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Performance Contracting Guidelines for the Fy 2015/16 12th Edition

Ministry Of Devolution and Planning

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REPUBLIC OF KENYA



THE PRESIDENCY

MINISTRY OF DEVOLUTION AND PLANNING

DIVISION OF PERFORMANCE CONTRACTING

**PERFORMANCE CONTRACTING GUIDELINES FOR THE FY
2015/16**

12TH EDITION

ACRONYMS

ADA	Alcohol and Drug Abuse
AIDS	Acquired Immuno-Deficiency Syndrome
AO	Accounting Officer
BOM	Board of Management
CAJ	Commission on Administrative Justice
CIC	Constitution Implementation Commission
CS	Cabinet Secretary
DA	Drug Abuse
DPC	Division of Performance Contracting
DPSM	Directorate of Public Service Management
EACC	Ethics and Anti-Corruption Commission
EAP	Employee Assistance Program
EDMS	Electronic Document Management System
HIV	Human Immuno Virus
HODs	Heads of Department
ICT	Information and Communication Technology
ICTA	Information Communication and Technology Authority
IEC	Information, Education and Communication
IEEs	Independent External Experts
ISMS	Information Security Management System
ISO	International Standards Organization
KASF	Kenya AIDS Framework
KENAO	Kenya National Audit Office
KENAS	Kenya Accreditation Services
KICD	Kenya Institute of Curriculum Development
KLRC	Kenya Law Reform Commission
KNEC	Kenya National Examinations Council
KRA	Kenya Revenue Authority
MCDAs	Ministries, Counties, Departments and Agencies
MDAs	Ministries, Departments and Agencies
MTP II	Medium Term Plan II
NACADA	National Authority for the Campaign against Alcohol and Drug Abuse
NACC	National AIDS Control Council
NACSC	National Anti-Corruption Campaign Steering Committee
NCPWD	National Council for Persons with Disabilities
NPC	National Policing Commission
ODPP	Office of the Director of Public Prosecution
PC	Performance Contract
PPOA	Public Procurement Oversight Authority
PS	Principal Secretary
PWDs	Persons with Disabilities
SCAC	State Corporation Advisory Committee
SUD	Substance Use Disorder

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A. PURPOSE

1.1 The Performance Contracting guidelines are issued to guide MDAs in implementing Performance Contracts.

1.2 Model Performance Contract

A Model Performance Contract and a Performance Contract Matrix for each category of public institutions form part of these guidelines. These guidelines may also be downloaded from www.devolutionplanning.go.ke. To ensure standardisation, the model contract and matrix should not be amended or altered.

B. STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS AND TARGETS

1. Strategic Objectives

- i) The objectives should be drawn from the Strategic Plans of the public institutions.
- ii) The Performance Contract (PC) should be anchored on the Kenya Vision 2030, the Medium Term Plan II (MTP II) and the Sector Performance Standards.

2. Performance Indicators

Institutions are expected to select indicators, as far as is practicable, from the "Medium Term Plan II (MTP II)" and the Sector Performance Standards. The ultimate objective of performance contracting is to ensure that performance is measured using international best practices and that performance targets are grown to the extent of placing the country on the cutting edge of global competitiveness. Institutions should accordingly ensure performance indicators are aligned with the MDAs priority programmes and to the approved budget for FY 2015/2016.

3. Performance Targets

- 3.1** Institutions should ensure that performance targets progressively approach and/or exceed the levels set out in the MTP II in order to achieve the development goals of the country within the set timeframes.
- 3.2** The MDAs should align their Performance Indicators to the Sector Performance Standards in order to benchmark with International best practices for Global competitiveness.

3.3 The performance targets should be cascaded to all levels of staff through the performance appraisal system. The targets will form the basis for evaluating institutional performance as well as appraising individual performance.

3.4 Performance targets should:

- (i) Resonate with public expectations;
- (ii) Demonstrate progressive achievement of the MTP II targets;
- (iii) Aspire to benchmark with International best practices;
- (iv) Fully aligned to budgets; and
- (v) Be specific, realistic, simple, easily understood, attainable and measurable.

C. ASSIGNMENT OF WEIGHTS TO PERFORMANCE INDICATORS

- i) The performance criteria and performance indicator sub-weights have been pre-set and should not be altered.
- ii) The sub-weight under the Operations Criteria should be distributed, in ***negotiated*** proportions to the various indicators.
- iii) The indicator weight should reflect the relative importance of each performance indicator.

Weights for various criteria categories have been assigned to MDAs as follows:

Performance Criteria Category	Ministries /State Departments	Tertiary Institutions	State Corporations		
			Non Commercial	Public Universities	Commercial
Finance & Stewardship	10	10	10	10	35
Service Delivery	15	15	15	15	15
Non-Financial	10	10	10	10	10
Operations	50	50	50	50	25
Dynamic/ Qualitative	5	5	5	5	5
Corruption Eradication/ Governance	5	5	5	5	5
National Cohesion and National Values	5	5	5	5	5

D. COMMITMENTS AND OBLIGATIONS OF THE GOVERNMENT

- i) These refer to the support extended to MDAs to facilitate achievement of performance targets.
- ii) Commitments of Government are largely facilitative and should therefore not feature where mechanisms to address them already exist.
- iii) The support should be relevant and related to fulfilling the agreed performance targets.
- iv) The nature, extent and timing of any obligation from the Government should be specific, measurable and agreed upon.
- v) The requested assistance should **NOT** include exemption from the existing legal provisions.
- vi) Social obligations should not be included, unless they have been imposed on the agency by the Government. In this regard, *voluntary actions by the agency in the interest of good industrial or neighbourhood relations (corporate social responsibility) do not qualify for inclusion.*

Notes

1. The evaluation at the end of the contract period should also focus on the commitments made by the Government.
2. In instances where a commitment may require Exchequer funding or the intervention of another public institution, the concurrence of the National Treasury or this other institution must be obtained before "committing" the Government or that other institution.

E. NEGOTIATION OF PERFORMANCE CONTRACTS

The process of negotiation is carried out in two phases:-

- Phase I - Pre-Negotiation Consultations
- Phase II - Negotiations

PHASE I: Pre-Negotiation Consultations

During this phase, the parties should be cognizant of, and create a common understanding of the institution on:-

- i) the scope of operations;
- ii) core business;
- iii) finances;
- iv) human resources; and
- v) Other factors which could affect performance.

Negotiators should ensure that performance indicators and targets are in line with priorities set by the government for each individual MDA, they support achievements of performance expected for each sector and are aligned to MTP II, Sector Performance Standards and the approved budget estimates for the period ending 30th June 2016.

PHASE II: Negotiations

The parties are expected to finalize the performance contract and submit it to the Division of Performance Contracting for **Vetting (quality assurance)**, before signing. In addition, any significant departures from the guidelines which are likely to affect implementation or evaluation of the performance contract, should be documented by the parties, and brought to the attention of the Director, Division of Performance Contracting.

Notes

1. The draft performance contracts for all MDAs should be initialled by the negotiating parties before submission for vetting by the Division of Performance Contracting.

F. PARTIES TO NEGOTIATION OF THE PERFORMANCE CONTRACT

It should be ensured that The National Treasury is represented during negotiations for the Performance Contracts for State Corporations. Likewise, for the Performance Contracts of the Tertiary Institutions, Ministry of Education, Science and Technology should be represented.

(I) MINISTRIES/STATE DEPARTMENTS

Government

Independent Negotiation Teams

Ministry/State Department

- Cabinet Secretary (CS)
- Principal Secretary (PS)
- Accounting Officer
- Heads of Department

Cabinet Secretary to lead the Ministerial team

(II) STATE CORPORATIONS/PUBLIC UNIVERSITIES

Government

- CS-Parent Ministry/State Department
- National Treasury

State Corporation

- Chairperson*
- Independent Director/
Council Member¹
- Heads of Department

Chairperson to lead the State Corporation team

¹Independent Director/Council Member- refers to a director/Council member who is not a public officer.

(III) TERTIARY INSTITUTIONS

Government

- CS - Parent Ministry/State Department
- PS

Tertiary Institution

- Chairperson/BOM
- One Independent BOM Member
- Heads of Department

Chairperson to lead the Tertiary Institution team

G. VETTING OF PERFORMANCE CONTRACTS

All performance contracts **MUST** be vetted by the Division of Performance Contracting before signing. The negotiating parties should be represented during vetting of the contract. The purpose of vetting is to ensure:

- Compliance with the performance contracting guidelines;
- That the performance contract is anchored on MTP II, the MDA priority indicators and other national development priorities;
- That performance indicators and targets are aligned to the Sector Performance Standards; and
- That performance targets are growth-oriented.

H. PARTIES AND SIGNATORIES TO THE PERFORMANCE CONTRACT

(I) Ministry/State Department

Government	Ministry/State Department
1 st level - President	CS
2 nd level - CS	PS
3 rd level - PS	Directors/Heads of Department and Unit

(II) Departments of Police and Pensions

Government	Department
1 st level - CS in charge of parent Ministry The President counter signs	-Inspector General of Police -Director Pensions

(III) State Corporation/Statutory Board

Government	State Corporation/ Statutory Board
1 st level - CS in charge of parent Ministry/State Department	- Chairperson, Board of Directors - Independent Director
2 nd level - Board	Chief Executive Officer (CEO)
3 rd level - CEO	Directors/Heads of Department and Unit
Cabinet Secretary, National Treasury, counter-signs the PCs at the first level.	

(IV) Public University

Government	Public University
1 st Level - CS in charge of parent Ministry/State Department	- Chairman, University Council - Independent Council Member
2 nd Level - University Council	Vice-Chancellor
3 rd level - Vice-Chancellor	Principals, Deans of Faculty and Heads of Institute
Cabinet Secretary, National Treasury counter-signs the PCs at the first level.	

(IV)Tertiary Institutions

Government	Tertiary Institution
1 st Level - CS Parent Ministry	a. Chairperson, BOM b. Independent BOM Member
2 nd Level - Chairperson, BOM	Chief Principal
3 rd Level - Chief Principal	Heads of Department

I. PERFORMANCE MONITORING AND REPORTING

i) Submission of Performance Reports

All Government agencies are required to submit quarterly and annual performance reports within fourteen (14) days following the end of a quarter/year pertaining to the following performance indicators;

- i. Resolution of Public Complaints - Commission for Administrative Justice (CAJ).
- ii. Corruption Eradication- Ethics and Anti - Corruption Commission.
- iii. Compliance with Statutory Obligations - Kenya Revenue Authority, National Hospital Insurance Fund, Higher Education Loans Board, National Social Security Fund, National Council for Persons with Disabilities.

- iv. Competency Development - Directorate of Public Service Management Ministry of Devolution and Planning with copies to the Public Service Commission.
- v. Prevention of Alcohol and Drug Abuse - National Authority for the Campaign against Alcohol and Drug Abuse.
- vi. Prevention of HIV/AIDS Infections - National Aids Control Council
- vii. Automation - ICT Authority
- viii. National Cohesion and National Values - Directorate of National Cohesion and National Values

The above agencies are required to analyse and provide feedback to the reporting institutions, with a copy to Ministry of Devolution and Planning, Division of Performance Contracting, not later than **2 weeks** after receipt of quarterly performance reports. Other institutions to receive quarterly performance reports and provide feedback are tabulated below:

Category of Agency	Institution to Receive and Provide Feedback
Ministries/State Departments	Division of Performance Contracting
State Corporations/Public Universities	Inspectorate of State Corporations*
Tertiary Institutions	Parent Ministry

*All State Corporations are required to submit their quarterly performance reports to their parent Ministries, The National Treasury, Division of Performance Contracting in the Ministry of Devolution and Planning and Inspectorate of State Corporations. The Inspectorate of State Corporations will then analyze and provide feedback to the State Corporations with copies to the parent Ministry and The National Treasury. The quarterly reports must be accompanied by an extract from the minutes of the Board/Council/Commission indicating that they were discussed.

J. MID-YEAR REVIEW

The purpose of the Mid-Year Review is to track progress of achievement and to ensure that MDAs are on track in achieving their annual targets. MDAs are required to:

1. Prepare for the Mid-Year Review in the month of January and February

2. Ensure availability of verifiable evidence of achievements towards realization of the performance targets.

K. PERFORMANCE EVALUATION

Performance Evaluation is one of the key sub- systems of performance contracting. It focuses on achievement of targets for programmes and projects and provides the basis for rewarding good performance and sanctioning non-performance. This activity is carried out at the end of the contract year. For purposes of Evaluation MDAs are required to:

1. Avail a copy of the signed Performance Contract.
2. Ensure availability of verifiable evidence of achievement

L. GENERAL GUIDELINES

1. The Cabinet Secretaries and Chief Executive Officers (CEO) of State Corporations and Tertiary Institutions must be present in person during negotiations of the Performance Contracts of the MDA for which they are the CEO;
2. All negotiated contracts must be vetted by the Division of Performance Contracting ;
3. MDAs should in all cases be represented by personnel trained on performance contracting during negotiation, vetting and evaluation of performance;
4. All MDAs that have signed Performance Contract must participate in the Mid-Year Review;
5. Once targets have been negotiated, the PC vetted and signed, it cannot be changed midstream;
6. Any disagreements during evaluation should be referred to the Director, Division of Performance Contracting;
7. Public institutions are required to ensure availability of verifiable evidence of achievement for purposes of evaluation; and
8. MDAs that fail to submit their annual performance report (based on the duly signed Performance Contract) for evaluation, or for the reason that they

declined to sign a Performance Contract shall be graded "Poor", at the lowest score of 5.

ANNEXES TO THE PERFORMANCE CONTRACTING GUIDELINES:

I. Definitions of Key Terms

II. Model Performance Contracts & Performance Contract Matrices

III. Descriptions of Performance Indicators

ANNEX I: DEFINITIONS OF KEY TERMS

Cascading of Performance Contracts - refers to the process of extending the system of performance contracting to all departments, sections, levels and cadres of employees and grass-root institutions for the purpose of complete integration of the process. The integration will include linking the Performance Contracts with the Performance Appraisal System (PAS) and the Performance Incentives and Sanctions Framework

Chief Executive Officer - refers to the executive head of a public institution and includes Cabinet Secretary/Principal Secretary/Accounting Officer, Chairperson/Secretary of a Constitutional Commission, Managing Director/Executive Chairman of a State Corporation, Vice Chancellor of a Public University, Head of a Tertiary Institution

Citizens' Service Delivery Charter - refers to a resolved version of the written statement prepared by an institution in the prescribed format, outlining service standards customers should expect from that institution. It also includes requirements to qualify for the service, cost if any of the service, timelines and redress avenues in case of any complaints or dissatisfaction with the quality of a service.

Exogenous Factors - refers to those factors which cannot reasonably be planned for, controlled or predicted by the manager. These however, exclude factors which could have been pre-empted by meticulous planning, risk management or sensitivity analysis.

Independent External Experts - refers to a team of experts appointed mostly from outside the public service to negotiate, monitor and evaluate performance of public agencies on performance contract on behalf of the Government.

In-House Evaluation - refers to institutional annual self-assessment using the methodology prescribed in the guidelines on the automated platform.

Managers - refers to any of the following governance arms:

- Cabinet Secretary/Principal Secretary/Accounting Officer
- Board of Directors of a State Corporation;
- Council of a Public University;
- Board of Management of a Tertiary Institution.

MDAs - refers to Ministries, Departments and Agencies. Agencies are downstream institutions such as State Corporations, and Tertiary Institutions.

Moderation - the process of ensuring that evaluation methodology including tools and instruments have been applied uniformly by Independent External Experts, at the primary evaluation level. It includes validation of evidence of achievement of the targets.

Outcomes - results that are expected to be achieved at the intermediate level which are realized as a consequence of specific outputs. Where it is not possible to measure outcomes because of non-attribution or time frame involved, public institutions should use proxy indicators.

Outputs - comprise specific products or services (immediate results of an activity) in a given period.

Parties to the Negotiations - these are the representatives of the contracting parties and key stakeholder groups who take part in the negotiation of performance contracts. These include Independent External Experts, institutions' officials and representatives of lead agencies for cross cutting issues.

Performance Criteria - is a principle or standard for evaluating achievement, represented by a range of management perspectives on which performance of the manager is evaluated. These are listed in the Performance Contract matrix featured as categories A to G.

Performance Evaluation - assessment or measurement of the extent to which public agencies achieve negotiated performance targets, including determination of causal factors of various levels of performance.

Performance Indicator - is a standard measure by which the performance of an institution is assessed.

Performance Target - is the desired level of performance for a performance indicator for a contract year.

Primary Evaluation - refers to in-house evaluation by an institution.

Total Assets is the net sum of fixed assets, current assets, investments, work in progress and other tangible and intangible assets.

Vetting - refers to the process of scrutinizing negotiated performance contracts to establish conformity to Performance Contracting Guidelines. It is therefore, a quality assurance exercise and is undertaken by the Division of Performance Contracting in the case of MDAs.

ANNEX II: MODEL PERFORMANCE CONTRACTS

ANNEX IIA: MODEL PERFORMANCE CONTRACT-MINISTRIES/STATE DEPARTMENTS

This Performance Contract (hereinafter referred to as "Contract") is entered into between the Government of the Republic of Kenya (hereinafter referred to as "GoK") represented by H.E. the President of P.O. BoxNairobi (together with its assignees and successors) of the one part, and the Cabinet Secretary, Ministry/State Department of(hereinafter referred to as the "the Cabinet Secretary"), (together with its assignees and successors) of P.O. Boxof the other part.

WHEREAS;

The Government is committed to ensuring that public offices are well managed and are cost effective in delivering quality service to the public in line with provisions of the Constitution of Kenya;

The Government recognizes that Ministries/Departments hold a vital key to improving the quality of lives of Kenyans and making the country globally competitive;

The purpose of this performance contract is to establish the basis for ensuring that efficient and effective services are delivered to Kenyans in line with the provisions of the Constitution and by requiring MDAs to adopt human rights approach to service delivery and focus on:

1. Ensuring that systems are established for equality for all users of public services;
2. Ensuring impartiality and fairness in the process of delivery of public services;
3. Ensuring promotion of National Cohesion and National Values;
4. Ensuring continuity of public services under all circumstances;
5. Establishing systems to enable innovativeness and adaptability of public services to the needs of users;
6. Ensuring professionalism and ethics in Public Service is achieved and maintained;

7. Establishing systems to ensure promotion and protection of rights of users of public services and public servants as enshrined in the Bill of Rights;
8. Institutionalizing a culture of accountability, integrity, transparency and promotion of values and principles of public service;
9. Ensuring a corruption free public service;
10. Ensuring effective, efficient and responsible use of public resources, and;
11. Ensuring responsiveness by public servants in delivery of public services.

This contract therefore represents a basis for continuous performance improvement that meet the needs and expectations of the Kenyan people; and

NOW THEREFORE, the parties hereto agree as follows:

Part I

Vision, Mission and Strategic Objectives

- (a) Vision of the Ministry/State Department
- (b) Mission of the Ministry/State Department
- (c) Strategic Objectives of Ministry/State Department

Part II

Commitments and Responsibilities of Cabinet Secretary

- Ensure that public services are delivered in accordance with the constitution;
- Ensure modernization of the Public Service by introduction of modern technologies and innovative service delivery systems to improve service delivery;
- Ensure that public officers demonstrate professionalism, transparency and accountability in performing their duties and that they show courtesy, integrity and neutrality in provision of service.

Part III

Commitments and Obligations of the Government

- Acknowledgement of receipt of correspondences is done within three (3) working days.
- Approval to requests made is granted within seven (7) working days.
- National Treasury releases approved budget within two (2) days.
- Ensure that public officers suspected of corrupt practices step down to allow room for investigations.

Part IV

Reporting Requirements

Ministries/State Departments are required to submit their quarterly performance reports to the Ministry of Devolution and Planning, Division of Performance Contracting for the purpose of monitoring progress of performance, and for annual evaluation.

Part V

Duration of the Performance Contract

The Performance Contract will run for one financial year, from 1st July to 30th June.

Part VI

Signatories

Cabinet Secretary:

Date:

H.E. the President:

Date:

Ministries Matrix

	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT	STATUS PREVIOUS YEAR (FY 2014/15)	TARGET (FY 2015/16)
A	FINANCE & STEWARDSHIP:				
	• Utilization of Allocated Funds	%	6		
	• A-in-A	Kshs	4		
	Weight Sub Total		10		
B	SERVICE DELIVERY:				
	• Customer Satisfaction	%	2		
	• Service Delivery Innovations	No	2		
	• Service Delivery Innovations Application/Implementation	%	2		
	• Resolution of Public Complaints	%	5		
	• ISO Certification/ Accreditation	%	2		
	• Automation	%	2		
	Weight Sub Total		15		
C	NON-FINANCIAL:				
	• Implementation of the Strategic Plan	%	1		
	• Asset Management	%	1		
	• Youth Internships/Industrial Attachments/ Apprenticeships	No.	1.5		
	• Empowerment of Youth, Women and Persons with Disabilities:				
	-Sensitization and prequalification	Report	1		
	-Uptake of 30% value of Tender awarded	Kshs.	2		
	• Compliance with the Constitution and other legal	%	1		

	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT	STATUS PREVIOUS YEAR (FY 2014/15)	TARGET (FY 2015/16)
	obligations				
	• Compliance with Statutory Obligations	%	1.5		
	• Safety and Security Measures	%	1		
	Weight Sub Total		10		
D	OPERATIONS: • Vision 2030 Flagship Projects/Programmes • MDA's priority Projects/Programmes (Outcomes aligned to Sector Performance Standards (SPS)) • *Ease of Doing Business • Project Implementation: - Completion Rate -Cost Effectiveness	% % %			
	Weight Sub Total		50		
E	DYNAMIC/ QUALITATIVE: Human Resource Management and Development: • Management of Pension • Competency Development • Prevention of Alcohol and Drug Abuse • Prevention of HIV/AIDS Infections • Work Environment	% % % % %	1 1 1 1 1		
	Weight sub Total		5		
F	CORRUPTION ERADICATION/ GOVERNANCE:				

	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT	STATUS PREVIOUS YEAR (FY 2014/15)	TARGET (FY 2015/16)
	-Corruption Eradication	%	4		
	-Mwongozo Code of Conduct	%	1		
	Weight Sub Total		5		
G	NATIONAL COHESION AND NATIONAL VALUES:				
	• Implement measures to promote the realization of National Cohesion and National Values	No	2.5		
	• Implement commitments in the President's Annual Report on National Values and Principles of Governance	%	2.5		
	Weight Sub Total		5		
	Overall Total Weight		100		

ANNEX IIB: MODEL PERFORMANCE CONTRACT FOR STATE CORPORATIONS

This Performance Contract (hereinafter referred to as "Contract") is entered into between the Government of the Republic Kenya (hereinafter referred to as "GoK") through its Ministry ofof P.O. BoxNairobi (together with its assignees and successors) of the one part, and the Board of Directors/Council of.....(*Corporation/University*) (hereinafter referred to as the "the Board" / " The Council"), a State Corporation having its registered office at.. ... (together with its assignees and successors) of P.O. Boxof the other part.

WHEREAS

The GoK is committed to clearly defining the working relationship between itself and the State Corporations;

The parties recognize the need for adequate and reasonable managerial and operational autonomy to facilitate achievement by the Board/Council and Management of(*Corporation*) of the agreed and freely negotiated performance targets set out in this Contract;

The parties are desirous of enhancing transparency in the management of public resources and accountability for results in line with the Constitution;

The purpose of this performance contract is to establish clarity and consensus about priorities for the Corporation's management in order to;

1. Ensure that systems are established for equality for all users of public services;
2. Ensure impartiality and fairness in the process of delivery of public services;
3. Ensure promotion of National Cohesion and National Values;
4. Ensure continuity of public services under all circumstances;
5. Establish systems to enable innovativeness and adaptability of public services to the needs of users;
6. Ensure professionalism and ethics in Public Service is achieved and maintained;
7. Establish systems to ensure promotion and protection of rights of users of public services and public servants as enshrined in the Bill of Rights;

8. Institutionalize a culture of accountability, integrity, transparency and promotion of values and principles of public service;
9. Ensure a corruption free public service;
10. Ensure effective, efficient and responsible use of public resources, and
11. Ensure responsiveness by public servants in delivery of public services.

The Board/Council has indicated its capacity and competence to perform the duties and undertake the functions specified under this Contract; and

From this contract, should flow the program and management priorities of the State Corporation.

NOW THEREFORE, the parties hereto agree as follows:

Part I

Vision, Mission and Strategic Objectives

- a) Vision of the State Corporation:
- b) Mission of the State Corporation:
- c) Strategic Objectives of State Corporation

Part II

Commitments and Responsibilities of State Corporation (Board/Council/Management)

- Ensure that public services are delivered in accordance with the constitution.
- Ensure modernization of the public service by introduction of modern technologies and innovative service delivery systems to improve service delivery;

- Ensure that public officers demonstrate professionalism, transparency and accountability in performing their duties and that they show courtesy, integrity and neutrality in provision of service.

Part III

Commitments and Obligations of the Government

This refers to support required from Government which is not already within the Corporation's mandate, such as,

- Ensuring resources are available for the achievement of agreed performance targets.
- Ensuring that public officers suspected of corrupt practices step down to allow room for investigations.

Part IV

Reporting Requirement

State Corporations are required to submit their quarterly performance reports to the Inspectorate of State Corporations and copy to the Ministry of Devolution and Planning, Division of Performance Contracting for the purpose of monitoring progress of performance, and for annual evaluation of performance.

Part V

Duration of the Performance Contract

The PC will normally run for a period of 12 months from 1st July to 30th June. For those State Corporations whose financial year corresponds with the calendar year, the PC will run from 1st January to 31st December of every year. For those State Corporations whose financial year ends in March, the PC will run from 1st April to 31st March.

Part VI

Signatories

State Corporation: Chairman..... Date.....

Independent Director..... Date.....

Government: Cabinet Secretary..... Date.....

Counter-signed:

The National Treasury: Cabinet Secretary..... Date.....

Commercial State Corporations Matrix

	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT	STATUS PREVIOUS (FY 2014/15)	TARGET (FY2015/ 16)
A	FINANCE & STEWARDSHIP:				
	• Pre-Tax Profit	Kshs	20		
	• Return on Investment	%	5		
	• Dividend to National Treasury	Kshs	5		
	• Development Index	%	5		
	Weight Sub Total		35		
B	SERVICE DELIVERY:				
	• Customer Satisfaction	%	2		
	• Service Delivery Innovations	No	2		
	• Service Delivery Innovations Application/Implementation	%	2		
	• Resolution of Public Complaints	%	5		
	• ISO Certification/ Accreditation	%	2		
	• Automation	%	2		
	Weight Sub Total		15		
C	NON-FINANCIAL:				
	• Implementation of the Strategic Plan	%	1		
	• Asset Management	%	1		
	• Youth Internships/Industrial Attachments/ Apprenticeships	No.	1.5		
	• Empowerment of Youth, Women and Persons with Disabilities				
	-Sensitization and prequalification	Report	1		
	-Uptake of 30% value of Tender awarded	Kshs.	2		

	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT	STATUS PREVIOUS (FY 2014/15)	TARGET (FY2015/16)
	• Compliance with the Constitution and other legal obligations • Compliance with Statutory Obligations • Safety and Security Measures	% % %	1 1.5 1		
	Weight Sub Total		10		
D	OPERATIONS: • Vision 2030 Flagship Projects/Programmes • MDA priority Projects/Programmes Outcomes aligned to Sector Performance Standards (SPS) • *Ease of Doing Business • Project Implementation: – Completion Rate – Cost Effectiveness	% % %			
	Weight Sub Total		25		
E	DYNAMIC/ QUALITATIVE: Human Resource Management and Development • Management of Pension • Competency Development • Prevention of Alcohol and Drug Abuse • Prevention of HIV/AIDS Infections • Work Environment	% % % % %	1 1 1 1 1		

	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT	STATUS PREVIOUS (FY 2014/15)	TARGET (FY2015/16)
	Weight sub Total		5		
F	CORRUPTION ERADICATION/ GOVERNANCE: -Corruption Eradication -Mwongozo Code of Conduct	% %	4 1		
	Weight Sub Total		5		
G	NATIONAL COHESION AND NATIONAL VALUES: • Implement measures to promote the realization of National Cohesion and National Values • Implement commitments in the President's Annual Report on National Values and Principles of Governance	No %	2.5 2.5		
	Weight Sub Total		5		
	Overall Total Weight		100		

**For those MDAs that have an aspect of making the country globally competitive.*

Non -Commercial State Corporations Matrix

	PERFORMANCE CATEGORY	CRITERIA	UNIT OF MEASURE	WT	Status Previous Year (FY 2014/15)	Target (FY 2015/16)
A	FINANCE & STEWARDSHIP:					
	• Utilization of Allocated Funds	%	4			
	• A-in-A	Kshs	3			
	• Development Index	%	3			
	Weight Sub Total		10			
B	SERVICE DELIVERY:					
	• Customer Satisfaction	%	2			
	• Service Delivery Innovations	No	2			
	• Service Delivery Innovations Application/Implementation	%	2			
	• Resolution of Public Complaints	%	5			
	• ISO Certification/Accreditation	%	2			
	• Automation	%	2			
	Weight Sub total		15			
C	NON-FINANCIAL:					
	• Implementation of the Strategic Plan	%	1			
	• Asset Management	%	1			
	• Youth Internships/Industrial Attachments/ Apprenticeships	No	1.5			
	• Empowerment of Youth, Women and Persons with Disabilities					
	-Sensitization and prequalification	Report	1			
	-Uptake of 30% value of Tender awarded	Kshs.	2			
	• Compliance with the Constitution and other legal obligations	%	1			

	PERFORMANCE CATEGORY	CRITERIA	UNIT OF MEASURE	WT	Status Previous Year (FY 2014/15)	Target (FY 2015/16)
		- Compliance with Statutory Obligations - Safety and Security Measures	% %	1.5 1		
	Weight Sub Total			10		
D	OPERATIONS: - Vision 2030 Flagship Projects/Programmes - MDA priority Projects/Programmes Outcomes aligned to Sector Performance Standards (SPS) *Ease of Doing Business - Project Implementation: - Completion Rate - Cost Effectiveness		% % %			
	Weight Sub Total			50		
E	DYNAMIC/ QUALITATIVE: Human Resource Management and Development - Management of Pension - Competency Development - Prevention of Alcohol and Drug Abuse - Prevention of HIV/AIDS Infections - Work Environment		% % % % %	1 1 1 1 1		
	Weight sub Total			5		
F	CORRUPTION ERADICATION/ GOVERNANCE: -Corruption Eradication -Mwongozo Code of Conduct		% %	4 1		
	Weight Sub Total			5		

	PERFORMANCE CATEGORY	CRITERIA	UNIT OF MEASURE	WT	Status Previous Year (FY 2014/15)	Target (FY 2015/16)
G	NATIONAL COHESION AND NATIONAL VALUES:					
	- Implement measures to promote the realization of National Cohesion and National Values - Implement commitments in the President's Annual Report on National Values and Principles of Governance	No	2.5			
		%	2.5			
	Weight Sub Total			5		
	Overall Total Weight			100		

**For those MDAs that have an aspect of making the country globally competitive.*

Public Universities Matrix

	PERFORMANCE CATEGORY	CRITERIA	UNIT OF MEASURE	WT	Status Previous Year (FY 2014/15)	Target (FY 2015/16)
A	FINANCE & STEWARDSHIP:					
	• Utilization of Allocated Funds	%	4			
	• A-in-A	Kshs	3			
	• Development Index	%	3			
	Weight Sub Total		10			
B	SERVICE DELIVERY:					
	• Customer Satisfaction	%	2			
	• Service Delivery Innovations	No	2			
	• Service Delivery Innovations Application/Implementation	%	2			
	• Resolution of Public Complaints	%	5			
	• ISO Certification/Accreditation	%	2			
	• Automation	%	2			
	Weight Sub Total		15			
C	NON-FINANCIAL:					
	• Implementation of the Strategic Plan	%	1			
	• Asset Management	%	1			
	• Youth Internships/industrial Attachments/ Apprenticeships	No.	1.5			
	• Empowerment of Youth, Women and Persons With Disabilities					
	-Sensitization and prequalification	Report	1			
	-Uptake of 30% value of Tender awarded	Kshs	2			
	• Compliance with the Constitution and other legal obligations	%	1			
	• Compliance with Statutory	%	1.5			

	PERFORMANCE CATEGORY	CRITERIA	UNIT OF MEASURE	WT	Status Previous Year (FY 2014/15)	Target (FY 2015/16)
		Obligations				
		• Safety and Security Measures	%	1		
	Weight Sub Total			10		
D	OPERATIONS:					
		• Vision 2030 Flagship Projects/Programmes				
		• MDA priority Projects/Programmes				
		Outcomes aligned to Sector Performance Standards (SPS)				
		• *Ease of Doing Business	%			
		• Project Implementation:				
		– Completion Rate	%			
		– Cost Effectiveness	%			
	Weight Sub Total			50		
E	DYNAMIC/ QUALITATIVE:					
	Human Resource Management and Development					
		• Management of Pension	%	1		
		• Competency Development	%	1		
		• Prevention of Alcohol and Drug Abuse	%	1		
		• Prevention of HIV/AIDS Infections	%	1		
		• Work Environment	%	1		
	Weight sub total			5		
F	CORRUPTION ERADICATION/ GOVERNANCE:					
		-Corruption Eradication	%	4		
		-Mwongozo code of conduct	%	1		
	Weight Sub Total			5		
G	NATIONAL COHESION AND					

	PERFORMANCE CATEGORY	CRITERIA	UNIT OF MEASURE	WT	Status Previous Year (FY 2014/15)	Target (FY 2015/16)
	NATIONAL VALUES:					
	Implement measures to promote the realization of national values and national cohesion		No	2.5		
	Implement commitments in the President's Annual Report on National Values and Principles of Governance		%	2.5		
	Weight Sub Total			5		
	Overall Total Weight			100		

**For those MDAs that have an aspect of making the country globally competitive.*

ANNEX IIC: MODEL PERFORMANCE CONTRACT FOR TERTIARY INSTITUTIONS

This Performance Contract (hereinafter referred to as the "Contract") is entered into between the Government of the Republic of Kenya through its Ministry of (*Parent Ministry*) (hereinafter referred to as "GoK") of P.O BoxNairobi(together with its assignees and successors) of the one part, and the Board of Management of [*Tertiary Institution*] (together with its assignees and successors) of P.O Boxof the other part.

WHEREAS

The Government is committed to ensuring that Tertiary Institutions are well managed, and are cost effective in delivering quality services to the public in line with the provisions of the Constitution;

The Government recognizes that Tertiary Institutions hold vital key to improving performance and enhancing the faith of the Kenyan people in their government;

The parties recognize the need for adequate and reasonable managerial and operational autonomy to facilitate achievement by the Board and Management of [*Tertiary Institution*] of the agreed and freely negotiated performance targets set out in this contract.

The Board has indicated its capacity and competence to perform the duties and undertake the functions specified herein.

This contract represents a basis for continuous performance improvement of the Tertiary Institution to meet the needs and expectations of the Kenyan people.

The purpose of this contract is to establish clarity and consensus about priorities for the institution's management in order to:

1. Ensure that systems are established for equality for all users of public services;
2. Ensure impartiality and fairness in the process of delivery of public services;
3. Ensure promotion of National Cohesion and National Values;
4. Ensure continuity of public services under all circumstances;
5. Establish systems to enable innovativeness and adaptability of public services to the needs of users;
6. Ensure professionalism and ethics in Public Service is achieved and maintained;

7. Establish systems to ensure promotion and protection of rights of users of public services and public servants as enshrined in the Bill of Rights;
8. Institutionalize a culture of accountability, integrity, transparency and promotion of values and principles of public service;
9. Ensure a corruption free public service;
10. Ensure effective, efficient and responsible use of public resources ;and
11. Ensure responsiveness by public servants in delivery of public services.

From this contract, **should** flow the program and management priorities of the Tertiary Institution.

NOW THEREFORE, the parties hereto agree as follows:

Part I

- a) Vision of the Tertiary Institution;
- b) Mission of the Tertiary Institution;
- c) Strategic Objectives of the Tertiary Institution.

Part II

Commitments and Responsibilities of the Board

- Ensure that public services are delivered in accordance with the constitution.
- Ensure modernization of public services in the institution by introduction of technologies and innovative service delivery systems to improve service delivery.
- Ensure that officers demonstrate professionalism, transparency and accountability in performing their duties and that they show courtesy, integrity and neutrality in provision of service.

Part III

Commitments and Obligations of the Government

This refers to support required from Government which is not already within the Board's mandate, such as:

- Ensuring resources are available for the achievement of agreed performance targets; and
- Ensuring that public officers suspected of corrupt practices step down to allow room for investigations.

Part IV

Reporting Requirement

Tertiary Institutions are required to submit their quarterly performance reports to their parent Ministries and copy to the Ministry of Devolution and Planning, Division of Performance Contracting for the purpose of monitoring progress of performance, and for annual evaluation of performance.

Part V

Duration of the Performance Contract

The Performance Contract will run for a period of 12 months from 1st July to 30th June.

Part VI

Signatories

Chairman, BoM..... Date.....

Independent
BoM Member..... Date

Cabinet Secretary Date.....

Tertiary Educational and Technical Institutions Matrix

	PERFORMANCE CATEGORY	CRITERIA	UNIT OF MEASURE	WT	Status Previous Year (FY 2014/15)	Target (FY 2015/16)
A	FINANCE & STEWARDSHIP:					
	• Utilization of Allocated Funds	%	4			
	• A-in-A	Kshs	3			
	• Development Index	%	3			
	Weight Sub Total		10			
B	SERVICE DELIVERY:					
	• Customer Satisfaction	%	2			
	• Service Delivery Innovations	No	2			
	• Service Delivery Innovations Application/Implementation	%	2			
	• Resolution of Public Complaints	%	5			
	• ISO Certification/ Accreditation	%	2			
	• Automation	%	2			
	Weight Sub total		15			
C	NON-FINANCIAL:					
	• Implementation of the Strategic Plan	%	1			
	• Asset Management	%	1			
	• Youth Internships/Industrial Attachments/ Apprenticeships	No.	1.5			
	• Empowerment of Youth, Women and Persons With Disabilities					
	-Sensitization and prequalification	Report kshs	1 2			
	-Uptake of 30% value of Tender awarded	%				
	• Compliance with the Constitution	%	1.5			

	PERFORMANCE CATEGORY	CRITERIA	UNIT OF MEASURE	WT	Status Previous Year (FY 2014/15)	Target (FY 2015/16)
	• Compliance with Statutory Obligations • Safety and Security Measures			1 1		
	Weight Sub Total			10		
D	OPERATIONS: • Vision 2030 Flagship Projects/Programmes • MDA priority Projects/Programmes • Sector Specific targets Aligned to Sector Performance Standards (SPS) • *Ease of Doing Business • Project Implementation: – Completion Rate – Cost Effectiveness		% %			
	Weight Sub Total			50		
E	DYNAMIC/ QUALITATIVE: Human Resource Management and Development • Management of Pension • Competency Development • Prevention of Alcohol and Drug Abuse • Prevention of HIV/AIDS Infections • Work Environment		% % % % %	1 1 1 1 1		
	Weight sub Total			5		
F	CORRUPTION ERADICATION/ GOVERNANCE: -Corruption Eradication		%	4		

	PERFORMANCE CATEGORY	CRITERIA	UNIT OF MEASURE	WT	Status Previous Year (FY 2014/15)	Target (FY 2015/16)
		-Mwongozo Code of Conduct	%	1		
		Weight Sub Total		5		
6	NATIONAL COHESION AND NATIONAL VALUES:					
	Implement measures to promote the realization of National Cohesion and National values		No	2.5		
	Implement commitments in the President's Annual Report on National Values and Principles of Governance		%	2.5		
		Weight Sub Total		5		
		Overall Total Weight		100		

**For those MDAs that have an aspect of making the country globally competitive.*

ANNEX III: DESCRIPTION OF PERFORMANCE INDICATORS

A. FINANCIAL AND STEWARDSHIP

Utilization of Allocated Funds- Ensures that funds are applied to programmes, projects and activities for which they were appropriated and are planned for. Allocated funds include financial resources from outside the exchequer, including donor funds. This links the process of budgeting to performance target setting. **Variance analysis** should be carried out on all budget items/lines to establish conformity and **absorption capacity**.

A-in-A - are particular classes of revenue which the Treasury authorizes an accounting officer to use, in addition to the amounts to be issued from the exchequer, donor funds and grants to meet expenditure. For MDAs that have a revenue collection mandate on behalf of Government, they should include "Revenue Collection" as an additional performance indicator under the Finance and Stewardship criterion.

Development Index - refers to the relationship between development expenditure and recurrent expenditure. It is computed as Development Expenditure (DE), divided by Recurrent Expenditure (RE), i.e. (DE/RE). Development expenditure includes expenditures on development of infrastructure, acquisition of new facilities, human capital development, marketing programmes, research and development, etc. Recurrent Expenditure (RE) on the other hand refers to expenditure on goods and services which does not result in the creation or acquisition of fixed assets. It consists mainly of expenditure on wages, salaries, purchase of consumer goods and services and consumption of fixed capital (depreciation). The Index is intended to ensure that more resources are progressively applied to development activities to ensure progressive and sustained growth. For purposes of computing quarterly achievements, the denominator for Development Index for a quarter should be the **actual annual** Recurrent Expenditure. For government ministries, the indicator will only be applicable to the National Treasury under the operations criteria, and the National Treasury should ensure that the ratio of 70:30 for RE against DE is achieved during the budgeting process and subsequent releases to the MDAs. For non-commercial state corporations and universities, the ratio should be progressively improved.

Pre-Tax Profit: - refers to the excess income over expenditure after providing for depreciation and interest, but before providing for corporate tax.

Return on Investment- refers to the ratio of Pre-tax Profits to Total Assets.

Dividend to Treasury: - this refers to the payment made to the National Treasury as a shareholder, in the distribution of profit.

B. SERVICE DELIVERY

Customer Satisfaction - refers to the utility derived by the customers of the product or service. All MDAs are required to implement the recommendations in the baseline survey report. Exit survey to be carried out in the 13th Cycle. The unit of measure will be a percentage of the recommendations implemented against the total number of recommendations/Interventions. The following parameters should form common criteria for Customer Satisfaction Survey, for institutions that are newly created and are expected to undertake an entry survey as a measure of the quality of service:

- (i) Speed of delivery of service/product
- (ii) Accessibility- to ensure that Kenyans have access to information on service delivery. Access to service/product should also incorporate systems to enable persons with disabilities (PWDs), minorities, marginalized groups and illiterate citizens to access services. These should include having Web-based enabled systems e.g. online application systems, holding open days and putting in place operational customer care/information desks.
- (iii) Affordability
- (iv) Courtesy
- (v) Adherence to the commitments set out in the Citizens' Service Delivery Charters.

Service Delivery Innovations- includes business process re-engineering and refers to new ways of revolutionizing and improving service delivery in terms of enhancing efficiency, timeliness, quality, flexibility and convenience. Institutions are required to undertake research and development to aid in their service delivery innovations. Service delivery innovations are expected to realize cost savings which is an efficiency measure that assures that more is achieved with less without sacrificing quantity, quality and standards. It embraces new/radical methods and technologies and once in place, it should be deployed and complied with. MDAs should come up with as many innovations as possible. Service Delivery Innovation will be measured on the basis of Number of innovations and Implementation/ Application of the innovations.

Service Delivery Innovations Application/Implementation: MDAs should be clear on the innovations that will be developed, how they will impact on service delivery, identify the service delivery points and at the end of the contract period, demonstrate how the innovations have worked.

NB: In instances where Research & Development (R&D) is part of the core functions of an agency, it should be reflected as an indicator in the "Operations" criteria.

Resolution of Public Complaints* - A public complaint is an expression of dissatisfaction by one or more members of the public about an action, inaction, decision or service provided by a public officer or public institution. All public institutions are required to promptly address and resolve public complaints referred to them directly or channelled through the Commission on Administrative Justice (CAJ).

*Note 1: New MDAs are expected to first undertake the following towards resolution of public complaints:

- i) Establish complaints handling and management infrastructure (mechanisms) and submit information on the same to the CAJ in the prescribed format in Quarter 1;
- ii) Develop complaints-handling procedures;
- iii) Develop and implement Citizen Service Delivery Charters;
- iv) Conduct capacity building for complaints-handling officers and staff;
- v) Create awareness on the existence of complaints-handling mechanism in the organisation; and

*Note 2: Evaluation will be on the actual resolution of public complaints since it is expected that existing MDAs have already undertaken activities (i) to (v). The certificate issued by CAJ will show the percentage of the actual complaints resolved by an institution.

Further details on the implementation of this performance indicator should be accessed from the CAJ website, www.ombudsman.go.ke.

ISO Certification/Accreditation - ensures that operations and management are benchmarked to the best international practices as attested by certification/accreditation by a reputable certification/accreditation body. The process helps to re-engineer management processes and technical processes thereby making them efficient. It also helps create competitive advantage in the public service. Organizations are required to seek relevant ISO certification depending on their mandates. Organizations offering conformity assessment services e.g. inspection, Certification and testing are required to seek relevant accreditations.

The following milestones are involved in ISO Certification/Accreditation:

STEPS TO ISO CERTIFICATION/ACCREDITATION

A 10%

- Bring expert on board
- Define scope
- Appoint management representative (MR)
- Appoint ISO team

B 25%

- Train middle management - (process owners)
- Brief top management
- Conduct awareness training for all employees

C 35%

- Conduct gap analysis and process determination
- Complete documentation
- Launch the quality management system (QMS) based on the standard.

D 20%

- Conduct Internal Quality Auditor (IQA) training
- Conduct trial audits under expert auditor guidance
- Conduct internal audit (s)
- Conduct management review meeting (s)

E 10%

- Select certification body (CB)/ Accreditation Body
- Apply for certification/Accreditation
- CB to conduct pre- certification/pre-accreditation audit
- Carry out corrective actions
- CB to carry out certification audit / accreditation / assessment
- Carry out corrective action
- Certification/Accreditation to relevant standard

NOTE: Institutions that are already ISO certified/Accredited need to ensure that the certification/accreditation is maintained and that there is continuous improvement of services. In addition these institutions that have already been certified/ accredited will be required to comply with the standards stipulated for the purpose of maintaining the certification/accreditation status, and provide a letter from the certifying body as testimony thereof. The institutions should undertake the following for continuity and relevance of the ISO; 1st, 2nd and 3rd year

- Internal audits and management reviews

- Surveillance audits/assessments

Note: Institutions that are already ISO certified/accredited need to ensure that the certification/accreditation is maintained and there is continuous improvement of services. The institutions will be required to comply with the standards stipulated for the purpose of maintaining the certification status, and provide a letter from the certifying body as testimony thereof.

For MDAs that are not certified/accredited and in the process of certification/accreditation, they should follow the steps outlined above. MDAs that are already certified /accredited need to sustain and improve the QMS by undertaking sub-indicators as categorized below:-

MDAs that are in their first and second year after certification/accreditation

1. Conduct surveillance audits/assessments
2. Conduct management reviews

Note 1: MDAs that are already in their 1st year or 2nd year after Re- Certification/accreditation fall in the above category.

MDAs that are in their 3rd year after certification/accreditation

1. Undertake internal audits and management reviews.
2. Undertake a re-Certification audit/ reaccreditation assessment by a certification body/accreditation body

Note 2: MDAs in their third year after re-Certification/ reaccreditation fall in the above category.

Note 3: In the case of Ministries that have several Departments/Directorates, it is advisable to have the Ministry ISO Certified rather than the individual Departments/Directorates pursuing their respective ISO Certification. In such cases, it should be agreed on which Department/Directorate spearheads the process.

Automation - refers to the extent to which an agency keeps in pace with developments in Information and Communication Technology (ICT). The thrust of this indicator is on ICT development as a package, not collection of activities. The milestones to address this indicator include the following:

Automation Stages	Sub-indicators	Level of Automation
(i) Institutional strategy and vision	• Institutional ICT strategy developed and disseminated (will detail the roadmap the institution intends to take in utilizing ICTs to deliver on its core mandate) • Adoption and operationalization of e-Government standards (the standards are available at http://standards.icta.go.ke/) • Qualified ICT staff deployed as per organizational approved structure • No. and qualifications of ICT staff deployed. • Percentage of Institutional budget devoted to ICTs (industry standard is 10%). • Staff to computer ratio(ranges from 1:1 for technical staff to 1:10 for support staff)	15%
(ii)Connectivity and technology infrastructure	• Internet bandwidth available within the institution • ICT infrastructure ○ Office automation(turn-around time for business processes) ○ Centralized user authentication ○ Electronic Document Management System (EDMS) in use ○ LAN installed ○ WAN installed ○ Centralized user authentication within the LAN/WAN • No. of enterprise wide systems/ERPs in operation • No. of data warehouses/marts in place.	25%

Automation Stages	Sub-indicators	Level of Automation
	• % of institutional data which has been digitized and is accessible against total number of manual records kept • ICT security measures in force, i.e., use of biometric security features, anti-virus updates, data back-up, etc. • Adoption and usage of Voice Over Internet Protocol (VOIP) • % of staff who have broadband access in the workplace.	
(iii) Consumer and business adoption	• Institutional website adhering to the web design standards in terms of: ➤ Accessibility ➤ Usability ➤ Interoperability ➤ Graphical look and feel ➤ Related standards and policies • Automation of core public services (e-services) for citizens, business, employees and Government • On-line annual customer service rating of services (e-services) to ascertain feedback from recipients of service. • Service delivery channels utilized i.e. methods used by MDAs to provide services, e.g. SMS, Unstructured Supplementary Service Data (USSD), portal services, Interactive Voice Response System (IVRS). • No. of internal business processes which are fully automated • One- stop shops • Revenue/Cost savings through delivery of e-services • Services hosted in common Government infrastructure.	30%

Automation Stages	Sub-indicators	Level of Automation
(iv) Social and cultural environment	• An institutional measure of ICT literacy adopted (ICTA will provide independent ICT assessments for comparison). • % of staff who are ICT-literate or have undertaken ICT training • ICT training programs implemented as per ICT strategy • No. of ICT staff trained • % of staff with disabilities who have access to ICTs • No. of service delivery options for clients with disabilities.	10%
(v) Legal environment	• Policy guidelines in place for e-services, internet and e-mail use • Institutional ICT policy developed and implemented • Institutional e-waste policy developed and implemented • Institutional arrangements for protection and privacy of citizen data in force • % of staff who have signed an institutional ICT security compliance agreement • No. of electronic payment systems rolled out	10%
(vi) Other factors	• Range of information systems in use	10%
Total Cumulative Score		100%

C. NON-FINANCIAL:

Asset Management - is the process of making best use of an institution's equipment, machinery, tools, buildings etc in order to maximize taxpayers' value. Under this performance indicator the MDAs should undertake the following:

- i) **Inventory management**- establish and keep a catalogue of an institutions' assets and property

- ii) **Maintenance** – outline activities for preserving assets, equipment, tools, etc. in good working condition in order to avoid breakdown of the same. In the case of plant and equipment, maintenance should be undertaken in accordance with the manufacturers' schedules.
- iii) **Repairs** – outline activities for restoring assets, equipment, tools, etc. to usable condition after damage, tear or wear and carry out actual repairs.
- iv) **Disposal of Idle Assets**– ensure clearance of unserviceable, obsolete and surplus assets by way of sale, transfer to other public institutions, destruction, donation or other authorized methods of disposal, and in all cases in full conformity to the existing legal requirement.

NB: Maintenance, repairs and disposal of idle assets should not only be confined to the MDA's headquarters, but also extended to its grass-root institutions.

Youth Internship/Industrial Attachment/Apprenticeships:–MDAs are required to progressively involve youth in internship, industrial attachment/or apprenticeship programs and target graduate youth for skills transfer. The minimum number of youth in internship, industrial attachment/or apprenticeship programs in each MDA should be 5% of the total in-post of the staff strength. As far as is practicable all government projects and programs should have a component of transfer of skills to the youth through internship and apprenticeship.

Apprenticeship refers to a system of training practitioners so that they gain a set of skills to prepare them for a career that they wish to pursue. On the other hand, internship refers to a method of on-the-job training, consisting of an exchange of services for experience between a student and an organization, and includes industrial attachment.

Youth, Women and Persons with Disabilities Empowerment – this refers to 30 % of the value of total government procurement tenders in Kshs, reserved for Youth, Women and Persons with Disabilities, and should be informed by the annual procurement plan. MDAs will be required to sensitize youth, women and Persons with Disabilities groups, pre-qualify the registered groups as an affirmative action and submit to PPOA a summary of the procurements allocated to the target group in the format provided in the PPOA website, www.tenders.go.ke.

Uptake of 30% - refers to the actual award of 30% of all procurement tenders reserved for the youth, women and Persons with Disabilities groups.

Compliance with the Constitution - this entails compliance with, and enforcement of the Constitution. MDAs should implement elements of the Constitution that are relevant to their mandate and which, according to the fifth schedule of the Constitution of Kenya, require implementation within the current contract year or which otherwise, can be fast-tracked for implementation in the contract year. MDAs are further expected to include activities that they will undertake in order to build capacities and transfer skills to County Governments. MDAs should also undertake an audit to establish extent of compliance and enforcement.

Compliance with Statutory Obligations-MDAs should conform to laws and regulations related to and not limited to the following:

- i. Public procurement and Disposal Act, regulations and rules. - This entails Development and adherence to the procurement plan, submitting the plan to PPOA by 31st August and quarterly procurement plan implementation reports to the Authority in the format provided in the PPOA website, www.tenders.go.ke.

The procurement plan should be part of the budgeting process and must be presented during the negotiation and evaluation of the performance contract. E-procurement should be implemented by all MDAs

- ii. Remittance of statutory deductions- These should include, but not limited to, repayment of Higher Education Loans Board dues by beneficiary employees, statutory taxes, NHIF, NSSF, PAYE. MDAs are required to get a Certificate of Compliance from the following: Kenya Revenue Authority, National Hospital Insurance Fund, National Social Security Fund and Higher Education Loans Board.
- iii. Disability Mainstreaming - MDAs will be required to implement Government policy on affirmative action for Persons with Disabilities, including ensuring that at least 5% of the employees in the respective MDAs are persons with disabilities. MDAs should also develop and disaggregate data of persons with disabilities by age, gender and forms of disability, ensure physical improvements of public facilities for accessibility, accessibility of information, capacity building and carry out an accessibility audit for persons with disabilities. MDAs are expected to present for evaluation a certificate from National Council for Persons with Disabilities.
- iv. Gender Mainstreaming- MDAs will be required to implement Government policy on gender mainstreaming, including compliance with one third rule on appointments, promotions and employment in the public service. MDAs are expected to present for evaluation a certificate from National Gender and Equality Commission.

- v. **Environmental Sustainability** - refers to concerted efforts to mitigate against environmental degradation. It is the maintenance of the factors and practices that contribute to the quality of environment on a long term basis. MDAs are required to: comply with the Environmental Management and Coordination Act (EMCA); Submit 2014/15 Environmental Sustainability Audit Report on compliance with EMCA- 1999 by 30th Sept, 2015 (10%); Submit Annual work plan based on the 2014/15 Audit Report by 30th Sept, 2015 (5%); Establish/operationalize environmental sustainability committee (5%) ;and Submit quarterly reports on the implementation of recommendations of the 2014/15 Audit Report by the 14th Day after the end of each quarter (80%). Quarterly reports to be submitted to The Director General, NEMA, P.O Box 67839 -00200 NAIROBI, Kapiti Rd, South C in a template available on the NEMA website (www.nema.go.ke). New MDAs are required to carry out an Environmental Audit within the contract year. The Authority will monitor agencies, review the quarterly reports and provide feedback and also issue a certificate at the end of the performance contract period.

Safety and Security Measures - should include all aspects relating to the safety and security of personnel, documents, information, equipment and assets. MDAs are required to put in place safety and disaster preparedness mechanism to address the current insecurity issues affecting the country. In this regard MDAs should put in place mechanisms to mitigate against: technological hazards, terrorism, fire and natural disasters, implement the Information Security Management System (ISMS) and train additional officers on the ISMS.

D. OPERATIONS:

This covers performance indicators, projects/programmes that are unique to an MDA and are aligned to the core mandate of the institution, Vision 2030 Flagship projects/programmes and indicators aligned to the Sector Performance Standards. MDAs are expected to: Ensure that projects and programmes, as contained in their strategic and work plans, are budgeted for and implemented. A copy of the strategic plan and the annual work plan will form key documents for the purposes of negotiation, vetting, monitoring and evaluation.

Outcomes aligned to Sector Performance Standards-MDAs are expected to align their indicators and targets to the SPS so as to benchmark with International Best practices. The Division of Performance Contracting has reviewed and issued the Sector Performance Standards (2nd Edition) and the same can be downloaded from www.devolutionplanning.go.ke.

Vision 2030 Flagship Projects/Programmes

For Vision 2030 Flagship projects/programmes MDAs should: identify the project/programme components to be implemented under MTP II; identify the

funding requirements and funding status either under GOK or other sources, indicate current status of the ongoing projects, brand and communicate. Quarterly Reports on Vision 2030 projects/programmes should be submitted to Vision 2030 Delivery Secretariat.

Project Implementation - Project implementation refers to both physical and non-physical development undertakings. Non-physical projects may include investments with returns which are long term in nature e.g. training, marketing and capacity building. Acquisition/construction of plant and equipment also qualify under this category. Project implementation is measured using the following sub-indicators:

Project Completion Rate: refers to the proportion of planned project(s) for the contract year, which is completed during that year. It should be obtained by averaging the total completion rates for all completed projects.

Cost Effectiveness: refers to value for money in project implementation, and whether the ultimate cost was within the budget. Institutions are expected to provide the budget for the project(s) during negotiations and a variance analysis at the end of the contract period.

Ease of Doing Business - refers to creating a conducive environment for starting, operating and sustaining a business. This entails making regulations of business simpler and enhancing protection of property rights.

This indicator applies to MDAs that have a relevant mandate for:

- (i) **Starting a business** - Procedures, time, cost and minimum capital to start a new business
- (ii) **Dealing with construction permits** - Procedures, time and cost to put up buildings and infrastructure
- (iii) **Getting utilities** - procedures, time and cost to get connected to utilities (e.g. electricity, water, sewerage etc.).
- (iv) **Registering property** - Procedures, time and cost to register a title.

- (v) **Getting credit** - Ease of getting credit
- (vi) **Protecting investors** - Extent of disclosure of information to investors and shareholders
- (vii) **Paying taxes** - Number of taxes paid, hours per year spent preparing tax returns and total tax payable as share of gross profit
- (viii) **Trading across borders** - Number of documents, cost and time necessary to export and import
- (ix) **Enforcing contracts** - Procedures, time and cost to enforce a debt contract
- (x) **Resolving insolvency** - The time, cost and recovery rate (%) under bankruptcy proceedings

Capacity Utilization - refers to the level of actual utilization against optimal capability for processing, production and manufacturing entities.

E. DYNAMIC/ QUALITATIVE:

Human Resource Management and Development- refers to how employees are managed in organizations. It has elements of recruitment, performance appraisal, rewards and sanctions, industrial relations and the systematic enhancement of knowledge, skills and proficiencies in order to address career progression of individual employees and improve both the individual and institutional performance. MDAs are required to manage the pensions process and develop competencies within the organization, manage alcohol and drug abuse, prevention of HIV/AIDs infection and create a conducive work environment.

Pension Management:

The objective of this indicator is to ensure that retiring public servants are treated with dignity, receive their retirement dues promptly and encourage post-retirement follow ups.

Ministries are required to:

Prepare list of potential retirees within the year.

Issue GP-24 and confirmation in appointment letter if not available in the file.

Issue notice to retirees 9 months to due date

Prepare and submit retirement documents to Pensions Department 3 months to due date.

Submit Clearance Certificates to facilitate payment within 30 days of retirement.

Automate the Pension Scheme

Carry out pre-retirement training

Develop a post-retirement Medical Scheme

Other Agencies are required to:

Prepare list of potential retirees within the year.

Issue notice to retirees 12 months to due date

Prepare and submit retirement documents to the Pensions Fund in accordance with first deed and roll.

Submit Clearance Certificates to facilitate payment within 30 days of retirement.

Automate the Pension Scheme

Carry out pre-retirement training

Develop a post-retirement Medical Scheme

Competency Development - refers to the systematic enhancement of skills and proficiencies in order to address career progression of individual employees and improve institutional performance. The activities to address this performance indicator include the following;

Skills/Competence needs assessment and intervention programs-MDAs will be expected to produce the Competency Needs Assessment report and intervention measures put in place.

Performance Appraisal- this is the evaluation of individual performance. It is based on the negotiated and agreed on performance targets drawn from the MDAs PC. For evaluation of this indicator the MDA will provide the Performance Appraisal Form (Form 1B) and minutes of the Performance Appraisal Committee for ministries. Other agencies must provide evidence of individual performance appraisal in their respective appraisal formats.

Knowledge management- This is the process of capturing, developing sharing and effectively using organizational knowledge. MDAs are expected to develop a mechanism for sharing experiences and lessons learnt for integration and continuous improvement; encourage the documentation of knowledge for future reference; and set appropriate channels of communication for storage and transfer of knowledge.

To assist MDAs to undertake Skills and Competence needs assessment, the Directorate of Public Service Management (DPSM) should avail the manual on "Managing the Training Function in the Public Service" as a guide. MDAs are required to liaise with DPSM to get the manual.

Prevention of Alcohol and Drug Abuse - refers to the implementation of activities/programmes aimed at reducing the prevalence of alcohol and drug abuse and minimizing the negative effects thereof. The overall objective of the indicator is to reduce alcohol and drug abuse (ADA) among the staff working in the public sector. This goal is achieved through implementation of a package of interventions on prevention as well as mitigation of the effects of alcohol and drug abuse which includes the following:

1. Baseline Survey on alcohol and drug abuse
2. Intervention Programmes
 - (i) Workplace Policy on ADA.
 - (ii) Support mechanism for persons with Substance Use Disorders (Counseling, Treatment and Rehabilitation and Referral).
 - (iii) Staff sensitization on alcohol and drug abuse.
 - (iv) Establishment of ADA Committee.
 - (v) Training of ADA Committee and Staff.

3. Monitoring the impact of the programme

Each MDA is required to do the following:

- (i) Prioritize baseline survey and work place policy where these have not been done;
- (ii) Submit annual work plan to NACADA. The work plan should have three activities addressing alcohol and drug abuse in the work place. The MDA will identify any other three intervention programmes to be implemented during the year. One of the three intervention programmes identified must be establishment of support mechanism for persons with substance use disorders.
- (iii) Implement the proposed activities and submit a quarterly report to NACADA fourteen days after the end of each quarter.

Prevention of HIV/AIDS Infections - refers to the implementation of activities that mitigate against HIV/AIDS Infections. During the FY 2015/16, the MDAs should commit to adopt Combination Prevention Approach which is a mix of behavioral, structural and biomedical interventions targeting specific populations

based on their needs to optimally mitigate acquisition or transmission of HIV. The key Kenya AIDS Framework objectives (KASF 2014/15-2018/19) are to reduce:

- New HIV infections by 75%

- AIDS related mortality by 25%

- HIV related stigma and discrimination by 50% and to

- Increase domestic financing of HIV response by 50%

To achieve this MDAs are required to:

- Carry out at least four (4) interventions every quarter in line with the Combination Prevention Approach that are relevant to the MDA

- Allocate a budget for the HIV activities/programmes

- Establish/ reconstitute and operationalize HIV & AIDS Control Unit with 40% of the membership drawn from the senior and middle levels. A senior officer will chair the Committee.

- Conduct a baseline survey on staff knowledge level on HIV and AIDS.

- Develop and/or implement work place policy on HIV and AIDS.

- Submit a work plan for the implementation of the indicator and the annual HIV budget to NACC in the first quarter.

- Submit quarterly reports to NACC using the HIV & AIDS mainstreaming reporting tool clearly indicating HIV and AIDS interventions implemented during the reporting quarter. MDAs should strive to adopt the online monitoring and reporting tool.

NACC will issue a certificate to MDAs that have fully complied with the requirement to mainstream HIV and AIDS at the end of the contract period.

A list of interventions, guidelines on implementation and the online planning and reporting tool are available on the NACC [website www.nacc.or.ke](http://www.nacc.or.ke)

Work Environment - refers to improvements in the physical work area/facility as well as the immediate surroundings of the workplace. This should also include social, psychological, environmental as well as ergonomic factors. In the performance contracting period FY 2014/2015, MDAs were expected to identify relevant issues affecting the work environment and address them appropriately. For the FY 2015/2016 MDAs will be expected to carry out an internal work environment survey in the first quarter and implement the findings of the survey in the subsequent quarters. For Evaluation MDAs will be required to provide evidence of implementation of the recommendations and a report on the progress made during the contract period.

F. CORRUPTION ERADICATION/GOVERNANCE:

Corruption Eradication –This is an indicator that aims to combat and prevent corruption, unethical practices and promote standards and best practices in governance. This is in line with the Ethics and Anti-Corruption Commission Act No. 22 of 2011 and the Leadership and Integrity Act of 2012. To achieve this, MDAs are expected to:

- Carry out a corruption risk assessment;
- Develop a corruption risk mitigation plan;
- Implement the recommendations in the risk assessment report;
- Strengthen the anti-corruption committees;
- Build capacity for Anti-corruption;
- Develop internal mechanisms that will encourage and protect whistle- blowing; and
- Submit quarterly reports to EACC.

Mwongozo Code of Conduct: All MDAs should sign and comply with the Mwongozo Code of Governance. The code requires all Boards to provide periodic reports to the oversight agency (SCAC) on critical governance issues including; governance audits, legal audits, board self evaluation, corporate risk, etc. For evaluation, MDAs will be required to evidence of the signed code, report on critical governance issues identified in the MDA, mitigating plans and implementation.

G. NATIONAL COHESION AND NATIONAL VALUES:

National Cohesion and National Values: this is an indicator that aims to promote national values and principles of governance and create a peaceful and cohesive nation. To achieve this, MDAs will be required to:

- (i) Submit quarterly reports on measures taken and progress achieved in the realization of national values and national cohesion to the Directorate of National Cohesion and National Values via e-mail nationalvalues@kenya.go.ke.
- (ii) Implement measures to promote the realization of National Cohesion and National Values.

Measures to be undertaken by MDAs to promote and mainstream National Cohesion and National Values and Principles of Governance include:

- (i) Legislation[s]: MDAs to demonstrate they have developed/reviewed/implemented legislation in compliance to Article 10;

- (ii) Policies: MDAs to demonstrate that while developing /reviewing/implementing any policy they considered/factored in the requirements of Article 10(2) of the Constitution;
- (iii) Regulations: MDAs to demonstrate that they have developed regulations to guide their operations in compliance with Article 10 of the Constitution;
- (iv) Projects/programmes, and activities undertaken: MDAs to demonstrate that their projects/programmes and activities promote National Values and Principles of Governance. They will demonstrate how their flagship projects/programmes and activities support National Values and Principles of Governance; and
- (v) Administrative actions taken/implemented: MDAs to demonstrate that their administrative actions took into consideration the provisions of Article 10 and are aimed at the realization of National Values and Principles of Governance.

Administrative Action (Score: 1.0): MDAs to prioritize any five concrete actions with each assigned a score of 0.2.

Administrative actions undertaken by MDAs will include:

- a) Deliberate actions by MDAs to promote patriotism and National unity;
- b) Development of Customer Service Delivery Charters in line with National Values and Principles of Governance as espoused in Article 10 of the Constitution such as: human dignity; human rights; equality and equity; social justice and inclusiveness; non-discrimination and protection of the marginalized;
- c) Continuous training, awareness creation and dissemination of programmes on National Values and Principles of Governance in a user friendly language;
- d) Systems and administrative actions put in place to hold the state and public officers to account for violating National Values and Principles of Governance as contained in Article 10 of the Constitution such as integrity. This will include development and implementation of anti-corruption strategies;
- e) Codes of Conduct put in place in organizations to enforce compliance with the provisions of Article 10 of the Constitution (National Values and Principles of Governance);
- f) Fair administrative and civil actions like warnings, suspensions, interdictions for staff who violate the provisions of Article 10 such as: integrity; good governance, accountability and

transparency; sustainable development; rule of law; and sharing and devolution of power;

- g) The extent to which National Values and Principles of Governance have been integrated into the annual Performance Contracting procedures;
- h) The extent to which the public organizations recognize, honor, reward and celebrate staff who are exemplary values carriers and drivers within them;
- i) Provision of Information, Education, and Communication (IEC) materials on national values and principles of governance to both staff, customers and stakeholders explaining the provisions of Article 10; and
- j) The extent of operationalization and strengthening of National Values and Principles of Governance compliance committees internally to: promote; monitor and evaluate; and periodically report on them.

Submit an annual progress report on the implementation of presidential commitments. The commitments to be implemented by MDAs for the FY 2015/2016 are:

NO.	COMMITMENTS	IMPLEMENTING MDAs/INSTITUTION
1.	Fast track the 5 th year schedule V and the outstanding 4 th year legislations in the constitution.	All Ministries, Departments and Agencies, Parliament, Office of the Attorney General, Constitution Implementation Commission (CIC), Kenya Law Reform Commission (KLRC)
2.	Fast track discussions of the Truth, Justice and Reconciliation Commission report in parliament and commence restorative justice processes	Parliament, Ministry of Interior and Coordination of National Government, Judiciary, The National Treasury and all the relevant MDAs
3.	Set a part of Kshs. 10 billion for restorative justice.	Ministry of Interior and Coordination of National Government, The National Treasury
4.	Review legislative and policy framework to ensure effective discharge of constitutional provision on integrity and to implement Executive Order No.6 on Ethics and	All MDAs, CIC, Office of the Attorney General and Department of Justice, KENAO, Commission on Administrative Justice (CAJ), EACC, ODPP, NPC

NO.	COMMITMENTS	IMPLEMENTING MDAs/INSTITUTION
	Integrity in the public service.	
5.	Ensure full implement the commitments made in the 2013 President's Report. Fast track through the national assembly the policies on national values and principles of governance and national cohesion and integration. Fast track the Baseline Survey on national values, continuous review of the education curriculum to incorporate national values and principles of governance; continuous review/audit of policies, legislations and institutional frameworks to ensure adherence to Article 10 of the Constitution	All MDAs, Constitutional Commissions, Independent offices
6.	Enhance inclusivity, equity, equality, non-discrimination and protection of the marginalized through policies, legislations and regulations. Develop a coordinated sectoral framework.	All MDAs, Office of the Attorney General and Department of Justice, KNHRC, CAJ, Gender Commission
7.	Enhance budgetary allocation and capacity in institutions for effective implementation of programmes, projects and activities for the promotion of national values and principles of governance	The National Treasury, Ministry of Interior and Coordination of National Government
8.	Continuous formulation and review of policies, enactment and review of legislations and regulations to operationalise Article 10 of the Constitution	All MDAs, Office of the Attorney General and Department of Justice, CIC, KLRC, Parliament
9.	Enhance collaboration between National and County Governments and among County Government to facilitate continuous and seamless	All MDAs, Office of the Attorney General and Department of Justice, CIC, KLRC, Parliament

NO.	COMMITMENTS	IMPLEMENTING MDAs/INSTITUTION
	transition to the devolved system of government.	
10.	Facilitate deepening and continuous capacity building on national values and principles of governance at both levels of Government	All MDAs, Ministry of Interior and Coordination of National Government, Ministry of Devolution and Planning, National Treasury, Transition Authority, Inter-Governmental Relations Technical Committee
11.	Enact legislation to operationalize Article 10 of the Constitution.	Ministry of Interior and Coordination of National Government, Office of the Attorney General and Department of Justice, CIC, KLRC, Parliament
12.	Develop innovative ways of improving public service delivery to actualize specific values.	All MDAs, Public Service Commission, Directorate of Public Service Management, Brand Kenya Board
13.	All State Corporations Board Members to sign the Mwongozo Code of Governance for State Corporations	All State Corporations, All Ministries, Departments and Agencies
14.	Relentless targeted and sustained multi-sectoral campaign against corruption.	All MDAs, EACC, ODPP, Judiciary, Parliament, Office of the Attorney General and Department of Justice
15.	Formulate innovative strategies for economic growth and employment creation.	All MDAs, The National Treasury,

Submit an annual report on measures taken and progress achieved in the realization of national values and principles of governance to the Directorate of National Cohesion and National values for compilation.

- (i) Implementation of commitments in the President's annual Report on national values and principles of governance.
- (ii) Submit the annual Report which forms part of Presidential report on national values and principles of governance to the Directorate of National Values and National Cohesion

Note: Recommendations relevant to MDAs mandates are captured in the Annual President's report on national values and principles of governance. (A circular has already been issued by the Head of Public Service requiring all MDAs to implement the 2014 Presidents Report).