****



**Integrated Support Programme to the Devolution Process in Kenya**

**(2014 – 2018)**

**Agreement Number: KEN-14/0003**

**Progress Report**

***March 2016***

**Table of Contents**

[Acronyms iii](#_Toc447029776)

[Executive Summary 1](#_Toc447029777)

[1. Introduction 2](#_Toc447029778)

[2. Country Context 3](#_Toc447029779)

[3. Project Implementation and Achievements 5](#_Toc447029780)

[4. Resource Utilization 10](#_Toc447029781)

[5. Challenges and Lessons Learned 12](#_Toc447029782)

[6. Risks and Assumptions 12](#_Toc447029783)

[7. Conclusions and Way Forward 13](#_Toc447029784)

Acronyms

AWP Annual Work Plans

CAF County Assemblies Forum

CARPS Capacity Assessment and Rationalization of the Public Service

CECs County Executive Committees

CIC Commission on Implementation of the Constitution

CIDP County Integrated Development Plan

CLDT Collaborative Leadership and Dialogue Training

CoG Council of Governors

CPD Country Programme Document

CRA Commission on Revenue Allocation

CS Cabinet Secretary

DDWG Devolution Donor Working Group

DFID Department for International Development

DPG Development Partners Group

DSWG Devolution Sector Working Group

GDP Gross Domestic Product

GoK Government of Kenya

IBEC Intergovernmental Budget and Economic Council

IFMIS Integrated Financial Management Information System

IGRTC Inter-Governmental Relations Technical Committee

IPs Implementing Partners

KRAs Key Result Areas

KSG Kenya School of Government

M&E Monitoring and Evaluation

MCAs Members of County Assemblies

MFA Norwegian Ministry of Foreign Affairs

MoDP Ministry of Devolution and Planning

NCBF National Capacity Building Framework

NOK Norwegian Kroner

PAS Performance Appraisal System`

PFM Public Finance Management

PMS Performance Management System

PST Project Support Team

PwC PricewaterhouseCoopers

SIDA Swedish International Development Agency

TA Transition Authority

ToRs Terms of Reference

ToTs Training of Trainers

UNDAF United Nations Development Assistance Framework

UNDP United Nations Development Programme

USAID United States Agency for International Development

Executive Summary

The Norwegian Ministry of Foreign Affairs (MFA) and United Nations Development Programme (UNDP) agreed to cooperate in the implementation of the Integrated Support Programme to the Devolution Process in Kenya 2014-2018 under agreement number KEN-14/0003 signed in December 2014. The MFA pledged to contribute Norwegian Kroner (NOK) 10,500,000 to the UNDP basket managed resources. To date, the Government of Norway has disbursed a total of NOK 9,000,000 with the first disbursement of NOK 6,500,000 done in December 2014 while the second disbursement amounting to NOK 2,500,000 was done in September 2015.

The MFA contribution supported the following Key Result Areas (KRAs) of the programme as identified in the project document: policy and legal framework; capacity building for individuals and institutions supporting devolution; strengthened service delivery mechanisms; peaceful co-existence at county and sub-county levels; administration/management costs. The support was also targeted to the Commission on Revenue Allocation (CRA) responsible for equitable allocations to Counties, the Transition Authority (TA) facilitating devolution, project specific activities related to the Council of Governors (CoG) and the Kenya School of Government (KSG).

The UNDP utilized the support to continue playing a strategic role in supporting the implementation of devolution by strengthening the prioritized institutions to develop appropriate regulatory frameworks and enhance their capacities for equitable service delivery. In particular, the support contributed to the implementation of the medium term training interventions in the National Capacity Building Framework (NCBF). The KSG finalized and launched five curricula to build capacity of government staff in order to enhance delivery of devolution services. The KSG also used the support to undertake a Training of Trainers (ToTs) where 222 ToTs were trained in the five modules. This pool of trainers will help KSG roll out the five modules to counties leading to strengthened governance and accelerated implementation of devolution. The TA and CRA undertook costing of government functions in five sectors of the economy in order to determine the realistic quantum or proportion of funds and other resources necessary for the performance of the functions assigned to the national and county governments. The costing of government functions report was finalised and is awaiting implementation of its recommendations.

Project management was strengthened through two training workshops for Implementing Partners (IPs). The purpose of the workshops was to increase IPs’ effectiveness and efficiency in monitoring, evaluation and reporting and also to ensure adherence to UNDP programme management policies and procedures. A Technical Advisor and a Monitoring and Evaluation (M&E) Officer were recruited to increase UNDP’s project management capacity. The Project Manager and Project Associate were also recruited during the period under review.

As at 24 March 2016, the project had utilized USD 1,104,496.97 equivalent to 95 per cent of the total received funds of USD 1,165,802

1. Introduction

The Norwegian Ministry of Foreign Affairs (MFA) and United Nations Development Programme (UNDP) agreed to cooperate in the implementation of the Integrated Support Programme to the Devolution process in Kenya 2014-2018 under agreement number KEN-14/0003 signed in October 2014. The goal of the cooperation is to ensure that by 2017, Kenya enjoys a participatory devolution process that is well understood by stakeholders, adequately coordinated and equitably resourced for delivery of accessible and quality services, devolved institutions that are legally, financially and technically empowered, well managed, effective, and accountable and resource management that is transparent, equitable, effective and efficient at all levels. The MFA committed to contribute Norwegian Kroner (NOK) 10,500,000 to the UNDP managed basket fund. Other contributors to the basket include USAID, DFID and SIDA. The first disbursement of this contribution amounting to NOK 6,500,000 was made in December 2014. A second disbursement of NOK 2,500,000 was done in September 2015. The Norwegian contribution will cover the period 1 December 2014 to 31 March 2016.

This support by the Government of Norway was a follow-up to the initial support to devolution in December 2013. This initial support was targeted to three short-term “quick win” devolution-related interventions that included: support to the devolution process; capacity on peace building and collaborative leadership; support to the CRA. Turkana, Kilifi and Kisumu counties were to be supported on planning, budgeting, and performance management. The support enabled UNDP to make immediate interventions to strengthen key institutions involved in managing the transition to devolved government and to make the first ever direct support to county governments.

The support by the MFA is targeted to three out of the five outputs contained in the project document and also for effective and efficient management of the project. These outputs include:

1. Policies, laws and institutional reforms for effective implementation of constitution at national and county levels adopted;
2. Strengthened institutional and human capacities at national and county level;
3. Evidence based planning, budgeting for improved service delivery at county level in tandem with reduced security threats and improved response to risk and disaster in selected counties and;
4. Improved programme management support to the devolution programme.

The priority actors identified under this cooperation include: the Commission on Revenue Allocation (CRA) responsible for recommending sharing of national revenues to both levels of government and among counties; the Transition Authority (TA) facilitating transition to the devolved system of governance; the Council of Governors (CoG) and the Kenya School of Government (KSG).

The Government of Kenya (GoK) and UNDP continued to use the lessons learnt from the first phase of implementation of the MFA supported project to realize the results envisaged in the current agreement. It is evident that there is now an increased synergy and coordination between the various institutions at both national and county levels, which is critical for successful implementation of devolution that was not there previously. This was showcased at the Second Annual Devolution Conference which was organized by an interagency team including the national government, the Senate and the CoG. The joint signing of a 31 point communique between the CoG and the Ministry of Devolution and Planning (MoDP) affirming the gains of devolution and the need to safe guard these gains hailed this collaboration. Also, the development of the five curricula modules to support the NCBF between the technical officers from the MoDP, the CoG and KSG was a clear manifestation of the strong collaboration between the national and county governments. It is also important to note that CoG was accepted to co-chair the Devolution Sector Working Group (DSWG). The costing of government functions was jointly coordinated by the CRA and TA and being implemented by the national and county government.

The programme also continued to support capacity development at the institutional level to transform the challenges identified in the first phase into opportunities for accelerated and inclusive development. Stakeholder engagement between the various players in the devolution process continued in each cycle of project management. The lessons learnt from the initial county level support through the Government of Norway’s contribution have continued to inform UNDP’s engagement with county governments. For example, an important lesson learnt was that counties have extremely weak capacities in M&E. Therefore, UNDP has provided technical support for M&E through UNVs.

UNDP utilized Norwegian support to continue playing a strategic role in supporting devolution implementation by strengthening national and county governments to ensure that particular key institutions have the appropriate regulatory frameworks and capacities required to deliver responsive, accessible, participatory and, equitable service delivery.

1. Country Context

The promulgation of the Kenyan Constitution in August 2010 brought in the devolved system of government, which was ushered in after the general elections of 4 March 2013. The county governments came into effect immediately after the elections and are still in the process of putting in place systems and structures of governance. Devolution still remains one of the far reaching governance reforms implemented under the Constitution of Kenya (2010). Surveys show that despite the many challenges with implementing the devolved system of governance, Kenyans are still hopeful of the promise of devolution. An Infotrak survey released in April 2015 indicated that 69.7 percent of Kenyans feel that things are better than before. The survey indicated that positive or negative sentiments on the progress of devolution are informed by tangible development activities on the ground. This may include construction of rural access roads, availability of medicines in village dispensaries, access to agricultural inputs, etc. This optimism was further affirmed by an Ipsos Synovate study (April 2015), which indicated that 78 percent of Kenyans support devolution which is up from 66 percent in September 2014.

One of the main indicators of the success of devolution is the transfer of devolved functions to the county governments. The transfer of functions was not undertaken in a phased manner as had been anticipated in the constitution but as a one off transfer. This has brought to the fore some of the capacity challenges faced by the county governments in managing some of the devolved functions such as health. The principle of resources follow functions was not accompanied by an evidence based analysis on how much it would cost for a county government to undertake the functions. This has led to misunderstanding between national government and county governments on how much it would cost to provide services to the public in an effective and efficient manner. To this end, the costing of government functions undertaken by TA and CRA with Norway’s support was meant to establish the realistic costs of service delivery. This report will be used as a basis for future government decisions on efficient and effective resource allocation levels for counties.

The County Budget Implementation Review Reports by the Office of the Controller of Budget for the Financial Year 2014/15 indicates that county governments were allocated KSh. 321.56 billion, which comprised of KSh.181.28 billion (56.4 per cent) for recurrent expenditure and KSh.140.29 billion (43.6 per cent) for development expenditure. The reports highlight the challenges facing budget execution at the county levels such as the adoption of the Integrated Financial Management Information System (IFMIS), low capacity of technical staff, and compliance with budgetary timelines as provided for in the Public Finance Management (PFM) Act 2012. Other challenges that continue to hamper effective budget execution that require attention include: failure to align supplementary budgets with financial records prior to approval by the county assemblies; failure to submit quarterly financial reports by administrators of established county funds; diversion of exchequer released activities outside the approved work plan; lack of effective monitoring and evaluation frameworks to monitor implementation of development projects; frequent labour actions by health workers that interrupted the health sector service delivery. The challenges in public financial management continue to be addressed by strengthening accountability measures at both national and county levels. Capacity development measures such as those that UNDP is supporting with Norway’s funds through the Kenya School of Government (KSG) and in targeted counties will also help improve the ability of county governments to establish performance management systems and accountability mechanisms in the utilization of public resources. UNDP has supported the Intergovernmental Budget and Economic Council (IBEC) to develop consensus on budget ceilings. To this end, IBEC has approved the use of county budget ceilings to ensure that counties adhere to stipulated ceilings on recurrent and development expenditure.

1. Project Implementation and Achievements

The support from the Government of Norway was targeted to three out of the five outputs under the Integrated Devolution Support Programme and for programme management. The programme has achieved significant programme results in targeted areas during the reporting period which are elaborated below. Additional areas of support in the last quarter included support to output three on evidence based planning, budgeting for improved service delivery at county level in tandem with reduced security threats and improved response to risk and disaster in selected counties.

## Policies, Laws and Institutional Reforms for Effective Implementation of the Constitution at National and County Levels are Adopted

The MoDP developed a draft devolution policy which is now ready to be submitted to Cabinet for approval. The overall goal of the policy is to promote involvement and public participation in decision making, strengthen accountability and effectiveness in the delivery of public services, and enhance the capacity of all levels of government to deliver on their mandate. Specifically, the policy will: clarify the status, roles and relationships between the two levels of government and the different actors; strengthen the participation and contribution of non-state actors in governance; enable quality public service delivery; promote public participation and citizen engagement in governance; encourage a rights–based orientation to development at all levels. The final policy is expected to be submitted to Cabinet for approval in the second quarter of 2016.

 **Objectives of the Devolution Policy**

* Promote public participation and citizen engagement
* Human rights based orientation to development
* Accountability for effective and quality service delivery
* Improved technical and institutional capacity at national and county levels

Six counties (Kirinyaga, Kiambu, Makueni, Nyamira, Kakamega and Kilifi) improved their legislative drafting capacities counties received one week legislative drafting and policy formulation support through technical assistance (legislative drafters) placed at CoG in 2015. There is also improved policies, laws and institutional reforms for the effective implementation of the constitution at national and county levels through 14 model legislations that were developed for county governments and technical support to the 47 fully fledged County Attorney offices. The Norway support assisted the CoG to collaborate with the National Council on Law Reporting to develop and launch the Devolution Law Report and a Case Digest of Devolution Matters (2010-2015). The reports provide knowledge database for benchmarking and cross exchange learning on the judgement of cases done since inception of devolution. The reports also present a strong case on the need for an Alternative Dispute Resolution Mechanisms. The publications draw comparative lessons from commonwealth jurisdictions along seven key thematic areas: Public Service; Public Finance Management; Equity and Inclusivity; Removal from Office and Suspension of County Governments; Transition to Devolved Government and Transfer of Powers and Functions; Public Participation and Citizen Engagement; Intergovernmental Relations. The purpose of these publications is to serve as an introduction to key court judgments related to devolution and particularly, the Case Digest aims to provide easy to understand information on judicial precedence on the devolved system of governance and its attendant laws, policies, administrative and political actions.

The Senate reviewed the progress made by the TA on the transition to devolved governance. The TA enlightened the Senators on the status of implementation of devolution in Kenya, the achievements of the TA, the challenges of devolution and the pending work of the Authority as per its mandate. The forum discussed emerging challenges facing the implementation of devolution and how to strengthen institutions mandated to protect devolution to enable them address these challenges through Senate forums. The forum agreed to: strengthen the role and effectiveness of the Senate, strengthen governance and accountability at the county level; strengthen links between the Senate and the counties; develop civic education and public participation mechanisms; strengthen the role and effectiveness of TA to address these challenges. The TA’s mandate ended on 4 March 2016 as per the constitution and they have handed over their role to the Inter-Governmental Relations Technical Committee (IGRTC).

The TA and CRA finalized the costing of five government functions including: health; environment; water and natural resources; agriculture, livestock and fisheries; roads and infrastructure; foreign affairs. The costing of government functions has determined the realistic quantum or proportion of funds and other resources necessary for the performance of the functions assigned to the national and county governments. The report will be used to: inform planning and budget process in the country to enhance efficiency and effectiveness of the use of resources; measure performance and accountability of the leadership; ensure equitable resource distribution between the two levels of government and among the county governments; review and develop norms and standards for basic services provided by national and county governments; link budget decisions with programs and be more transparent; ensure that the process eases the transfer of functions as “funds follow functions”. The recommendations will support the CRA towards vertical equitable sharing of revenue. Further, the report recommends that the remaining sectors be costed to realize the initial objectives of costing of government functions.

**Recommendations from Costing of Government Functions**

* The costing of functions results be applied in resource allocation while taking cognizance of the available resources
* Reliable and massive data sets are required to undertake the costing of functions
* Norms and standards should be harmonized and published for all sectors in the economy to support the normative approach to costing of functions
* The activity based costing approach is highly recommended for use by the two levels of government
* The results of the costing of government functions will provide clarity on the resources required to perform functions at both the national and county governments

## Strengthened Institutional and Human Capacities at National and County Level

The KSG finalized and launched five county training curricula under the NCBF. The modules developed include: County Planning; Monitoring and Evaluation; Human Resource Management; Performance Management; Leadership and Management. The KSG also trained 222 Training of Trainers (ToTs) drawn from both national and county governments. The ToTs are supporting KSG to roll out the curricula to the counties in order to enhance service delivery. The KSG will continue in future to play a quality assurance role by certifying trainers across the country that can support counties in the delivery of training on a needs basis.

**Kenya School of Government**

National Capacity Building Framework (NCBF) rolled out – capacity strengthening for enhanced service delivery:

* 5 modules developed and launched - County planning; monitoring and evaluation; human resource management; performance management; leadership and management
* 222 ToTs trained and certified to support national and counties capacity building

**High Level Council of Governors Council Meeting**

Key Outcomes:

* Governors committed to:
* Provision of essential services at lowest possible prices - healthcare, clean water, sanitation services, and improved infrastructure
* Fast track operationalization of county financial and human resource systems
* Improved public participation in legislation and policy making
* Marginalized Groups be supported for tendering for supply of goods and services
* Openness, transparency and fairness of duty bearers
* Regional blocs concept endorsed for:
* Pooling resources for regional strategic initiatives, economies of scale, expanded consumer markets and business opportunities
* Existing blocs - Jumuiya ya Pwani, Mt. Kenya and Aberdares Region, North Rift Economic Bloc, Northern Bloc and Lake Basin Economic Bloc

CRA enhanced the capacity of 47 county directors/heads of communication to package, report and communicate development projects and provision of services in counties. Media linkages between county directors/heads of communication were forged with the leading media houses including; Royal Media, Standard Newspapers, Star Newspapers, Kenya Broadcasting Corporation and Nation Media Group. Experiences on sharing of information from counties with the media houses to increase knowledge and awareness across counties and with citizens were shared in order to position counties in the development agenda. This will lead to increased citizen awareness of county services and hence increased public support for devolution.

An assessment of the status of devolution in Kenya was undertaken by the TA. The project provided technical assistance through the Kenya Institute for Public Policy Research and Analysis (KIPPRA) to undertake the assessment. The assessment covers the uptake and implementation of assigned functions to county governments as per the Fourth Schedule of the Constitution of Kenya as well as the effectiveness of the national government in facilitating devolved functions. The assessment also documents the challenges, capacity gaps and lessons learnt towards the realization of the devolved system of government to inform future interventions by the Intergovernmental Relations Technical Committee (IGRTC).

CoG convened a high level council meeting that affirmed governors’ priority of seeing the successful establishment of county governments against the objects envisaged in Article 174 of the constitution. The Governors agreed to: provide essential services like affordable healthcare, clean water, sanitation services, and improved infrastructure at the lowest price level; that financial and human resource systems in the counties are operational; that the citizens can participate in governance, proactively contributing to legislation and policy; that the marginalized groups including women, youth, marginalized communities and persons with disabilities to participate in procurement of goods and services and; that all duty bearers conduct their affairs openly, transparently and fairly. During this meeting, it was noted that while counties were emerging as key units of economic development, they stood to gain immensely by pooling resources for regional strategic initiatives. In this respect, the Council endorsed the regional blocs concept and requested the remaining counties to join or initiate initiatives such as *Jumuiya ya Pwani* (for coastal counties), Mt. Kenya and Aberdares Region, North Rift Economic Bloc, Northern Bloc and Lake Basin Economic Bloc for better coordination and cooperation of development and for enhanced gains associated with economies of scale such as bigger consumer markets and business opportunities.

CRA trained 2,240 MCAs (1,580 male and 660 females) in all 47 county governments to strengthen their financial oversight in accordance with Article 185(3) of the Constitution. The objectives of the training were to: appreciate the gains made by county assemblies in public finance management oversight; understand and appreciate challenges faced by county assemblies in county financial oversight; enhance the capacity of the county assemblies in undertaking effective county finance oversight; recommend and document solutions to the challenges faced by county assemblies in their oversight role. During these trainings, the CRA noted the following issues which were adversely impacting public financial management: inconsistency between planning documents (County Integrated Development Plan, County Budget Review and Outlook Paper, County Fiscal Strategy Paper and budget estimates); failure to adhere to the law (Constitution, Public Finance Management Act, County Governments Act and other acts and guidelines geared toward proper public financial management); shifts in priorities which are not approved by the Assembly and Controller of Budget; inequitable distribution of resources at the county level; ineffective public participation; procurement of goods, works and services not compliant with ‘value for money; inability to meet county revenue targets. These findings will form core strategies for CRA in its engagement with county governments going forward.

## Evidence Based Planning, Budgeting for Improved Service Delivery at County Level in Tandem with Reduced Security Threats and Improved Response to Risk and Disaster in Selected Counties

El Nino preparedness at both national and county levels was increased in response to the early warning issued by the Kenya Meteorological Department. Training and technical support was provided to 24 priority counties to ensure effective El Nino preparedness; towards this, county response plans and strategies were put in place. To address specific needs of the target counties, a series of rapid assessments were conducted to establish the level of preparedness in terms of capacity of human and financial resources and whether response plans were in place and their adequacy. Through the process, the counties were able to identify their level of vulnerability and potential or possible coping strategies for El Nino impacts. Based on the findings, training was conducted to address the immediate capacity gaps for first response to El Nino impacts and to strengthen their response plans. Recommendations were also made for long term measures and capacity building requirements.

The 24 counties[[1]](#footnote-2) were selected was based on the traditional and emerging flood areas and existing vulnerabilities including cholera outbreaks, history of landslides and counties with populations displaced by conflict. The counties were clustered for ease of delivery of the training. In total 929 officers were trained in disaster preparedness and response including 610 males and 319 females. The National Disaster Operations Centre (NDOC) was supported to upgrade its emergency operation centre through provision of equipment and communication facilities in order to enhance its efficiency in monitoring disasters and coordinating the management of disasters at both National and County level.

CECs in charge of finance and planning through IBEC discussed ways of strengthening their role through the integration of the various processes related to PFM at county level. The meeting was attended by 37 out of the 47 CECs. The meeting reached a number of agreements including: automation of systems for revenue collection; charging of uniform tariffs and/or rates in order to ease the cost of doing business in the counties; establishment of county courts to ease litigation; cap the amendments by MCAs to the county budget at not more than 5% by amending the PFM Act; establish a forum for CECs in-charge of finance and planning which would meet with CS Treasury to discuss public finance management issues between the national and county governments; Controller of Budget and Auditor General to consult and collaborate on budget and economic matters with counties. This dialogue led the National Treasury to issue budget ceiling guidelines to county assemblies requesting them to adhere to the budget ceilings set by the County Fiscal Strategy Paper.

## Project Management

Project management capacities of implementing partners were enhanced. Two project management training sessions were conducted by UNDP that focused on programme management and reporting of results. Areas covered included: development of project annual work plans and procurement plans; effectiveness and efficiency in monitoring; evaluation and reporting of results; UNDP programme management policies and procedures.

During the year, the programme continued to support the project support team through the technical advisor and the M&E officer. In the first quarter of 2016, a project manager and project assistant were hired to strengthen the programmatic operations of the project. A project officer will join the project during the second quarter.

1. Resource Utilization

The Government of Norway had committed to contribute Norwegian Kroner (NOK) 10,500,000 to the UNDP basket managed resources. The first disbursement of this contribution amounting to NOK 6,500,000 was made in December 2014. A second disbursement of NOK 2,500,000 was done in September 2015. A further NOK 1,500,000 is yet to be disbursed as per the signed agreement. The following is the USD equivalent of the resources received so far:

|  |  |  |
| --- | --- | --- |
| **Disbursement**  | **Amount NOK** | **Equivalent (USD)** |
| 1st Disbursement  | 6,500,000 | 874,019 |
| 2nd Disbursement  | 2,500,000 | 291,783 |
| **Total:**  | **9,000,000** | **1,165,802** |

The following table is a summary of expenditure as at 24 March 2016. These are preliminary figures as final figures will be provided through the Audited, Certified Financial Reports issued by the Comptroller’s Division at UNDP Headquarters in New York.

Table 1: Financial Receipts and Expenditure as at 24 March 2016

|  |  |
| --- | --- |
| **Item**  | **Amount(USD)** |
| Contribution Revenue as at December 2015 | **1,165,802.00** |
| Expenditure as at 24 March 2016 | 935,266.87 |
| Commitments[[2]](#footnote-3)  | 169,270.10 |
| Total Expenditure (Expenditure + Commitments) |  **1,104,496.97** |
| Delivery Rate | 95% |
| **Resource Balance** | **61,305.03** |

Table 2: Committed Funds

|  |  |
| --- | --- |
| **Commitments** | **USD** |
| DRR: El Nino Preparedness Training | 13,0054.50 |
| DRR: National Disaster Operations Centre  | 19,607.80 |
| CoG Legal drafters  | 19,607.80 |
| **Total:** | **169, 270.10** |

Table 3: Interim financial report for Norway funding as at 24 March 2016

| **Output**  | **Activity**  | **Actual Budget based on the received funding**  | **Expenditure**  |
| --- | --- | --- | --- |
| Policies, laws and institutional reforms for effective implementation of Constitution at national and county levels are adopted | Support key institutions, legislative drafting, evidence-based policy making, County Development Plans and various thematic works including Disaster Risk Management | 349,740.60 | 331,349.09 |
| Strengthened institutional and human capacities at national and county level | Support National Capacity Building Framework (NCBF), PMS and institutional strengthening | 466,320.80 | 441,798.79 |
| Evidenced planning, budgeting for improved service delivery at county level in tandem with reduced security threats and improved response to risk and disaster in selected counties | Inclusive service delivery plans, budgeting process per Public Finance Management (PFM) law, County Enterprise Development Centres, Public-Private collaboration, M&E with national support organs | 256,476.44 | 242,989.33 |
| Improved Programme Management Support to the devolution programme | Staffing, Annual/Evaluation, Programme Audit, Management costs  | 93,264.16 | 88,359.76 |
|  |  | **1,165,802.00** | **1,104,496.97** |

1. Challenges and Lessons Learned

**Challenges**

The implementation of these activities has been faced with a number of challenges ranging from policy, institutional and transitional factors. They include:

1. The approval of the 2016 project annual work plan has taken longer than had been anticipated due to agreement on scope of the project, and resource gaps given the huge demands from many implementing partners
2. Inadequate budgetary allocation of counterpart funds to support implementing partners’ activities;
3. Challenges in sharing information/data between national and county level delayed uptake of activities which require data for informed decision making. This was experienced during data collection exercises for the costing of government functions;
4. There is still some level of mistrust and suspicion between the two levels of government when undertaking activities that require synergy from both levels.

**Lesson Learned**

The following lessons learned during the implementation period will inform future programming;

1. In order to build county capacities for effective delivery of services, county governments should build strong partnerships with national government institutions in areas such as performance contracting, M&E and legal reforms ;
2. The coordination role of the MoDP and operationalization of the Inter-governmental Relations Technical Committee and sector working groups will address emerging issues and harmonize the implementation of devolution.
3. Risks and Assumptions

In the report submitted in November 2015, UNDP assessed that that the planned activities for the remaining period to 31 March 2016 would roll out as planned. This was part of the ***political risk identified on disagreement on the revenue sharing formula****.* However, that the Commission on Revenue Allocation (CRA) had experienced political risk in terms of the agreement on the proposal for the second generation revenue sharing formula.

* CRA has since engaged and reached consensus with the Senate Committee on Devolution Affairs on the revenue formulae. The revised proposal will soon be tabled in the Senate.

UNDP also identified the ***financial risk of inadequate funding for the project.*** WhileUNDP has continued to work with national and county governments to expand resource mobilization base and work with development partners to ensure that resources mobilized are used prudently for intended results, the basket fund resource gap still remains with only USD 19 million mobilized out of the targeted USD. 35 million over the project period. Majority of the resources have been earmarked and hence the basket resource doesn’t lend itself to the flexibility of responding to the needs from the implementing partners. UNDP will continue to engage with donor partners to support the objectives of the project. Fiscal responsibility on available resources will be increased to ensure that there is frugality in utilization of existing resources. Finally, UNDP through the Devolution Sector Working Group Steering Committee will continue to dialogue with government to allocate additional resources to the project as counterpart funding.

1. Conclusions and Way Forward

Despite the transition challenges, there is strong optimism that devolution will succeed. Devolution is a process, not an event. It will require strong institutions coupled with political commitment and active participation by citizens to ensure that the anticipated results are realized.

Norway’s early entry as a Development Partner supporting devolution and providing largely non-earmarked support allowed critical institutions such as the TA and the CRA to develop the requisite foundations for long-term and sustainable support to devolution processes. With CRA firmly established and providing valuable evidence-based analytical work and TA’s outputs laying the basis for much of IGRTC’s long-term work, the sustainability of Norway’s contributions is evident. Also, Norwegian support has enabled the Government of Kenya to implement priority activities contained in the Medium Term Plan (MTP) and County Integrated Development Plans (CIDPs) to support delivery of devolved services. Targeted support to emerging and urgent demands related to disaster risk reduction have already generated results and have established a basis for long-term future support in this critical area.

UNDP will continue to improve implementation of the project by strengthening the capacities of national institutions as well as county governments in line with their mandates. Furthermore, a midterm review for the project will be undertaken later on in the year, with the findings expected to further strengthen project implementation and bolster results.

1. Nairobi, Mombasa, Kwale, Kilifi, Tana River, Baringo, Machakos, Muranga, Nakuru, Migori, Turkana, Busia, Garissa, Wajir, Mandera, Marsabit, Taita Taveta, Kitui, Makueni, Bungoma, West Pokot, Narok, Homa Bay and Kisumu [↑](#footnote-ref-2)
2. These are encumbered funds of payments already received and being processed by the Country Office. [↑](#footnote-ref-3)