. The following were realized in the respective target areas:

2.1.1 Results Based Management

A Scheme to attract, reward and retain high achievers in the Civil Service has been developed and final consultations are underway before implementation commences. The Government Human Resource Information System (GHRIS) is 90 percent complete. The same has been rolled out and is operational in all Ministries. Further, Performance Appraisal Instrument has been incorporated in GHRIS, and guidelines on operation of Ministerial Performance Appraisal Management Committees have been developed.

2.1.2 Performance Contracting

A number of milestones have been realized under this target. These are: 471 MDAs have been put on performance contract; automation of performance contract process has been successful; performance contract evaluation carried out and results released; and sector performance standards were introduced.

Implementation of Performance Contracting in Kenya has yielded significant benefits to the country that include: refocusing Ministries, Departments and Agencies (MDAs) on realizing their core mandates; Improved MDA performance, for instance, in improved profitability levels particularly in the commercial state corporations; introduction of citizen service delivery charters which refocused MDAs on identifying and delivering services against specific service standards; and improved levels of transparency and accountability where obligations of all public agencies are included in the publicly signed performance contracts and in most cases uploaded on the agencies' website for stakeholder reference.

The Performance Contract and Evaluation System has evolved to adapt to emerging issues that include expansion of indicators to reflect some of the overarching national concerns such as corruption; implementation of one of the most extensive system of performance contracts expanding from a pilot of sixteen state corporations to 476 Ministries, Departments, State Corporations, Local Authorities and Tertiary Institutions and the involvement of political leadership in supporting the performance contracting process.

The aforementioned performance improvements have been recognized in the National Customer Satisfaction Survey where the overall customer satisfaction index was 63.5 (comparable to international benchmarks). This compares favourably with those of New Zealand (68% in 2007) and Canada (67% in 2005) which also employed the Common Measurement Tool (CMT). Consequently, Kenya has received awards in various fora: the 2007 United Nations Public Service Award in Category 1: Improving Transparency, Accountability, and Responsiveness in the Public Service; the Ash Institute for Democratic Governance and Innovation Award (Harvard University) and the overall winner in All Africa Public Sector Innovation

Awards 2010 in “Innovation in Systems and Processes of Governance “ sponsored by the Conference of African Ministers of Public Service under the auspices of the African Union.

2.1.3. Kenya School of Government

The Kenya School of Government was established by the Kenya School of Government Act on 9th May 2012 to provide instruction for improved performance at all aspects of the public service; and to devise ways to inculcate public service values and ethics, and transformative leadership. The Council of the School was inaugurated on 16th October 2012. The School is expected to build capacity of government officers at the national and county levels. Further, funds have been provided for the Kenya School of Government Campuses (former Government Training Institute (GTIs) to upgrade their facilities and build the School’s capacity of the faculty of the School. For the School to achieve the envisaged goal it is important to develop certain core capabilities of the faculty so that they can acquire the capabilities that are needed by the School for the delivery of its mandate.

2.1.4 Performance Improvement Programme

A comprehensive medical insurance scheme for civil servants, disciplined force and their families was rolled out and became operational in January, 2012. A manual on Public Service Human Resource policies and regulations has been developed. The Code of Regulations (COR) has also been reviewed and harmonised with the Constitution. A review of the Public Service Recruitment and Training Policy was started and Draft Recruitment and Training Policy developed.

2.1.5 Capacity Building

In terms capacity building, 620 officers have been sensitized and trained in 48 work performance areas. Twelve (12) Training Needs Assessments (TNAs) have also been undertaken. A Training Revolving Fund (TRF) has been established and guidelines for implementation developed. In addition proposals for training and capacity building and management of scholarships from development partners have been developed and submitted. A data capture system to track scholarships offered by development partners has been developed and is being implemented.

2.1.6 Reforms in the Administration of Justice

Reforms in this area included judicial reforms; reforms in the Office of the Attorney General; National Police reforms and Public Prosecution System reforms. In particular, judicial reforms are based on infrastructural development that has entailed the building of new courts, strengthening capacity of the staff, vetting of judicial officers Commission for Administrative Justice (CAJ) and the prison service.

The Office of the Attorney General, who is the principal legal advisor to the Government, has been reformed through capacity building, institutional reform and review of processes and procedures. To create operational efficiency, several offices have been created from the Office of the Attorney General. These include: Registrar of Political Parties, Registrar of Trade Unions, Administration of Copyrights, Witness Protection Programme, National Crime Research Centre and the Directorate of Public Prosecutions. Other reforms include measures to reduce time in provision of registration services for business names and companies. In addition, there has been decentralization of legal services from the Nairobi to regional offices.

Reforms have also been undertaken in the police force by creating the National Police Service, the position of Inspector - General of Police and two Deputy Inspectors-General, establishment of the Independent Police Oversight Authority and the National Police Service Commission.

By ushering in the new constitution, Kenyans expressed a need for a different kind of governance and specifically to rid of the system of management of urban areas under which the governance of urban areas has tended to give greater prominence to political expediency than the public service delivery.

To deal with negative perceptions of local political leadership, Kenyans have opted for professional management of local governance units. It is for this reason that the Constitution specifically called for distinct management structures that would address the concerns of urban residents, a situation that has been comprehensively addressed by the Urban Areas and Cities Act of 2011.

2.1.7 Public Finance Reforms

Other reforms introduced during the 1st MTP include the entrenchment of the Public Finance Management Reform (PFMR) Programme launched in 2006 to coordinate reforms within the public finance system. Since then, a number of changes have been made in budget formulation, public procurement, external audit, revenue collection, budget execution, internal audit, parliamentary oversight, payroll, debt and guarantee and pensions among others.

Changes brought by the new constitutional dispensation have major implications for both fiscal and administrative decentralization. This presents an urgent need for more reforms in public financial management and the way resources are allocated to the devolved level. A number of new institutions with Public Finance Management (PFM) mandate such as the Commission on Revenue Allocation, Salaries and Remuneration Commission and the Controller of Budget have been created. Similarly, the PFM Act is now operational with a provision for a new budget calendar with clear deadlines. The Act further clarifies the roles and responsibilities for the actors, and has established a new accounting standards body. The Act also introduces reforms including a Single Treasury Account at national and county governments and has adopted a single unified PFM system for national and county governments.

There is need for extra momentum to reform PFM in Kenya and especially to make it more efficient, effective, participatory and transparent. This will result in improved accountability and better service delivery for Kenyans.

The introduction of county governments with PFM responsibilities is a major undertaking. There are a number of other PFM reforms that are on-going. The most significant is the roll out of the IFMIS re-engineering strategy and the finalization of new Public Financial Management Reform Strategy (2012/17) which is expected to accommodate the emerging changes in the PFM.

Chapter six of the Constitution of Kenya 2010 requires public service delivery to be customer-focused. Values and ethics have been inculcated in the Public Service as contained in the Public Officer Ethics Act 2003 and the Revised Code of Regulations for the Public Service 2012.

2.1.8 Business Process Re-engineering

The Government has introduced Business Process Re-engineering in the Public Service. The objective is to support all other reform initiatives by focusing on redesigning processes based on customer needs and global competitiveness for better service delivery and sustainable results.

Business Process Reengineering (BPR) is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in key performance indicators such as cost, quality, cycle time, and customer satisfaction. The BPR process involves a thorough interrogation of business processes in light of customer needs, information technology and global competitiveness; followed by a radical redesign of the process to meet customer needs.

To undertake the initial stages of implementing BPR, a study of some of the major processes that determine the country's global competitiveness and successes in service delivery has been carried out. The findings of the mapping exercise revealed fundamental issues and challenges that need to be dealt with in order to set up the Public Service for actual re-engineering. The major challenges include lack of a Government-wide enterprise architecture; Absence of ICT policy that would specify standards

and governance issues; lack of data strategy that would define data architecture, policies on data migration, governance and standards; Incomplete birth and death records that make it impossible to have comprehensive population data; A multiplicity of IT systems that are not integrated; and inadequate legislation for creation of an enabling environment for re-engineering processes.

2.1.9 Salaries and Remuneration Reviews

A review of the remuneration and benefits in the Public Service revealed the extent of disparities in pay and benefits across the Public Service and their effects on morale and performance. To address this disharmony, a mechanism through which public sector pay would be harmonized was devised through entrenchment in the Constitution of the Salaries Review and Remuneration Commission.

2.2 Challenges and Foreseeable Risks

Some of the challenges and foreseeable risks include:

- (a) Weak collaboration between public service institutions involved in public sector reforms.
- (b) Inadequacy of certain specialised skills and incentives necessary for implementation of Vision 2030 projects.
- (c) Inadequate appreciation of skills and competencies available in the public service.
- (d) Inadequate linkage between, budgeting, planning and results.
- (e) Inadequate budgetary support for public sector reforms.
- (f) Absence of a coordinated legal framework with respect to Public Sector Reforms.
- (g) Weak monitoring and evaluation of public sector reforms.
- (h) Inability to sustain results of reform initiatives such as Rapid Results Initiatives.
- (i) Formulation of policies, procedures and strategies which are not research based.
- (j) Lack of competency assessment framework.
- (k) Shifting of goals midway in the project implementation.
- (l) Lack of impact assessment on implemented projects which could assist in consolidating reforms.
- (m) Issues of attitude, culture and leadership have not been addressed adequately in order to support reforms.

3 PROGRAMMES AND PROJECTS

3.0 Sector Programme Priorities

This chapter presents the sector priorities for the period 2013 - 2017. These programmes have been categorised into core/flagship projects; high priority programmes and other priority programmes. These programmes have the potential for the creation of a “world class public sector that effectively facilitates the private sector for a thriving economy”.

3.1 Flagship Programmes and Projects

3.1.1 Public Service Transformation Strategy

The government will implement a Public Service Transformation Strategy aimed at creating an efficient and effective public service with moral and ethical values and ethical standards, and a highly motivated human resource for efficient public service delivery. The Strategy will seek to address the global governance environment by enhancing responsible citizenship and value based socialization.

3.1.2 Institutionalization of Results Based Management (RBM) in the Public Service

Institutionalization RBM in the public service will continue with a special focus on the County Governments to ensure citizens access quality services in line with the spirit of the Constitution. Current RBM tools that include Rapid Results Initiatives, Performance Contracting, Performance Appraisal System, among others will continue to be implemented.

3.1.3 Huduma Kenya Integrated Service Delivery Model

Integrated service delivery is now a global standard for Public Service Innovation in service delivery and has been adopted by many developed and developing countries such as Canada, Singapore, South Africa, Australia, Brazil and India. The Huduma Kenya programme aims at providing a Multichannel, “single window” citizen access to transactional Government services using a variety of channels such as: i) One Stop Shop Huduma Citizen Service Centres; ii) online Huduma web portal; iii) mobile phone Huduma platform; iv) a Huduma call centre and; v) an Integrated Huduma payment gateway. One Stop shop Huduma Citizen Services Centres will be established in all the 47 counties to allow for quality and accessible services. In addition, officers from MDAs and counties will be trained on customer care for the Huduma Centres. The Huduma Kenya programme will also unlock opportunities for the ICT Sector, create Business Process Outsourcing (BPO) jobs and promote youth enterprise to accelerate economic development and enable the achievement of Kenya Vision 2030.

3.1.4 Training and Capacity Building

During the second MTP, focus will shift to competency based training and capacity building for improved service delivery. At the Kenya School of Government (KSG) activities will continue being undertaken to facilitate the development of infrastructural facilities and curriculum for training of both national and county government officials. The curricular will include such programs as: transformational leadership; management for results Business Process Re-engineering; public service values, and; Information, Communication and Technology. The school will also ensure that the right trainer capacity is built to respond to the needs of the Public Service.

3.2. High Priority Projects

3.2.1 Integrated Human Resource Information System:

During the First MTP, a Government Human Resource Information System (GHRIS) was developed with the objective of addressing all Government Human Resource (HR) needs. The System will be configured to interface with other existing and future systems like IFMIS, G-Pay, and IPPD in a platform that will ensure smooth operations in a linked up government.

3.2.2 Modernisation of Records Management:

Proper IT-based records management systems will be developed and implemented to avoid loss of records and delays in service delivery.

3.2.3 Real-time Performance Monitoring System (PMS):

A real-time Performance Management System will be developed to enable online real-time monitoring of performance at all levels by the President, Cabinet Secretaries, Principal Secretaries and Chief Executive Officers down to the lowest institutional levels and obtain feed-back. A performance Awards System will be developed modelled around the principles of the “Company of the Year” for Counties.

3.2.4 Business Process Re-Engineering

The Government will undertake to develop a government-wide enterprise architecture that will include technology, data, application and business architecture. An ICT (e-government) policy will be developed and implemented to set standards for governing ICT programs in compliance to the enterprise architecture.

3.2.5 Integrated Population Registration Services

The Integrated Population Registration Services (IPRS) will be elevated as the single data base for registration of persons, ensure all birth and death records are captured and all registration of persons services are integrated in line with the ICT policy.

3.2.6 Legislation for ICT Reforms

A programme that will seek to undertake general legal reforms to develop and/or improve fundamental legislation that include the Electronic Transaction Act, Computer Crimes Act and Evidence Act will be put in place. The other activity under this programme will be a review of Ministry/sector specific legislation to recognize electronic documents, allow e-payments to government and also avoid filling of multiple forms.

3.2.7 Medical Insurance Scheme

Continuous review of the Civil Servants and Disciplined Services Medical Insurance Scheme will be undertaken to interrogate the current administrative structure and address the existing efficiency and effectiveness concerns. The review will ensure that other elements like life cover and post-retirement medical insurance are considered.

3.2.8 Kenya School of Government (KSG)

In the second MTP, the KSG implementation programme will continue the development of infrastructural facilities and the curriculum for both national and county government officials. The curricula will include programs such as Transformational Leadership, Management for Results, Business Process Re-engineering, Public Service Values and Principles, Performance Management and Information, Communication and Technology. Focus will shift to competency based training and capacity building for improved service delivery as well as attitudinal change. The school will also ensure that the right trainer capacity is built to respond to the needs of the Public Service at all times. To actualize what is envisaged in Kenya Vision 2030 regarding the School of Government, competency assessment will be carried out for purposes of strengthening the competency base training so as to assist in appropriate deployment of officers. The competency assessment will be guided by the Competency Development Framework and the manual on managing the training function in the public service. In addition, KSG will carry out impact assessment for senior managerial training on public service delivery so as to identify challenges managers encounter in knowledge application and recommend solutions.

3.2.9 Contributory Pension Scheme

The introduction of the contributory pension scheme remains a Government priority. The pension scheme

will be factored in the budget and be implemented in the next five years. With introduction of the new Scheme, both the employee and Government contribution will be available for investment in the Capital Markets to generate returns to improve and sustain employee retirement benefits. Due to portability of benefits, employees will also be free to transfer their skills across the economy without loss of benefits.

3.2.10 The Housing Policy for National and County Governments

The housing policy for public servants shall be reviewed and guidelines developed to inform the implementation of a robust housing policy to benefit public servants both at the National and County level of Government.

3.2.11 Staff Rationalization

Following the establishment of the County Governments and reorganization of the National Government, it is necessary to embark on capacity assessment and rationalization of the public service. The National government in collaboration with the county government will develop a programme to manage this process during transition.

The capacity assessment and rationalization of the public service programme will involve restructuring, staff redeployment, transfers and separation, which will facilitate optimal utilization of staff and continuity of service delivery at the two levels of government. The rationalization programme will be based on the need for appropriate structures and optimal staffing in line with organizational mandates and priority needs at both the National and County level of government.

The programme will cover the public service at the national and county levels of government excluding state corporations, independent commissions and the disciplined service. The purpose of this programme is to ensure that government functions are structured to transform the Public Service to higher levels of professionalism, efficiency and effectiveness in service delivery at national and county governments.

Objectives of the Programme

The objectives of the programme are;

- (i) To study the current organizational structures of the national and county public service and recommend appropriate organizational structures for effective service delivery, taking cognizance of the mandate and uniqueness of each national and county government institution;
- (ii) To establish the existing human resource capacity at the national and county levels and make recommendations on the optimal staffing levels based on the realigned structures;
- (iii) To undertake human resource audit and skills inventory to inform the rationalization; and
- (iv) To recommend modalities for undertaking the rationalization exercise in accordance with relevant laws, statutes and conventions, and implement the recommendations.

Expected Outputs

The key expected outputs/deliverables from the programme include:

- (a) Clear organization structures and optimal staffing levels at the National and County Government;
- (b) An inventory of existing skills, competencies and gaps in the Civil Service;
- (c) Aligned functions in Ministries and Departments at national and county levels of government with no overlaps and duplication;
- (d) Attain a manageable and sustainable public service wage bill.

3.2.12 Review of the Training Revolving Fund for Public Servants

To build the capacity of public servants, the Government introduced a Training Revolving Fund for public servants to access loans at a subsidized interest rate of 4% to further their studies. The first phase of the Fund was implemented and public servants have started to benefit from the Fund. This program will be reviewed to ensure that it meets the training needs of public servants both at the national and county levels and ensure increase in percentage uptake of the fund.

3.2.13 Harmonization of Terms and Conditions of Service

Adequate measures shall be put in place by the Salaries Review and Remuneration Commission to harmonize terms of service for public servants.

3.2.14 Development of a Policy on Values and Principles of Public Service

In 2012, a Task Force was appointed to develop a policy on values and principles of public service. The objective is to review existing laws, regulations and policies relating to the public service. The output will be a draft policy and a draft bill to be presented before Parliament.

3.2.15 Development of Capacity Building and Technical Support Programme

Capacity building and technical support programmes will be developed for County Governments' staff to implement performance management system. The other objective is to ensure efficient, effective and economic use of resources.

The capacity of the National Assembly and Judiciary to create systems for improving internal efficiencies and accountability to the public shall also be built.

3.2.16 Career and Succession Management Strategy

The Career and Succession Management Strategy in the Civil Service developed in 2007 will be reviewed to incorporate emerging issues. The Strategy intends to ensure availability and development of various cadres of Staff across the public service to ensure smooth succession in the Public Service when vacancies occur for various reasons. This will ensure continuity of efficient service delivery in the public service both at the national and county governments.

The framework will entail development of schemes of service under nineteen job families based on complementarities of functions. Further, the framework will collapse the current grading structure of twenty one (21) grades into fourteen (14) grades based on the salary banding system. To ensure strategic alignment with performance management, the schemes will also contain Key Result Areas and Performance Indicators.

The Career and Succession Management Strategy will assist in:

- (i) Determination of current and future staffing requirements in the Civil Service.
- (ii) Ensuring availability of suitable Officers to fill vacancies occasioned by retirement, death, resignation, transfer or creation of new posts.
- (iii) Institutionalizing Human Resource Planning.

3.2.17 Rolling out of Information, Education and Communication (IEC) Strategy

The IEC Strategy shall be developed to empower the citizen to demand excellent services from public agencies. It will also aid in disseminating information on service charters and reporting thereon, with involvement of external stakeholders. The strategy shall be developed in collaboration with external

stakeholders and civil society, coordinated by the Kenya Alliance of Resident Associations (KARA).

3.2.18 Tax Reforms

The following tax reforms will be implemented to raise resources to finance government programmes and meet the fiscal deficit targets:

(i) Integrated Tax Management System (ITMS)

The second phase of the implementation of ITMS during the second MTP period will ensure that all large and medium taxpayers make online filing of their returns as well as online payment. It will also reduce the number of payments made in a year and thereby improve Kenya's ranking as a preferred investment destination in the World Bank's Doing Business ranking. A wide range of electronic services will be availed including electronic filing and registration, electronic payment, electronic taxpayer accounts, core internal modules covering compliance, audit, debt and refund, incorporation of road transport department's functions into ITMs and electronic tax register data transmission.

(ii) Payments of Taxes via Mobile Money

Common Cash Receipting System (CCRS) will be enhanced and rolled out to cover all KRA business systems. In addition, CCRS will be fully integrated with Central Bank of Kenya and appointed commercial banks for seamless flow of revenue collection information. CCRS will be enhanced to incorporate the following functions:

- Electronic payment of taxes (e-Pay).
- Mobile banking and payment by integrating CCRS with mobile banking operators for taxpayers making small payments through mobile money technologies such as M-PESA and Zap through identified payment gateways.

(iii) Turnover Tax

The Turn over tax will be revamped to make it more efficient and easy for the taxpayers to comply with. A sector specific taxpayer education programme as well as an expanded scope of electronic payment will be implemented to increase recruitment and registration of taxpayers and revenue collection.

(iv) Taxation of Real Estate Sector

The Real Estate sector grew substantially during the first MTP period. However, this growth did not translate into increased revenue collection from the sector. The Authority has therefore put in place innovative information technology to ensure increased revenue collection from this sector and improve compliance of rental income tax to be in line with other direct taxes. The new system called GEOCRIS that uses geo-spatial information will be deployed to locate property and track landlords to pay rental income.

(v) Taxation of High Net Worth Individuals (HNWIs)

The Authority will work with other jurisdictions through tax information exchange agreements to conduct joint audits of HNWIs. KRA will therefore enhance its strategy to identify and tax HNWIs.

(vi) Single Customs Territory

Implementation of Single Customs Territory (SCT) and introduction of tax payment at first point of entry requires Customs Services Department (CSD) to develop an optimal revenue sharing agreement formula with partner countries which will lead to better coordination of revenue management. The CSD will strengthen the computerised systems to reduce cost of doing business and ensure timely disbursement of revenues. The CSD will separate policy and oversight functions from implementation roles through addressing the non-trade barriers (NTBs) that may inhibit free movement of trade. During the plan period, CSD will undertake audit visits to partner states in order to increase governance in revenue management and also training of CSD staff on SCT procedures and structure.

(vii) Dynamic Risk Management System

A KRA-wide Dynamic Risk Management System (DRMS) will be developed and implemented, and integrated with all relevant KRA systems to target resources for higher end activities and facilitate increased efficiency.

(viii) Implementation of Electronic Cargo Tracking System (ECTS)

The Authority will complete and roll out the multi-vendor ECTS, to allow other service providers to come on board. In addition, the system will be integrated with other Regional Authorities' electronic cargo systems to ensure seamless monitoring of cargo throughout the region.

(ix) Transfer Pricing

To prevent revenue loss and loss of foreign exchange through transfer pricing the Authority will: review the governance structure of the transfer pricing programme, enhance the transfer pricing risk assessment, implement an alternative dispute resolution strategy, build up the Authority's third party information base and sources and strengthen tax information exchange agreements and partnerships.

(x) Implement the strategy for taxation of mining sector

The increasing activities in the mining sector are a pointer to the potential of the sector to contribute substantially to the economy and government revenue. This follows the recent discovery of various mineral resources in the country. KRA will put in place the requisite mechanisms and framework to collect increased revenue from this emerging sector.

(xi) Review of Revenue Acts

During the second MTP period, several revenue statutes would be repealed to provide a wider scope for revenue enhancement. In particular the Value Added Tax Bill will be tabled before Parliament for de enactment. The VAT Bills aims at simplifying VAT administration to increase compliance and revenue collection. This will include reduction of supplies under exemption and zero-rating.

(xii) County Taxation

The Constitution of Kenya (2010) requires that National State Organs ensure reasonable

access to its services in all parts of the Republic. KRA will re-organize its regional structure in a manner that will bring services closer to Kenyans and position itself for the expanded role of assisting County Governments in collecting County revenue.

(xiii) Strengthening and Revamping Tax Enforcement Mechanisms

There are emerging challenges of cyber-crime and related information technology frauds aimed at tax evasion. In this regard, KRA is revamping its enforcement strategy to tackle these crimes and other information technology related frauds to safeguard revenue and enhance compliance. Key initiatives to be undertaken during the second MTP period include:

- Implementation of automated risk-based audit across all tax heads with automated selection and flagging of compliance risks.
- Overhaul of the electronic tax register (ETR) system. The focus is on electronic linkage between the ETRs and the ITMS to allow for automated population of taxpayers' accounts and electronic monitoring of non-compliant taxpayers.
- Expand mandatory reporting requirements for business, professionals, barter exchange income, broker transactions, non-employee compensation, real estate transactions, rent and sale of securities.
- Enhanced use of enforcement tools including scanners, boats, ECTS, etc.
- Use of automated third party information to increase potential for detection of non-registered taxpayers.
- Increasing the range of transactions for which the personal identification number (PIN) will be required as a means of increasing the potential for detection.
- Implementation of Phase II of Valuation Database covering exports and other customs regimes to detect under-valuations.
- Enhance Investigations and Enforcement Department's capacity to tackle cyber-crime and IT related fraud, and
- Ensure full implementation of the referral guidelines.

3.2.19 E-procurement System

An e-procurement and interactive system will be developed and implemented to store information on all pre-qualified suppliers, market prices of goods and services. This will enable any supplier to bid for tenders in a transparent manner to avoid the delays and corruption in the procurement system.

3.2.20 Restructuring of the Kenya Foreign Service Institute

Diplomacy today demands a wide variety of skills and extensive knowledge in order to ensure effective representation, articulation and pursuit of a country's interests. This calls for intensive and periodic training of diplomats, attachés and other Government functionaries. In pursuit of our foreign policy goals, regional technical cooperation mechanisms will be established to facilitate advancement of Kenya's influence in the region and to support capacity building in peace and conflict resolution in the region. The Foreign Service Institute, established in 2007, will be transformed to a Foreign Service Academy and Semi-Autonomous Government Agency in order to tackle the increasingly complex international and regional diplomatic processes and to enhance the skills and knowledge of members of the Foreign Service, making them more professional, effective and able to perform a variety of tasks.

3.2.21 Linking Planning, Budgeting and Results (Outcomes)

There will be concerted effort to ensure explicit linkages in policy, planning and budgeting. The objective is to ensure timely and productive expenditure for results.

3.3.22 Cross Cutting Issues

The Public Service is the largest employer in the country. It is therefore important to ensure the public sector reforms mainstream gender, youth and disability issues and address HIV/AIDS, drugs and substance abuse. The government is committed to addressing the cross cutting issues and as such has put in place the following mechanisms:

- (i) Progressively involve youth in internship programmes of MDAs.
- (ii) All government projects and programmes shall have a component of transfer of skills to the youth through apprenticeship.
- (iii) Allocate 30 % of the values of eligible government tenders to youth and women enterprises.
- (iv) Mainstreaming HIV and AIDs activities/programmes.
- (v) Implement programmes aimed at reducing the prevalence of alcohol and drug abuse and minimizing the negative effects thereof.
- (vi) Implement the gender policy.
- (vii) Implement Policy on Affirmative Action for people with special needs.

3.3 Other Projects Include

- (i) Drafting of prioritized Bills in accordance with the 5th schedule of the Constitution.
- (ii) Prioritization and audit of all existing laws to ensure their conformity with the constitution.
- (iii) Model laws will be developed and technical assistance provided to the counties on the development of bills.
- (iv) Rules and regulations on commercial laws will be developed and various laws relating to personal securities reviewed and amended.
- (v) Decentralisation programme to the counties will be completed during the second MTP.
- (vi) Automation of the operations and processes to enhance service delivery.

4 POLICY, LEGAL AND INSTITUTIONAL REFORMS

4.1 Policy on Finalization and Presentation of Bills originating from the Executive to the Parliament

Article 109 (2) and (5) provides that any Bill may originate in the National Assembly and/or be introduced by any member of a Committee of the relevant House of Parliament. The Cabinet Secretaries and the Attorney-General will not be members of Parliament. Neither the Attorney-General nor the Cabinet Secretaries shall be responsible for introducing Bills in Parliament. In view of this, a policy on how bills emanating from the Executive to the relevant Committees for tabling to Parliament shall be developed.

4.2 Policy on Exit Strategy

Following the creation of the County Governments, rationalization of the number of Ministries to between 14 and 22 and dissolution local authorities, the National Government shall develop an exit strategy for those officers who will either voluntarily or otherwise leave the public service.

4.3 Policy on provision of office accommodation to public staff working in the County and National Government

Guidelines shall be developed on how office and physical facilities will be shared/allocated at the county government level.

4.4 Policy on Performance Management

In order to operationalize Article 190 (3), the National Government in consultation with the County Government shall formulate a framework that will guide performance Management.

4.5 Review Guidelines on the Training Revolving Fund for Public Officers

Guidelines the training revolving fund shall be reviewed to ensure that public officers, both at county and national level are able to access funding required for training.

4.6 Develop Data Base of Officers Exiting the Public Service

Kenya has a large pool of retired public officers who have skills and competencies that are required by Government. To tap into this pool of human resources, data base of retired officers who could be hired to provide identified services shall be created. A strategy to operationalize and administer this initiative shall also be developed.

5 IMPLEMENTATION MATRIX

To realize a Citizen-Focused and Results-Oriented public service										
Goals										
Strategic Objectives										
Programme/ Project	Objective	Outcome/ Output	Lead Implementing Agency	Time Frame	Source of Funds	Budget Kshs. (Millions)				
						Year 1	Year 2	Year 3	Year 4	Year 5
Transformation of Public Service Delivery Systems and Processes.	To develop a Public Service Transformation Strategy	Public Service Transformation Strategy developed.	Ministry of Devolution and Planning -DPSM, PSC	1 yr	GOK MoDP	200	-	-	-	-
	To roll out performance management programme to all counties	Performance Management Systems for County Governments operationalized	Ministry of Devolution and Planning -DPSM, TA	5 yrs.	GOK MoDP	400	300	300	200	100
	Enhance performance management by National Government Agencies	National government MDAs performance improved	Ministry of Devolution and Planning-DPSM	5 yrs	GOK MoDP	400	450	500	550	600
	Automate and Integrate performance management systems	Real-time performance management and reporting established	Ministry of Devolution and Planning-DPSM	1 yr	GOK MoDP	100	-	-	-	-
	Enhance Human Resource Performance	Performance Appraisal System reviewed and implemented	Ministry of Devolution and Planning-DPSM	5 yrs	GOK MoDP	15	20	20	10	10

Goals		To realize a Citizen-Focused and Results-Oriented public service									
Strategic Objectives											
Programme/ Project	Objective	Outcome/ Output	Lead Implementing Agency	Time Frame	Source of Funds	Budget Kshs. (Millions)					
						Year 1	Year 2	Year 3	Year 4	Year 5	
	To improve national and county implementation capacity through Rapid Results Initiatives and Institutionalize Results Based Management (RBM) in the Public Service	Improved implementation capacity in national and devolved governments	Ministry of Devolution and Planning-DPSM	5 yrs	GOK MoDP	300	400	500	400	400	
	To build capacity, competencies and skills of public service leadership and managers	Enhanced capacity of staff in Leadership skills, Managing for results, attitudinal change, Business Process Re-engineering and Performance management	Ministry of Devolution and Planning-DPSM	5 yrs	GOK MoDP	500	500	400	400	400	
Huduma Kenya Integrated Service Delivery Model	To improve the access, quality and efficiency of public services provided to citizens	One Stop Shop Huduma Centers established across 47 Counties	Ministry of Devolution and Planning-DPSM	5 yrs	GOK MoDP	6,200	2,500	2,500	2,500	2,500	
		Single Window Huduma Web Portal, Huduma Mobile Phone platform, Huduma Call Center and Huduma Payment Gateway established	Ministry of Devolution and Planning-DPSM	5 yrs	GOK MoDP	3,100	800	800	800	800	

To realize a Citizen-Focused and Results-Oriented public service										
Goals										
Strategic Objectives										
Programme/ Project	Objective	Outcome/ Output	Lead Implementing Agency	Time Frame	Source of Funds	Budget Kshs. (Millions)				
						Year 1	Year 2	Year 3	Year 4	Year 5
	To reduce operational bureaucracies and provide fast and convenient services to customers	BPR projects undertaken at the National, Ministry, Department/Agency and County levels	Ministry of Devolution and Planning-DPSM	5 yrs	GOK MoDP	300	500	500	400	400
	To create an enabling environment to re-design efficient service delivery processes and systems with appropriate adoption of ICT	Regulations and Legislation that recognize electronic records and allow for re-designing service delivery processes	Law Reform Commission, Min. of ICT, MDAs,	5 yrs	GOK MoDP	100	50	20	10	10
	To ensure efficiency, transparency and speed in financial management	Reliable Integrated Financial Management System	The Treasury	5 yrs	GOK MoDP	1.6	2	2	2	2
	To speed up the process of procurement and enhance transparency	e-procurement and payment system								
Training and Capacity Building	To build the requisite skills for a modern and transformed Public Service	Competencies and Skills Audit Development, recruitment and proper placement of right skills	MoDP, PSC (K), County Service Boards	5 yrs	GOK	825	600	600	500	500

Goals	To realize a Citizen-Focused and Results-Oriented public service									
	Strategic Objectives									
	Programme/ Project	Objective	Outcome/ Output	Lead Implementing Agency	Time Frame	Source of Funds	Budget Kshs. (Millions)			
Year 1							Year 2	Year 3	Year 4	Year 5
Integrated Human Resource Information System	To automate HR functions	HR functions automated	MoDP, PSC(K), MoF, Min. of Labour	5yrs	GoK	40	40	35	35	30
Modernisation of Records Management	To ease storage and retrieval of records	Efficient records management system	MoDP, MoF, Min. of Labour, Min. of National Heritage	5 yrs	GoK	500	200	50	50	20
Business Process Re-Engineering	To reduce operational bureaucracies (improve to capture the element of time, quality)	Improved efficiency in doing business and public service delivery	MoDP, PCD, Cabinet Office	5yrs	GoK	200	200	180	180	150
Integrated Population Registration Services	To link and integrate population Registration services into a single data base	Efficiency in registration services	Ministry of immigration, Min. of Labour	5yrs	GoK	50	50	45	45	40
Medical Insurance Scheme	To review the scheme to ensure it meets the original objectives-	Medical insurance scheme reviewed	MoDP, MoF, Min. of Labour, Min. Of Medical Services	5yrs	GoK,	4500	4500	4600	4600	4800
Kenya School of Government (KSG)	To enhance Capacity of KSG staff To build capacity of public servants in both county and national government To upgrade and develop the infrastructural facilities of the KSG	Enhanced skills of the staff Enhanced capacity of public officers Expanded infrastructural facilities	MoDP, PCD PSC(K), CGS TA,	5 yrs	-GoK -Internal revenue generation	2,220	1,687	1,220	960	760

To realize a Citizen-Focused and Results-Oriented public service										
Strategic Objectives										
Goals	To realize a Citizen-Focused and Results-Oriented public service									
Programme/ Project	Objective	Outcome/ Output	Lead Implementing Agency	Time Frame	Source of Funds	Budget Kshs. (Millions)				
						Year 1	Year 2	Year 3	Year 4	Year 5
Contributory Pension Scheme	To implement a Contributory Pension Scheme	Contributory pension scheme implemented	MoDP, PSC(K), MoF	5yrs	GoK					
The Housing Policy for National and County Governments	To review and implement The housing policy for Public servants	Housing Policy for public servants reviewed and implemented	MoDP, PSC(K), MoF, Min. of Lands, Min. of Housing	5yrs	GoK and PPPs	13	13.5	14	14	14.5
Staff Rationalization	To undertake Staff Rationalization	Staff Rationalisation undertaken	MoDP, PSC(K), MoF, Min. of Labour	5yrs	GoK,					
Review of the Training Revolving Fund for Public Servants	To review guidelines on Training Revolving Fund for Public Servant	Training Revolving Fund guidelines reviewed	MoDP, PSC(K), MoF, Min. of Labour	5yrs	GoK	100	100	120	120	120
Harmonization of terms and conditions of service	To harmonize terms and conditions of service	Terms and conditions of service harmonized	SRC, MoDP, PSC(K), MoF	5yrs	GoK	4	4	3.5	3.5	3
Development of a Policy on Values and Principles of Public Service	To develop and implement Policy on Values and Principles of Public Service	Policy on Values and Principles of Public Service developed.	MoDP, Law Reform Commission	5yrs	GoK	50	50	40	40	35

To realize a Citizen-Focused and Results-Oriented public service												
Strategic Objectives												
Goals	Strategic Objectives	Programme/ Project	Objective	Outcome/ Output	Lead Implementing Agency	Time Frame	Source of Funds	Budget Kshs. (Millions)				
								Year 1	Year 2	Year 3	Year 4	Year 5
		Rolling out of Information, Education and Communication (IEC) Strategy	To ensure that the public is informed about government programs and projects and how funds allocated have been utilized.	Information, Education and Communication (IEC) Strategies IEC strategies implemented	MoDP, National and County Governments	5yrs	GoK DPs	520	505	505	502	502
		Implementation of the Constitution	To Implement requirements of the 5th schedule of the Constitution - Legislation to be enacted by Parliament – that related to public sector reforms	Pieces of legislation enacted	SLO, Parliament, KLRC, CIC, TA, MDAS	5 yrs	GoK,	10	10	10	10	10
		Human Resource Management and Development	To review and develop human resource policies and procedures that will be used both at the National and County governments	HR Policy	DPSM, PSC(K), TA, MoLG, Min. of Labour	5yrs	GoK	20	20	15	15	10
		Cross Cutting Issues such as Mainstreaming Gender and Disability, HIV/AIDS, Drugs and Substance Abuse.	To mainstream crosscutting issues in the counties and national government	Crosscutting issues mainstreamed in the counties and national government	MDAS	5yrs	GoK	30	30	35	35	35

6 MONITORING AND EVALUATION

6.1 Introduction

The purpose of M&E is to provide feedback on the effectiveness and status of the implementation of the program and project set out in the second MTP under public sector reforms.

The M&E system shall provide mechanism for feedback for budgetary allocation so that future systems are tailored to impact on achievement of set targets. The system shall point out lessons learnt and capture recommendations arising from the experience in the implementation of the programs and projects.

The Second MTP envisages that M&E systems will be built on a periodic reporting system based on the indicators of outputs and outcomes. It will also provide regular reports on the progress of reforms to different stakeholder groups in a format appropriate for their needs.

The Key Performance Indicators (KPIs) will be identified to support the M&E process.

The Structure of M&E

The M&E Plan will be structured in a manner aimed at providing opportunities for participation and responsiveness of appropriate stakeholders. The system will support management in effective decision-making by collecting, processing and disseminating reliable and timely information.

Institutional structure

6.2.1.1 National steering committee

- Membership: Principal Secretaries and Secretariat of public sector reforms working group.

6.2.1.2 Public Sector Reform working group

Membership: MDAs

6.2.1.3 Ministries, Departments and Agencies

Membership: CPPMU, Accounts, HR and technical departments.

1. Monitoring and Evaluation Matrix

Programme	Outcome	Indicators	Baseline	Target	Responsibility
Kenya School of Government (KSG)	Enhanced skills of the staff	Number of staff trained	2013	2013-2017	Director General KSG
	Improved infrastructural facilities	Number of modern buildings Number of equipment	2013	2013-2017	Director General KSG
Implementation of the Constitution	Pieces of legislation enacted according to the fifth schedule	Number of legislations	2013	2013-2017	CS
Business Process Re-Engineering	Improved efficiency in doing business	level of ranking in doing business indicator	2012		DPSM
Comprehensive Medical Insurance Scheme	A healthy and motivated workforce	Number of workers on enhanced medical scheme	2012	2013-2017	DPSM
Human Resource Management and Development	More skilled and competent staff	Number of new skills acquired	2013	2013-2017	DPSM
Contributory Pension Scheme	Better social protection for retired staff	Number of staff covered	2013	2013-2017	DPSM
The housing policy for Public servants	Decent housing for public servants	Number of staff with decent houses	2013	2013-2017	DPSM
Staff Rationalization/Redeployment	Staff Rationalisation undertaken		2013	2013-2017	DPSM/ TREASURY
Modernisation of Records Management	Efficient records management system	Time taken to retrieve records	2013	2013-2017	DPSM
Harmonization of terms and conditions of service	Improved terms and conditions	Employee satisfaction level/ turnover rate	2013	2013-2017	DPSM, SRC, TREASURY

Programme	Outcome	Indicators	Baseline	Target	Responsibility
Develop and implement a National policy on performance management	Effective performance management system	% improvement in public perception on government performance	2013	2013-2017	DPSM
To roll out performance management programme to all counties	Counties on performance management	Number of counties on performance management	2013	2013-2017	DPSM
Cross Cutting Issues such as HIV/AIDS, Drugs and Substance Abuse and environment and security	Crosscutting issues mainstreamed in the counties and national government	Awareness level	2013	2013-2017	DPSM, NACC
Automation of the operations and processes	Efficiency in service delivery	Level of automation (%)	2013	2013-2017	DPSM, MICT