NORWEGIAN EMBASSY

United Nations KENYA Umoja ni Nguvu

Strengthening Devolved Governance in Kenya
Project Number: 112294
Progress Report March 2020 to August 2020

The joint FCDC mission comprising of a 33-member high-level visit of the UN, Development Partners, Heads of Mission, senior government of Kenya and county government officials during the visit to FCDC counties

Project Summary	Country:	Kenya
	Project Duration:	2018-2022
	Activity Duration:	1 March - 31 August 2020
	Norway Project Number:	KEN 2063 KEN 17/0013
	Project Budget for 1 March - 31 August 2020:	US$ 960,130.66.
	Amount disbursed from Norway:	US$ 1,979,899.62
	Expenditure for 1 March - 31 August 2020:	US$ 575,306
	Delivery Rate:	60%
	Commitments for 1 September - 31 August 2021:	US$ 384,825
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Implementing Partner: Ministry of Devolution and Arid and Semi-Arid Lands.

Responsible Parties: Resident Cordinator's Office, Council of Governors, Intergovernmental Budget and Economic Council, Commission for Revenue Allocation, Kenya School of Government, Frontier Counties Development Council (FCDC), FCDC member counties: Garissa, Turkana, Mandera, Wajir, Samburu, West Pokot, Lamu, Tana River, Marsabit, Isiolo.

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Acronyms

ADP	County Annual Development Plan
AHADI	Agile Harmonised Assistance for Devolved Institutions
ASAL	Arid and Semi-Arid Lands
AWP	Annual Work Plans
CC	Climate Change
CCA	Climate Change Adaptation
CECs	County Executive Committees
CIDP	County Integrated Development Plan
CIMES	County Integrated Monitoring and Evaluation System
CoG	Council of Governors
CPD	Country Programme Document
CPMF	County Performance Management Framework
CRA	Commission on Revenue Allocation
CRRF	Comprehensive Refugee Response Framework
DaO	Delivering as One
DSWG	Devolution Sector Working Group
ETE	End-Term Evaluation
FCDC	Frontier Counties Development Council
FY	Financial Year
GoK	Government of Kenya
HACT	Harmonized Approach to Cash Transfer
HRBA	Human Rights Based Approach
KNBS	Kenya National Bureau Standards
KPI	Key Performance Indicators
M&E	Monitoring and Evaluation
MCAs	Member of County Assembly
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MED	Monitoring and Evaluation Directorate
MELR	Monitoring, Evaluation, Learning and Reporting
MoDA	Ministry of Devolution and ASAL
MPTF	Multi-Partner Trust Fund
MTE	Mid-Term Evaluation
NDMA	National Drought Management Authority
NDOC	National Disaster Operations Centre
NRM	National Resource Management
OCOB	Office of Controller of Budgets
PC	Performance Contracting
PFM	Public Finance Management

PMS	Performance Management System
PSC	Project Steering Committee
PST	Project Support Team
PWD	Persons with Disabilities
RC	Resident Coordinator
RCO	UN Resident Coordinator's Office
SDGs	Sustainable Development Goals
SPAS	Staff Performance Appraisal System
SRA	Specific Results Area
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNHCR	United Nations High Commission for Refugees

Background

The Strengthening Devolved Governance Project in Kenya (2018-2022) is a two-year initiative supported by the Government of Norway. This support builds on the previous support on devolution and complements the existing Consolidating Gains and Deepening Devolution in Kenya Joint UNDP-UNICEF-UN Women Programme. A component of this intervention is the continued implementation of the United Nations (UN)'s *Delivering as One* (DaO) strategy at the sub-national level. This enables UNDP and the UN Resident Coordinator's Office (RCO) to provide targeted support to Turkana County Government within a UN Area-Based Programme framework. Through this, the UN, development partners, and the Turkana County Government have established a working arrangement for implementing support to devolution in the county as a model for strengthened partnerships, better coordination, harmonization of aid effectiveness at the sub-national level, and exploration of new cross-border transformative peace programming.

Kenya has recorded sustained economic growth and progress in human development over the past five years. However, challenges remain on marginalization, equity, accountability, environment, and climate change. The devolved system of governance instituted with the creation of 47 counties in 2013 offers excellent promise towards addressing these issues. The first five years of devolution have provided for the rapid and effective establishment of the counties. However, much work remains to instill national and county levels' capacity to address social, accountability, and environmental issues. This is particularly pronounced in Kenya's northern frontier counties, namely: Garissa; Wajir; Lamu; Turkana; Tana River; Mandera; Marsabit; Isiolo; Samburu; West Pokot counties. The northern counties have formed the Frontier Counties Development Council (FCDC) to articulate and address their common development challenges. This project targets these counties with a focus on improving county governance capacity.

Executive Summary

In Kenya, devolution has progressively shaped the way resources are allocated to meet communities' priorities within the 47 county governments' jurisdictions. Similarly, administrative processes at the county level have gradually improved, enabling the establishment of systems and processes that seek to govern in the long term the realization of the objectives of devolution at the national and county levels. The Strengthening Devolved Governance in Kenya Project is aligned to national and county development priorities and will contribute to the accelerated realization of devolution dividends in Kenya. The project contributes to the United Nations Development Assistance Framework (UNDAF) and Kenya County Programme Document (CPD) outcomes, which states that by 2022, people in Kenya access high-quality services at the devolved level that are well-coordinated, integrated, transparent, equitably resourced, and using accountable processes. At the outcome level, the project contributed to improved budget utilization by county governments. The budget absorption rate for county governments increased to 77.9 per cent in 2018/19 financial year from 74 per cent in 2017/18 financial year.

The project also has four interlinked outputs designed to contribute to this overall outcome:

Strengthened County-level Planning and Public Financial Management (PFM) systems: The project contributed to significant improvement in Own Source Revenue (OSR) generation by county governments. Turkana County's OSR increased by 49% and 21% in January- March 2020 and January – March 2019 respectively compared to previous periods. In the third quarter of the financial year 2018-19, the revenue of Isiolo increased by 46% compared to the same quarter the previous year. In the fourth quarter of the financial year 2018-19, the revenue of Isiolo increased by 3% compared to the same quarter the previous year[1].

The project also contributed to enhanced financial management in FCDC counties which will culminate into more prudent utilization of county resources for effective service delivery. The project supported the Office of the Auditor-General to work with FCDC county governments to strengthen their PFM capacities to improve the delivery of devolved services to achieve improved governance and socio-economic development in Kenya. These PFM interventions included strengthening internal audit, finance, accounts and budget, procurement and administration systems, and assisting county governments in addressing pending bills and debt management. The project supported training of 22 participants (18 male and 4 female) from 5 FCDC Counties[2] on audit. During the training, participating counties reviewed their 2018 Annual Audit Reports to identify issues raised during the audits

[1] Commission on Revenue Allocation (2020) Revenue Enhancement Committee Paper on CRA-UNDP partnership
[2] Garissa, Lamu, Tana River, Wajir, Mandera

and propose corrective actions. More than 39 percent (Ksh. 13.671 billion) of a combined budget of more than Ksh. 35.665 billion[3] had qualified opinions due to various factors, including: variances between revenue statements and general ledger balances; unreconciled arrears of revenue; bank reconciliation issues, and inaccuracies in the financial statements. As a direct impact of the investment by UNDP on PFM work in these counties, the number of county executives and county assemblies with qualified audits decreased from 8 county executives and 8 county assemblies in 2018 to 2 county executives and 1 county assembly in 2020[4]. It is also worth noting that even for the counties that had qualified audits, they have improved from disclaimer to qualified. For example, Isiolo County had disclaimer audit reports, which implies there were no documents that the auditors would review to undertaking audit. This has since changed, and the county has moved to unqualified audit.

Performance Management Systems (PMS), Monitoring and Evaluation (M&E) and data management systems established and functioning in FCDC counties: As a result of the project support, seven (7) FCDC counties have established Performance Management Systems (PMS) through Performance Contracting (PC) compared to one (1) county in 2018. The project supported the counties to address poor performance witnessed over the years, a factor that greatly hindered sustainable economic growth, especially in the budding counties. The project supported the Council of Governors (CoG) to train 23 county PMS champions (19 male and 4 female) who would double up as PMS Trainers of Trainers (TOTs) in their respective counties. The project, through CoG, supported Lamu and Tana River Counties to develop their 2020/21 financial year PCs. This led to increased top leadership buy-in of the PC process and support to county departments in implementation of PCs, target setting and performance monitoring. This is expected to improve customer focus and overall service delivery in the respective counties.

Due to the project's support, three (3) county governments have operational Monitoring and Evaluation (M&E) Systems and are using them to track and report on service delivery at the county level. However, the M&E systems are at different levels of development[5]. The project supported the Monitoring and Evaluation Directorate (MED) in the National Treasury to build the M&E capacity of Mandera, Tana River and Lamu counties based on the findings of the County Integrated Monitoring and Evaluation Systems (CIMES) diagnostic assessment of seven FCDC counties. As a sequel to this support:

i. Mandera County finalized the County M&E policy and the County Indicators handbook and reviewed the County M&E bill. The county will use the inputs of this review to fast-track finalization of the Bill.

[3] County Allocation of Revenue Act , 2019
[4] OAG reports
[5] Report of County Integrated Monitoring and Evaluation Systems Diagnostic Assessment of FCDC Counties.

ii. Tana River County adopted County Integrated Monitoring and Evaluation System (CIMES). The County has commenced implementation of the County M&E policy.
iii. Lamu County operationalized CIMES, commenced preparation of its 2019/20 County Annual Progress Report (C-APR), adopted e-CIMES, finalized the County M&E policy and sensitized its CECs, CS, COs and the county assembly and political leadership on M&E. This has significantly enhanced ownership of M&E in the county.

Improved planning and M&E systems will contribute to tracking of county performance on key service delivery targets as spelt out in the CIDPs. This will contribute to service delivery improvements at the county level and national level.

Strengthened citizen participation mechanisms and processes to ensure effective and equitable service delivery and transparent and accountable use of resources: The project supported Turkana County to establish and monitor its County Budget and Economic Forum (CBEF). Previously, no FCDC county had a working CBEF or any other mechanisms to ensure citizen participation in budget making or implementation processes. Establishment of the Turkana County CBEF involved identifying challenges faced by CBEFs and areas of enhancing their accountability to the citizenry. As a result, the Turkana County CBEF:

- Established sectorial committees aligned with the county ministries/ departments.
- Undertook public participation jointly with the county executive and county assembly.
- Enhanced awareness of members of the public on the activities of the county government and national government.

This has improved public participation in county planning and budget-making processes as provided for in the Public Financial Management Act, 2012.

Frontier County Development Council (FCDC) Bill: The project supported seven (7) FCDC counties to put in place a legal framework for the FCDC Regional Economic Block (REB). The project continued to support each of the 10 FCDC county assemblies to fast track their FCDC Bills seeking to establish a legal framework for establishment of the REB. As a result, 3 counties – Mandera, Samburu and Garissa – have enacted their FCDC Bills which now await consent by respective governors while 4 counties – Turkana, Tana River, Wajir and Isiolo – have their bills in the 2nd Reading in their respective County Assemblies. In collaboration with CoG, Kenya Law Reform Commission (KLRC), Ministry of Devolution and ASALs (MoDA), and the FCDC Secretariat, the project supported West Pokot County to undertake in-county sensitization for MCAs on the REB Bill. This enabled West Pokot County Assembly to fast track debate on and passage of the Bill. Once the bills are passed and implemented in FCDC member counties the FCDC REB will be legally constituted to spur economic growth within the region through greater policy harmonization and local resource mobilization. The REB will provide an opportunity for the member counties to:

- Utilize their collective membership and economy of scale to achieve common objectives;
- Promote peace, security and preventing violent extremism, values and good governance;
- Pursue high, sustainable and equitable economic growth;
- Undertake poverty reduction through employment generation and reduction of social vulnerability;
- Protect the environment and promotion of climate-friendly technologies and sound agricultural practices;
- Promote health care services; and
- Transform technical, vocational and education to produce the right kind of skills and expanding access to technology, applications, innovation and networks.

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Strengthened coordination and oversight mechanism of multi-UN Agency initiatives established and operational for FCDC counties: The coordination mechanism established under the project has enhanced collaboration between UN agencies, national government, county government, CSOs and development partners to alleviate chronic vulnerability in Turkana County. In collaboration with the county government, the Delivering as One (DaO) office in Turkana, other UN agencies, and partners in the county, the project enhanced the county's ability to address the issues of floods, COVID-19, and locusts. The DaO office developed a tool to track COVID-19 supplies and improve their management through transparent and accountable distribution procedures to reach all health facilities throughout the county. Further, three Strategic Results Area (SRA) thematic working group meetings were held that brought together the UN agencies, the departmental heads, CECs and NGOs to discuss progress being made by the UN and the county government in implementation of the CIDP priority areas of Transformative Governance, Social Sectors and Sustainable Economic Development. This culminated into a strong collaborative efforts between the government, World Food Programme (WFP) and Concern Worldwide in co-creation and co-funding of programs/projects. The county government is now advocating for NGOs in the county to be integrated into the DaO initiative, to enhance their accountability, integrate programming for enhanced results and undertake joint resource mobilization for high impact macro projects. It has allayed duplication and enhanced delivery of development support in the county.

Project Mid-Term Review (MTR): UNDP commissioned a Mid Term Review (MTR) of the project. The MTR is a joint GoK, UNDP, and RCO review conducted in close collaboration with development partners, implementing partners and responsible parties at the national and county level. The MTR assesses the project’s strategic relevance, social and environmental standards, management and monitoring, efficiency, effectiveness, and sustainability and national ownership. The lessons, challenges and opportunities identified by the MTR will inform improvements or adjustments in strategy, design and implementation arrangements. The findings of the MTR will also be documented for use by similar projects in future.

Challenges faced in implementation

While the project managed to maintain most programming and remain on track during the reporting period, some challenges were experienced due to a shifting of county funds and attention to their COVID-19 response initiatives which delayed implementation of other planned activities of the project. These activities have now restarted and are expected to be completed by December 2020.

Lessons Learnt

The COVID-19 pandemic, or any other extraordinary major occurrence, may cause disruptions in the implementation. Hence, project teams must strategically and promptly respond by seizing opportunities such an occurrence provides. UNDP has requested the Government of Norway to allow re-programming so that it may assist the Government to respond to the COVID-19 pandemic.

Financial Summary

The report covers the period 1 March 2020- 31 August 2020. The opening balance from the Norway funds as at March 1, 2020 was US$ 960,130.66. The interim financial report as at 31 August 2020 notes expenditure of US$ 575,306 which is a delivery rate of 60%. The balance as at 31st August 2020 is 384,825.

1. Contribution to longer term results

Country Programme Document (CPD) Outcome 1: By 2022, people in Kenya access high-quality services at devolved level that are well coordinated, integrated, transparent, equitably resourced and accountable		
CPD outcome target	**Summary achievement to date**	**Status**
85% (national); 80% (county) (2021-22) government expenditures as a proportion of original approved budget by sector (or by budget codes or similar).	88.9% (national); 33.2% (county) government expenditures as a proportion of original approved budget by sectors[6].	Ongoing
90% of Kenyans who support devolution.	UNDP is depending on national external survey report and it is not available for 2019.	Ongoing
Overall		**Ongoing**

The project sought to contribute to improved budget utilization by county governments. The budget absorption rate for county governments increased to 77.9 per cent in 2018/19 financial year from 74 per cent in 2017/18 financial year[7]. Overall, the budget implementation rate for FCDC counties increased, as demonstrated in Table 1.

Comparison of County Budget Absorption

	2017/18[8]	**2018/19**	**COVID-19**
Overall county absorption	74%	77.9%	33.2%
Turkana	60.45%	67.4%	4.5%
Wajir	68.5%	78.8%	92.0%
Tana River	53.7%	63.3%	20.7%
West Pokot	78.1%	86.7%	100%

As at August 28, 2020, counties had spent KSh. 3.43 billion (33.2%) of the KSh. 13.1 billion that was made available to them to roll out mitigation measures to contain the spread of the pandemic[9]. There was mixed performance in the absorption of COVID-19 resources as exhibited by the following select FCDC counties: Wajir (92.0%); Turkana (4.5%); Tana River (20.7%); Samburu (4.9%), and West Pokot (100%). While overall budget utilization improved,

[6] Source: Office of the Controller of Budget, 2020
[7] OCOB – County Governments Annual Budget Implementation Review Report, 2018/19
[8] OCOB – County Governments Annual Budget Implementation Review Report, 2017/18
[9] OCOB – Special Budget Review Implementation Report on the Utilization of Funds by the County Governments Towards Covid-19 Intervention to the Senate ad hoc committee on Covid-19 Situation

absorption of resources allocated to curb the spread of COVID-19 pandemic was relatively low, pointing to a low budget implementation capacity. The project continues to support strengthening of county capacities to deliver equitable services and absorb allocated budgets to drive their development and recurrent expenditures.

2. Progress towards development results

CPD Output 1.2. Public finance management institutions have strengthened processes and systems for equitable, efficient and accountable service delivery

Project Output 1.2: Strengthened county-level planning & public financial management (PFM) systems

Annual Output Target (2020)	Summary achievement during the quarter	Status
4 FCDC counties providing public budget information.	5 counties (Garissa, Lamu, Tana River, Wajir, Mandera) supported in strengthening of Public Finance Management (PFM) Systems.	Ongoing
2 counties improve their own source revenue (OSR) by 20%.	49% increase in Turkana County OSR. 46% increase in Isiolo County OSR.	Ongoing
Overall status		**Ongoing**

County Public Financial Management

FCDC counties participating in a PFM Workshop in Machakos.

The project supported 5 counties[10] to address recurring issues raised picked by successive audits undertaken by the Office of the Auditor General (OAG). A critical measure of a county government's financial performance and a reliable source of the systemic issues is the Annual Audit of the Financial Statements by the Office of the Auditor-General (OAG). Therefore, analysis of these audit reports can provide a reliable basis upon which customized interventions may be provided for counties. Since the establishment of county governments, there have been recurrent issues from the findings from OAG during audits. During the period under review, UNDP, through OAG, conducted training for 22 (18 male and 4 female) from 5 FCDC Counties to strengthen their PFM systems in the following areas: the Audit Cycle; Internal Audit; Finance, Accounts,

[10] Garissa, Lamu, Tana River, Wajir and Mandera

and Budget; Procurement and Administration; Pending Bills; Debt Management. Participants also analysed past audit reports for the 5 counties and identified the following recurring issues that require attention: revenue and financial reporting challenges; human resource, governance; procurement, and pending bills. It came out that most of the issues raised in subsequent audits were related to documentation and filing rather than policy and strategic financial management issues. As a result, OAG with the support of the project has embarked on supporting counties to keep proper financial records and respond to audit queries. The project work with the OAG to strengthen county fiduciary management and consequently improve audit opinion of the counties.

PFM Area	Issues
Revenue	• variances between revenue statements and general ledger balances in county books; • unreconciled arrears of revenue; • failure to remit revenue to the exchequer; • failure to maintain cash book; • un-receipted transactions; • revenue collected not banked or accounted for.
Financial Reporting	• variances between the statement of receipts and payments and the statement of comparison of budget and actuals; • long outstanding items in bank reconciliation statements; • inaccuracies in the financial statements; • falsification of accounting records.
Procurement	• unaccounted purchases and procurement of items above market rate prices; • procurement of goods from suppliers who are not prequalified.
Human Resources	• irregular recruitment and remuneration of employees; • compensation of employees and variances between IPPD records and financial statements.
Pending Bills	• previous years pending bills which were paid in current year and unsupported pending bills documents.
Governance	• failure to establish an audit committee; • weak internal control system; • lack of independent Internal Audit Department.

Own Source Revenue Generation

The project supported Commission on Revenue Allocation (CRA) to develop Revenue Administration Reforms Action Plans for Turkana and Isiolo County and assess the revenue administration frameworks of Samburu and Lamu. The specific actions listed above resulted in improved revenue performance by Turkana County attributed to the interventions of the Commission with the support of UNDP:

Turkana County recorded a 49 % increase in OSR in January – March 2020 compared to the same quarter the previous year. In the third quarter of FY 2018-19, the OSR for Turkana increased by 21 per from the previous years, and in the same quarter the following year FY 2019-2020. In the fourth year of FY 2018-19, the OSR for Turkana increased by 32 per from the previous years. This improvement can be attributed to:

- Increased staff morale. The county reported that the 47 participants that were trained had increased confidence. The training was an inaugural revenue administration training for staff below the sub-county revenue officer.
- Land revenue waiver announcement. After the assessment where some recommendation was provided, the county announced the land rates waiver, which resulted in the increased payment by ratepayers.
- Adoption by the County Assembly of primary legislation action plan for revenue administration.
- Adoption by the County Executive of action plans for OSR revenue administration.

In the third quarter of the financial year 2018-19, the revenue of Isiolo County increased by 46 per cent compared to the same quarter the previous year. In the fourth quarter of the financial year 2018-19, the revenue of Isiolo increased by 3 per cent compared to the same quarter the previous year. The significant improvement in OSR was a direct result of the interventions of the project which led to:

1. **The motivation of revenue collection staff –** The county reported that the 57 participants that were trained their morale. The training was an inaugural revenue administration training for the staff.
2. **Development of an enforcement Bill –** Following the assessment and recommendation during the discussions, the county executive developed an enforcement bill, which is at the county assembly.
3. **The County Assembly –** committed to adopting the primary legislation action plan for revenue administration.
4. **The County Executive –** committed to adopting the action plan in their County Executive Committee Meeting for ownership of the action plan.

CPD Output 1.3. County level institutions have strengthened capacity for evidence-based planning, budgeting, implementation, monitoring and evaluation for accountable service delivery

Project Output 1.1: Performance management, M&E, data management systems established and functioning in FCDC counties.

Annual Output Target (2020)	Summary achievement during the quarter	Status

5 FCDC counties have operational performance management systems.	8 FCDC counties have operationalised performance contracts: • Turkana, Marsabit, Isiolo, Wajir, Lamu, Mandera, Tana River and Garissa supported in Training of Trainers on Performance Management System. A total of 23 participants (19 male and 4 female). • 33 (27 male and 6 female) Lamu County officials trained on Performance Contracting. • 52 (32 male and 20 female) Kilifi County sensitized on Performance Contracting.	Ongoing
	• M&E diagnostic assessment of 7 FCDC counties undertaken • Mandera, Tana River and Lamu counties supported to implement recommendations of the diagnostic assessment	Ongoing Ongoing
Overall status		**Ongoing**

Performance Management Systems in FCDC Counties

Kenya introduced Performance Contracting (PC) to improve service delivery and adopt a results-based focus in service delivery with the citizen at the centre. This is in line with Part XII of the County Government Act, 2012, which provides for counties to deliver services while observing the principles of equity, efficiency, accessibility, non-discrimination, transparency, accountability, sharing of data and information, and subsidiarity. The Act also provides for counties to undertake regular review of delivery of services with a view to improving service delivery. The project seeks to improve performance management systems and tracking of county performance on key service delivery targets as spelt out in their CIDPs. This is expected to contribute to service delivery improvements at the county level and national level.

Through the support of this project, 8 FCDC counties have operationalized performance contracting. During the period under review, CoG conducted a Training of Trainers (ToTs) for 23 PMS facilitators (19 male and 4 female) from 8 counties[11]. The participants were taken through different modules which included county performance management framework, tools for performance management, staff performance appraisal system, service delivery

[11] Turkana, Marsabit, Isiolo, Wajir, Lamu, Mandera, Tana River and Garissa

charters, performance evaluation and performance contracting vetting. To strengthen gender mainstreaming at the county level, a session on gender was incorporated in all the PMS training sessions and gender indicators were embedded in the PC targets. These ToTs will support counties in PMS and enable them to sign their PCs on time.

Lamu County: The project supported CoG through training on Performance Management System targeting 33 (27 male and 6 female) County Executive Committee Members (CECMs), County Chief Officers (CCOs), County Directors, Members of the Public Service Board and technical officers. During the training, the officials developed their PCs and set and negotiated their targets. The targets were aligned to their CIDPs and ensured they mainstreamed gender, HIV/AIDS, and climate change. During the training, it was noted that counties had challenges in the following areas:

1) Skewed manpower establishment within the county.
2) Imbalance between support services and technical staff.
3) Lack of clear organization structures within some departments.
4) Lack of proper systems in some departments.
5) General inefficiency in service delivery in some departments.
6) Lack of Performance Contracting system and staff performance appraisal carried out as required.

In order to address the issues, it was recommended that:

1) County departments to implement PCs and staff appraisal within the county departments.
2) Ensure that all departments have substantive employees holding key positions such as directors' section and unit heads.
3) Conduct capacity building and employee competence enhancement programs to address the issue of incompetence among employees.
4) Have adequate systems in place to support efficient and effective service delivery within the county government.

To facilitate the signing of the PCs, Lamu County agreed to finalise their PCs and for CECMs and CCOs and forward to the facilitators for quality checks and review, once they are reviewed the County Public Board will engage with the governor and county leadership and set up a date for signing of the PCs. The signing of these PCs will improve service delivery as each department will commit to achieving specific targets during the current financial year and be measured on these and held accountable.

Tana River County: The project supported training of 46 (30 male and 16 female) officials composed of the County Secretary, members of the County Public Service Board (CPSB), member of the County Executive Committee (CEC), County Chief Officers (CCOs) and the County Directors was trained on PMS. The training improved understanding and built buy-in of performance contracting by county officials. There was clear definition of roles for all cadres from the CECs to the director level, including members of CPSB.

The CECs, CCOs and Directors negotiated their PC targets and finalized their PC for signing. As a sequel to this training, the county:

1. Set a date for signing of all PCs signed up to the director level;
2. Worked with CPSB to coordinate all departments to put all officers on performance appraisal;
3. Initiated the recruitment of a director in charge of performance management as a step towards institutionalizing performance management in the county; and
4. Will undertake, through support of CoG and its CPSB, mid-year reviews and evaluations for the performance contracts.


Kilifi County during session on performance contracting in Malindi

Kilifi County: UNDP, through CoG provided support to the county government of Kilifi on training of 52 staff (32 male and 20 female) and targeted Kilifi County PMS champions from all the 10 departments, the County Executive Committee Members (CECMs), County Chief Officers (CCOs), County Directors, Members of the Public Service Board and technical officers on Performance Management Systems. The participants were taken through the County Performance Management Framework, an overview of UNDP support to counties, and the link between PCs and County Budget Estimates in line with the approved Budget 2020/21. After the training, the county officers negotiated and vetted their PCs to ensure they aligned to the ADP and CIDP. It was noted that issues of gender, HIV and AIDS, youth and health and safety were not mainstreamed in all the department PCs and required future attention.

It was recommended that:

1. All the departments with the help of the PC champions finalize their PCs and ensure they have mainstreamed cross-cutting issues such as gender, youth, HIV and AIDs, and health and safety.
2. The officers will then share their PCs with the facilitators for their review before signing.
3. Evaluation of the previous year PCs for the year 2019/2020 to be done to enable the county to measure the progress of the different departments.
4. Set a date before the end of October to have all PCs signed up to the director level.

5. In order to monitor the performance, the technical officers in each department and the county to sign performance appraisals.

Implementation of Findings from the FCDC County Integrated Monitoring and Evaluation Systems (CIMES) Diagnostic Assessment

At the national level, the National Integrated Monitoring and Evaluation System (NIMES) is used to guide the M&E process for national projects and programs. After the establishment of devolved governance, the County Integrated Monitoring and Evaluation Systems (CIMES) was established to guide counties in tracking progress towards the delivery of services, achievement of the policies, projects and programmes outlined in the CIDPs.

Owing to the heterogenous nature of counties and noting that they were at different levels of implementation of CIMES, the project supported the Monitoring and Evaluation Department (MED) at The National Treasury and commissioned a diagnostic assessment of the implementation of CIMES in 7 FCDC counties[12] in February 2020. The assessment identified monitoring and evaluation capacity gaps in the 7 counties on: M&E Policy; CIMES Structures; Data Collection, Reporting and Communication; and M&E Financing. The findings of the capacity assessment informed development of a tailor-made county specific technical assistance to address the identified gaps. During the quarter under review, MED in collaboration with UNDP supported Mandera, Tana River and Lamu Counties to implement the findings of the diagnostic assessment report and to ensure that their CIDP indicator handbooks, M&E polices and the operationalization of the CIMES and e-CIMES are finalized. An action plan was developed for each county on how they will be supported to ensure the policy and the bills are passed and implemented by all counties.

Based on the findings of the diagnostic assessment, the project supported the Monitoring and Evaluation Directorate to build the M&E capacity of Mandera, Tana River and Lamu counties based on the findings of the County Integrated Monitoring and Evaluation Systems (CIMES) diagnostic assessment. As a sequel to this support:

i. Mandera County has finalized the County M&E policy and the County Indicators handbook and reviewed the County M&E bill. The county will use the inputs of this review to fast-track finalization of the Bill.
ii. Tana River County has a County Integrated Monitoring and Evaluation System (CIMES). The County has commenced implementation of the County M&E policy.
iii. Lamu County has operationalized CIMES, commenced preparation of its 2019/20 County Annual Progress Report (C-APR), adopted e-CIMES, finalized the County M&E policy and sensitized its CECs, CS, COs and the county assembly and political leadership on M&E. This has significantly enhanced ownership of M&E in the county.

[12] Garissa, Mandera, Wajir, Isiolo, Tana River, Lamu, Marsabit

County	Key Area Identified during diagnostic assessment	Status on the implementation of findings of the diagnostic assessment report	Priority Areas
Mandera	▪ County M&E policy ▪ Operationalization of CIMES and e-CIMES. ▪ Development of the CIDP Indicator Handbook. ▪ Capacity building and sensitization of CECs, CS, COs and the county assembly and political leadership on M&E for ownership.	▪ The Policy had the necessary material and was supported to ensure there was a logical flow of all the chapters, a proper introduction of the chapters, captured the performance of M&E from a historical perspective and how the Policy will be disseminated across Ministries, Departments and Sub-counties and non-state actors.	▪ Support the county in the review of the M&E policy and Bill. ▪ Sensitization of the Executive and Legislature arms of the government on the policy and Bill. ▪ Sensitization of CIMES committees at the sub-county level and ward level on the County M&E Policy; ToRs, Reporting Template for the M&E committee; and County M&E Reporting.
Tana River	▪ County M&E policy. ▪ Operationalization of CIMES and e-CIMES. ▪ Capacity building and sensitization of CECs, CS, COs and the county assembly and political leadership on M&E for ownership.	▪ The County has commenced the implementation of the policy. The policy has been approved by the cabinet, appointed and developed TORs for the CIMES Committees which consisted of County M&E Committee (CoMEC); Technical Oversight Committee (TOC); Intergovernmental Development Forum (IDF); Service Delivery Unit (SDU); Sectoral M&E Committees (SMEC); Sub-County M&E Committee (SCMEC); and Ward M&E Committee (WaMEC), sensitization of the CECs, COs, Heads of National Government Departments in the County and County Departments Directors, Non state actors had been done and held meetings with the department of Finance and	▪ Sensitization of CIMES committees at the sub-county level and ward level on the County M&E Policy; Tors, Reporting Template for the M&E committee; and County M&E Reporting in the three sub counties namely: Tana Delta, Tana North and Tana River. ▪ Sensitization of three County Assembly committees namely: Budget and Appropriation Committee (BAC), Committee on Implementation (CI), and Finance and Economic Planning Committee (FEPC). Each committee will have a one-day session to cover County M&E, CIMES, County M&E Policy, their roles and importance of evidence in fulfilling their mandate. ▪ In depth training on the e-CIMES and County Annual Progress Report (C-APR) to

County	Key Area Identified during diagnostic assessment	Status on the implementation of findings of the diagnostic assessment report	Priority Areas
		Economic Planning and the chief officers of various departments to ensure resources are availed in time for the M&E function. In addition, departments and agencies to capture M&E budget needs as an integral part of the operational work plan and developed field M&E reporting templates.	review the system use and address challenges faced.
Lamu	▪ Operationalization of CIMES. ▪ C-APR preparation ▪ e-CIMES. ▪ County M&E policy. ▪ Capacity building and sensitization of CECs, CS, COs and the county assembly and political leadership on M&E for ownership.	▪ The policy was still in draft form.	▪ Sensitization of the County Assembly, CECs, COs on M&E, CIMES structures, M&E policy and M&E tools and products. ▪ Technical capacity building for Technical Oversight Committee (TOC) members, M&E focal persons and M&E technical staff on CIMES and linkage between plans and CAPR based on agreed indicators. ▪ Finalization and approval of M&E Policy by both Executive and County Assembly ▪ Finalization and approval of County Indicator Handbook by Executive. ▪ Sensitization of county leadership and technical staff on E-CIMES.

CPD Output 1.4: Counties have improved institutional capacities for participation and inclusion of women, youth & PWDs in planning and decision-making processes

Project output: Strengthened citizen participation mechanisms and processes to ensure effective and equitable service delivery, transparent and accountable use of resources

Annual Output Target (2016) (AWP indicator targets)	**Summary achievement during the quarter**	**Status**
2 FCDC counties with mechanisms for inclusive public participation.	2 FCDC counties:	Ongoing

	Turkana County supported to monitor its CBEF. West Pokot County supported to sensitize 44 (30 male and 14 female) participants on the FCDC Bill.	Ongoing
Overall status		**Ongoing**

Establishment of County Budget Economic Forums

The Constitution of Kenya (2010) and the County Government Act 2012 provide for public participation to be undertaken in decision-making processes, including planning and budgeting. The Public Finance Management Act 2012 mandates every county to establish a County Budget and Economic Forum (CBEF) as a means for consultation by the county government on (i) preparation of county plans, the County Fiscal Strategy Paper and the Budget Review and Outlook Paper for the county; and (ii) matters relating to budgeting, the economy and financial management at the county level. CBEFs provide citizens with opportunities to participate in how the country is governed, including how public finances are managed to deliver services and foster development. In 2018, none of the 47 county governments had CBEFs in place, which led to lack of accountability and public participation at the county level.

The project supported formation of County Budget Economic Forums (CBEFs) in 33 counties[13], with Turkana County being among them. The CBEFs were in compliance with the constitutional and legal requirement for public participation in county decision-making processes. This enhanced accountability in county budgeting and planning processes, as compared to 2018 when there were no CBEFs in any of the 47 counties.

The project supported CRA to monitor the Turkana County CBEF. The evaluation found out that the County CBEF had made significant improvement in establishment of sectorial committees aligned to county ministries and departments; public participation jointly with the county government officials and county assembly; enhanced public awareness of county government and national government activities and programmes; joint monitoring of how donor-supported programmes complement the county governments' programmes; and public participation in departmental budget priorities.

[13] Bomet, Bungoma, Elgeyo Marakwet, Homa Bay, Kakamega, Kirinyaga, Kisumu, Kitui, Laikipia, Marsabit, Nakuru, Nyeri, Taita Taveta, Tana River, Busia, Samburu, Turkana, Tharaka Nithi, Baringo, Isiolo, Narok, West Pokot, Garissa, Kilifi, Nairobi, Makueni, Kwale, Lamu, Nairobi, Kericho, Vihiga, Mombasa, Kajiado

For ease of communication, the CBEF adopted the use of social media for engagement in the budget-making process. However, it was noted that there was no formal meeting organized for CBEF members since the CBEF has no budget allocation to facilitate frequent meetings. Some of the measures put in place to mitigate these challenges included:

- The non-state members to discuss budget matters during the annual and other meetings of their nominating institutions.
- The County Secretary to be a member of the CBEF and invite the governor in the discussions.
- Change of the name from County Budget Economic Forum to County Budget Economic Council as per the amendment of PFMA, 2012.
- The CBEF to enforce the timely submission of financial reports by the county government as required by PFMA, 2012.
- CRA to undertake a three-day conference with CBEF members for induction and benchmarking.

This strengthening of the capacity of CBEFs will provide an opportunity for members of the public to engage in planning and budget-making processes in accordance with Public Financial Management Act, 2012.

Establishment of Frontier County Development Council (FCDC) Regional Economic Block

Kenya has seen the emergence of seven regional economic blocs[14], motivated by a common desire by counties to leverage their comparative advantage, tap economies of scale and attract investments. The formation of these blocs has been characterized by the adoption of different forms of institutional structures by the different blocs. Several emerging issues in the implementation of devolution necessitated the need for a regional framework in counties where they have formed Regional Economic Blocs (REBs). This was as a result of: a lack of a uniform regulatory framework to guide the nature of instruments required for the establishment of REBs; a lack of guidelines to provide norms and standards for the establishment and management of REBs; the use of varying institutional structures leading to lack of coordination between counties.

The project supported FCDC counties to put in place a legal framework for its Regional Economic Block (REB). The project continued to support each of the 10 FCDC county assemblies to fast track their FCDC Bills seeking to establish a legal framework for establishment of the REB. As a result, 3 counties – Mandera, Samburu and Garissa - have enacted their FCDC Bills which now await consent by respective Governors while 4 counties – Turkana, Tana River, Wajir and Isiolo –have their bills in the 2nd Reading in their respective County Assemblies (CA). Once fully operational, the REB will provide an opportunity for the FCDC counties to:

- Promote peace, security and preventing violent extremism, values and good governance;
- Pursue high, sustainable and equitable economic growth;
- Undertake poverty reduction through employment generation and reduction of social vulnerability;
- Protect the environment and promotion of climate-friendly technologies and sound agricultural practices;
- Promote health care services; and
- Transform technical, vocational and education to produce the right kind of skills and expanding access to technology, applications, innovation and networks.

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[14] Lake Region Economic Bloc (13 members), North Rift Economic Bloc (7 members), Central Kenya Economic Bloc (10 members), Jumuiya ya Kaunti za Pwani (6 members), South Eastern Kenya Economic Bloc (3 members) and Frontier Counties Development Council (7 members), Narok - Kajiado Economic Bloc (2 members).

In collaboration with CoG, Kenya Law Reform Commission (KLRC), Ministry of Devolution and ASAL (MoDA), and the FCDC Secretariat, the project supported West Pokot County to undertake in-county sensitization for MCAs on the REB Bill. This will enable West Pokot County Assembly to fast track the Bill's passage. Once the bills are passed and implemented in FCDC member counties the FCDC REB will be legally constituted and will help spur economic growth within the region through greater policy harmonization and local resource mobilization.

The project supported a joint reflection session for all the 10 FCDC counties county assembly speakers, governors and other stakeholders to moot solutions for challenges affecting the FCDC Regional Economic Bloc. Some of these challenges included a lack of a uniform regulatory framework to guide the nature of instruments required for the establishment of REBs; a lack of guidelines to provide norms and standards for the establishment and management of REBs; the use of varying institutional structures leading to lack of coordination between counties. The FCDC counties agreed on a roadmap to pass the Bill in their respective county assemblies. As a result, Mandera, Samburu and Garissa counties enacted their FCDC REB Acts while for Turkana, Tana River, Wajir and Isiolo had their respective bills at 2nd reading at the respective county assemblies. To fast-track the enactment of the Bills, the project supported sensitization of 44 members (30 male and 14 female) and officials of West Pokot County Assembly and the Governor. The members raised the following issues from the bill:

i. The need for development of regulations once the bill is passed at the county assembly.
ii. Inclusion of a Dispute Resolution Clause in the Bill.
iii. Development of quarterly reports by the FCDC Secretariat and sharing it with the General Assemblies.
iv. There was a need for increased (bottom-up) participation of the County Assembly in the development of the Bill and all other Bills that are going to be of regional nature and not limited to the County Assembly leadership.
v. Include cross cutting issues such as education that should be deliberately included in the Bill, youths, sports and culture.
vi. Clarity on the organizational structure, and the composition of General Assembly and Governors Summit. The Governors Summit should report to General Assembly.
vii. M&E framework needs to be developed by the Counties through the Secretariat so that it is clear what can be attributed to being members of FCDC.
viii. Diversity of staff to be representative of all the FCDC member counties. All member counties to second liaison staff to the Secretariat who will work closely with county liaison offices in Nairobi.
ix. Indicate how the participants will use the skills acquired including an action plan.

Members agreed on the following:

i. Public participation on the Bill to be conducted through radio given the COVID-19 inhibitions.
ii. Incorporate all the suggestions in the bill amendments.

iii. West Pokot to pass the Bill for immediate implementation.

After the bill is passed the project will support the FCDC counties in the implementation of the REB Acts to enable counties address the several emerging issues in the implementation of devolution at the regional level.

Project Output 4 The UN Joint Integrated Area-based Development Programme in Turkana County

Project Output 1.4: Strengthened coordination and oversight mechanism of multi-UN Agency initiatives established and operational for FCDC counties

Annual Output Target (2020)	Summary achievement during the quarter	Status
a) Essential coordination functions set up and operational. b) Essential coordination structures formal The Turkana County government and the UN in Kenya agreed to implement a paradigm shift in the conceptualization, formulation and implementation of all humanitarian and development activities in Turkana by different stakeholders in order to achieve greater efficiency, generate more impact and ensure sustainability of positive results. This would be achieved through a multi-level development that is well coordinated and coherent with the activities of the County Government and other development actors and operational. • Baseline: (May 2018) a) 1; b) 0 • Target: a) 3 b) 2	a) 3 coordination mechanisms established (Integrated Area-Based Programme in Turkana, High-Level Mission to FCDC counties, Joint Monitoring of Turkana Water and Sanitation Programmes). b) 1 coordination structure formalized (Turkana DaO Office)	Ongoing
Overall status		**Ongoing**

Support to the UN Joint Integrated Area-based Development Programme in Turkana County

The Turkana County government and the UN in Kenya implemented a paradigm shift in the conceptualization, formulation and implementation of all humanitarian and development activities in Turkana by different stakeholders in order to achieve greater efficiency, generate more impact and ensure sustainability of positive results. This was achieved through a multi-level development that is well coordinated and coherent with the activities of the County Government and other development actors. The multi-level development is being realized through the Integrated Area-Based Programming in Turkana under the Turkana Delivering as One (DaO) Office.

Figure 1: A section of the participants during a thematic group meeting. Photo: UNDP Communications Team

UNDP in collaboration with RCO through the UN's Delivering as One (DaO) office built the capacity of Turkana County to deliver equitable and quality services over the vast and sparsely populated terrain. The reporting period was challenging because of the movement and meetings restrictions instituted by GoK due to the COVID-19 pandemic. Most of the meetings and consultative forums moved on to virtual platforms. Cross border consultative forums were halted to respond to the countries' restrictive measures, despite escalated conflicts in the border of Uganda and Kenya in Loima and Turkana West sub-counties, making it difficult to convene any transboundary and community dialogues to address this. Despite this, the DaO office in Turkana, in conjunction with the Turkana County Government, other UN agencies and NGOs, undertook the following activities described below.

Convening of UN and other partner meetings to enhance the county's support in addressing the 3 hazards namely; floods, COVID-19 and locusts. A tracking tool was developed to help the county government track COVID-19 supplies by the governments and partners, distribution coverage, and gaps. The DaO office interface enabled the government and partners to easily share information for planning, soliciting, offering support, resource mobilization status, and updates in bi-weekly meetings. Since the role was bestowed on the DaO office by the government, the coordination role enhanced transparency and accountability between the partners and government as well as inform areas required for more resource mobilization and reduce duplication of activities. The government was adequately advised on partner plans while the partners' information base of each other's response initiatives was enhanced, thereby improving strategic planning, resource allocation and equitable distribution. The government's desire to control partners under a common framework in the county is taking shape through the DaO in collaboration with the County Secretary's office.

Joint monitoring with the Department of Water in Turkana County and UNDP to assess the progress of the Pilot Peace Dividend Water Project at Urum. The project is a product of the Kenya-Uganda Peace agreement signed in September 2019 at Moroto meant to provide water to over 370 households in a traditionally conflict-prone area in Loima sub county and reduce traditional resource-based conflict in the area. The monitoring mission provided candid advice to government on the need to improve the water source at Urum after establishing that the population had increased in the area as a result of the households returning from Uganda to make use of the water facility. The county government committed to drill another borehole to complement the water system to meet the demand. This will contribute to the sustainability of the project which otherwise may not have been achieved with the low yielding borehole originally in place.

Three Strategic Results Area (SRA) thematic working group meetings that brought together the UN agencies, the departmental heads, CECs and NGOs to discuss progress in the CIDP priority areas of transformative governance, social sectors and Sustainable Economic Development. A total of 71 participants (54 male, 17 female) drawn from the UN agencies, NGOs' and Turkana County attended the meeting. Project implementation status, collaborations with government or other stakeholders, challenges, and recommendations for improvement were shared. Some collaborative efforts with the government have already been initiated and working so well that agencies like WFP and Concern Worldwide are co-creating with the government and co-funding some programmes. Some of the recommendations agreed upon from the meeting for posterity and improvement of collaborations with a view to improve results and accountability were:

1. Aligning planning cycles with government financial years for ease of harmonizing operations.
2. Improve results reporting and accountability through establishment of a results-based dashboard for all county development programs; these include partner investments.
3. Incorporation of annual partner activities into the county Annual Development Plans (ADPs) and reporting the same through the County Budget Review Outlook Paper (CBROP). This will account for resources coming through different resource streams.
4. Improving accountability to the government by sharing joint partners reports with them and uploading the same to county websites.
5. Identification of high impact low-cost macro-projects and model projects for joint resourcing and implementation.

6. Establishment and support of joint multi-stakeholder monitoring teams to conduct joint monitoring of projects annually.

The NGOs participating in the DaO meeting for the first time expressed their enthusiasm to support integrated programming for enhanced results, others proposing joint resource mobilization by government and partners in the county for considering joint implementation of macro projects to alleviate or reduce chronic vulnerability in the county.

Mid-Term Evaluation (MTR)

A joint GoK, UNDP, and RCO MTR was conducted in close collaboration with implementing partners at the national and county level. The MTR assesses the project's strategic relevance, social and environmental standards, management and monitoring, efficiency, effectiveness, and sustainability and national ownership. The MTR is expected to generate valuable lessons for improving implementation of the project and for similar projects in future. The review will also focus on significant developments that have taken place in the programming environment, such as the Sustainable Development Goals (SDGs) and the transformational focus of Leaving No One Behind (LNOB) and make recommendations for making the project nimbler and more responsive to these developments. In 2019, the project supported the mainstreaming of Disaster Risk Reduction and Climate Change (DRR/CC) through DFID funding. The MTR will also assess the extent to which these DRR/CC issues are being addressed alongside the above project outputs and make recommendations. The MTR will cover the project period September 2018 to April 2020 and cover the 4 national partners (CRA, CoG, MED, OAG) and county governments that are directly supported by the project. The MTR will also conduct an evaluation of the interventions under the Resident Coordinator's Office (RCO) with its area-based programme office in Lodwar, Turkana County. The consultants have shared the inception report and are in the process of conducting county interviews. The assessment will assist the project by identifying the areas they are doing well and the gaps to inform future programming.

3. Gender Development Results

Gender results	Evidence
Enhanced gender responsive and social inclusion in the implementation of the project.	Gender Round Table meeting held with Implementing partners to tease out the reasons for low female participation in programme initiatives.

4. Targeting, sustainability of results, strengthening national capacities and South-South and Triangular Cooperation

a. Targeting

Target groups	Needs addressed	Evidence

Women, Youth, PWDs		
County government leadership (CECs, CCOs, heads of departments and other senior officials).	Poor service delivery and follow-up mechanisms.	Reports on county PCs, PFM initiatives.
Members of the public	Inadequate representation of in county planning and budgeting.	Increased participation of CBEFs on county planning and budgeting.

4.1 Sustainability

Results achieved	Sustainability
1. Training of PMS ToTs.	By engaging the PMS ToTs, the facilitators was able to pass on information on the full cycle of Performance Contracting and Target setting, these ToTs will be able to train their colleagues which gives them ownership of the system and will take over when the project closes.
2. Targeted capacity building of counties on M&E.	By addressing the gaps identified in the M&E capacity assessment, counties will attain lasting capacity for implementation, tracking, review and reporting on results.
3. Use of national government institutions for county level support.	The programme taps the expertise of national government to support counties including monitoring and evaluation, public financial management, performance contracting. This will ensure that government capacity and ownership are enhanced.

4.2 Strengthening national (sub-national) capacity

Results achieved	Institution	National capacity strengthened
1) Trained 20 (12 male and 8 female) on CBEF.	Turkana County	County capacity strengthened
2) Trained 23 (19 male and 4 female) on Performance Management System.	Turkana, Marsabit, Isiolo, Wajir, Lamu, Mandera, Tana River and Garissa	County capacity strengthened
3) Trained 44 (30 male and 14 female) on FCDC Bill.	West Pokot County	County capacity strengthened

4) Trained 33 (27 male and 6 female) on Performance Contracting.	Lamu County	County capacity strengthened
5) Trained 46 (30 male and 16 female) on Performance Contracting.	Tana River County	County capacity strengthened
6) Trained 22 (18 male and 4 female) on Public Finance Management.	Garissa, Lamu, Tana River, Wajir, Mandera	County capacity strengthened

4.3 South to South and Triangular Cooperation

Country	Type of cooperation
1. None reported during the period.	

5 Partnerships

1. County governments that are establishing partnerships in relevant sectors can achieve more. For example, Turkana County partnered with UNDP and CRA to assess the progress of the CBEFs and West Pokot County partnered with CoG, the Kenya Law Reform Commission and FCDC Secretariat to ensure the FCDC Bill is harmonised.
2. DaO partnered with different UN Agencies such as UNICEF, UNDP, WFP to monitor the progress done on the 3 SRAs.

6 Monitoring and Evaluation

The M&E activities conducted during the quarter were as follows:

M&E activity	Key outcomes/ observation	Recommendation	Action taken
Project Midterm Review in progress.	A project midterm review (MTR) by external consultants is ongoing. An Inception Report has been finalized and interviews are currently on-going at national and county level.	To be reported after the MTR is finalized.	To be reported after the MTR is finalized.
Turkana County Joint High-Level Monitoring Mission	Joint monitoring with the department of Water in Turkana County and UNDP to assess the of	Traditional resource-based conflict in the area reduced.	Enhanced sustainability of water availability to local communities by drilling of another

	the Pilot Peace dividend water project at Urum.		higher yielding borehole.

7 Knowledge Management

The following knowledge product was developed in February, but the report was finalised in August and link provided.

Title, author, date	Link	Evidence
Diagnostic Assessment Report Developed in February and Finalised in August.	https://monitoring.planning.go.ke/annual-progress-reports/	Share with counties to see that status of their implementation of CIMES and improve on it.

8 Challenges/Issues

While the project managed to maintain most programming and remain on track during the reporting period, some challenges were experienced due to a shifting of county funds and attention to their COVID-19 response initiatives which delayed implementation of project activities. These activities have now restarted and are expected to be completed by December 2020. Further, national government implementing partners were affected by the lockdown advisory by the government which slowed down implementation. Implementation has now restarted and vibrant among all the IPs.

Programme implementing partners continue to have competing priorities between official mandates and those that the programme supports. While programme support complements partner mandates, partners must prioritize attention to initiatives that they are first assigned by their departmental mandates and sometimes programming receives a lower priority which delays implementation. Continuous dialogue with IPs on scheduling of activities proved helpful in mitigating this challenge.

Knowledge of the situation on the ground, and within county government offices in particular, is critical towards gaining an understanding of the challenges and needs of county government partners as well as assessing priorities. The DaO office in Lodwar provides a solution to this challenge for Turkana County; however, gaining this intelligence in other counties is more difficult. More field visits to county government offices, developing deeper relationships with their staff, and placing programme staff in these offices are solutions towards meeting this challenge.

As noted in the risk matrix, fiduciary control remains a challenge. There remains relatively weak transparency and accountability for use of resource and this is heightened in terms of use of COVID-19 budgets. UNDP is continually analyzing this risk through spot checks, micro-assessments for its partners to assess their operational systems including HR, procurement, finance and programme management and assists with remedial measures to strengthen accounting practices and audit preparation. UNDP is also applying direct payment modalities and not advancing any cash to partners.

Also as noted in the risk matrix, the disagreement on the amount and timing of revenue to be allocated to counties remains a factor that affects programming as counties cannot implement activities according to budgets. This has been exacerbated by the COVID-19 crisis and the ability of counties to raise their own revenue.

The COVID-19 situation has led to a slowdown of county government activity and reporting and also presents a challenge to conducting programme M&E.

9 Lessons Learnt and Way Forward

Lessons Learnt

The COVID-19 pandemic, or any other extraordinary major occurrence, may cause disruptions in the implementation. Hence project teams must strategically and promptly respond by seizing opportunities such an occurrence provides. UNDP has requested the Government of Norway to allow re-programming so that it may assist the Government to respond to the COVID-19 pandemic. Peer learning continue to be an integral part of programming. For example, the Isiolo Youth Learning Centre has generated a lot of interest among other counties, who want to replicate the model in their place. Further the catalytic role of UNDP is evident here, where a strategic intervention has provided a posture for a wide range of actors including the private sector, NGOs and local business communities to work together under the learning centre. This also will enhance sustainability and facilitate UNDP's exit to support another FCDC county.

Other lessons learnt during the reporting period include:

- Better planning and prioritization of programme activities by government partners vis-à-vis their core mandate is needed including timing and sequencing of programme activities with government partners moving forward.
- Gender roundtables have provided platforms for meaningful engagement and participation of grassroots women and youth in governance matters as anticipated in the objects of devolution.
- The PFM Act requires that the government contributes counterpart funds to programmes amounting to at least 10% of the donor funds, but both the national and county governments have not fully adhered to this requirement. There is an

opportunity to incentivize government cost-sharing. There is need to quantify in-kind contribution by national and county government counterparts.

- It is imperative for agencies supporting devolution to collaborate and deliver more comprehensive interventions instead of several stand-alone interventions. Support to devolution should better leverage partnerships beyond UN agencies to include the private sector, CSOs, international organizations, and the diaspora. The DaO office in Turkana County is successfully engaging in this; however, other counties need similar support, particularly where there is a large development partner presence.
- Peer learning between county governments provides an important mechanism for developing homegrown solutions to local problems. County-to-county and inter-governmental relations development utilizing Kenyan institutions, including universities and colleges, should be promoted to enhance such learning.

Recommendations

Now that county government structures and institutions are established but with the poverty rates remaining above 80% in remote, arid and sparsely populated northern frontier counties and where poverty levels are also highly feminized, programming must increase attention to service delivery affecting human development.

The programme needs to continue its strong field presence in Turkana County but must work to establish better on the ground analysis and relationships in other counties and leverage other UN Agency and development partner support in these other counties and the FCDC regional bloc.

There may be a release of Equalization Fund monies soon that will target many of the programme's counties. It will be important for the programme to follow and analyze this situation with respect to fiduciary risks and the development target sectors and geographic areas to ensure programme complementarity.

10 Risks and Mitigation Measures

A set of project risks were identified during project design. These risks and assumptions are monitored on an ongoing basis and reviewed, updated, and modified if needed. Information gathered at UN Devolution Working Group, Devolution Donor Working Group, Devolution Sector Working Group and during monitoring missions informs the risk register. Some current risks from the risk register that continue to impact the project results during the reporting period are provided in the risk register (highlighted in yellow), including the mitigating measures, in Annex I.

11. Financial Summary

The report covers the period 1 March 2020- 31 August 2020. The opening balance from the Norway funds as at March 1st was US$ 960,130.66. The interim financial report as at 31 August 2020 notes expenditure of US$ 575,306 which is a delivery rate of 60%. The balance as at 31st August 2020 is 384,825

PROGRESS FINANCIAL REPORT FOR THE STRENGTHENING DEVOLVED GOVERNANCE IN KENYA, UNDP PROJECT NUMBER: 00112294				
Reporting Period: March - August 2020	**MARCH - AUGUST 2020**			
	USD	USD	USD	USD
Contributions	**UNDP TRAC**	**DFID**	**NORWAY**	**Total**
Opening Balance: 1st March 2020	-	31,724.33	960,130.66	**991,855**
Allocation UNDP TRAC	69,565	-		**69,565**
Total Contributions	**69,565**	**31,724**	**960,131**	**1,061,420**
Expenditures				
Programme Cost				
Output 1.1: Performance management, M&E, data management systems established and functioning in FCDC counties	43,943.87	35,099.19	69,367.44	**148,411**
Output 1.2: Strengthened county-level planning & Public Financial Management (PFM) systems	70.87	364.29	54,553.51	**54,989**
Output 1.2: Prior period adjustments			17,113.46	
Output 1.3: Strengthened citizen participation mechanisms and processes to ensure effective and equitable service delivery, transparent and accountable use of resources.	3,753.49	106.98	-2.52	**3,858**
Output 1.4: Strengthened coordination and oversight mechanism of multi UN agency initiatives established and operational for FCDC counties			158,324.35	**158,324**
Output 1.5: Improved Programme Management Support to the devolution programme	21,796.37	-34,535.88	163,504.39	**150,765**

Total Programme Costs	**69,565**	**1,035**	**462,861**	**516,346**
Indirect Support Costs (GMS)	0.0	1,187.74	37,393.94	**38,582**
Commitments and Undepreciated assets & Inventory	-	(2,870)	40,499.11	**37,629**
Commitments and Undepreciated assets & Inventory - prior period adjustments			34,552.29	
Total Expenditures	**69,565**	**-648**	**575,306**	**592,557**
Balances as at 31st August 2020	**-**	**32,372**	**384,825**	**468,862**

Annex I: Project Risk Matrix for the reporting period.

Scale is 1-5 (low to high)

#	Description	Date Identified	Type	Impact & Probability	Countermeasures/ Management Responses	Owner	Last update	Status
1	Weak collaborative mechanisms between key players on devolution matters	Aug. 2018	political/ strategic	P=2 I=3	UNDP will facilitate frequent round table consultative forums among the players.	DDWG Chair	August 2020	Review during next quarter
2	Inter-County and Intra-County disputes especially over natural resources and county boundaries	Aug. 2018	political/ strategic	P=2 I=3	UNDP will continuously engage with relevant actors to ensure that dispute resolution mechanisms are established at both national and county levels.	UNDP (via DDWG, Conflict Groups)	August 2020	Review during next quarter
3	Diversion of government funds and attention due to natural disasters, drought, flood, or humanitarian crisis.	Aug. 2018	operational/ institutional	P=4 I=4	UNDP will 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.	UNDP	August 2020	Review during next quarter
4	Fiduciary: Weak transparency and accountability for use of resources	Aug. 2018	operational/ institutional	P=3 I=3	UNDP has conducted a micro-assessment for its IPS to assess their operational systems including HR, procurement, finance and programme management. Further, UNDP is applying direct payment HACT modalities and not advancing any cash to IPs.	UNDP	August 2020	Review during next quarter
5	Programming duplication by UN	Aug. 2018	operational/ institutional	P=2	UN level: To be monitored through the UN Devolution Working Group.	UNDP	August 2020	Review during

	Agencies, Development Partners, GoK			I=3	DP & GoK level: To be monitored through the Devolution Donor Working Group and Devolution Sector Working Group. This project is mainly supporting FCDC counties hence avoiding duplication with interventions in other counties, but rather enhancing complementarities.			next quarter
6	Beneficiary institution capacity implementation limitations	Aug. 2018	operational/ institutional	P=3 I=3	The project is continually enhancing the capacity of both national and county governments.	UNDP	August 2020	Review during next quarter
7	Program design doesn't prove feasible (not flexible, fit for purpose, impacts not being realized, etc.)	Aug. 2018	operational/ institutional	P=2 I=2	The programme is adopting flexibility in the programming. A case in point is the re-programming of programme funds to support county government respond to CIVID-19 pandemic.	UNDP	August 2020	Review during next quarter
8	Disagreement on the amount and timing of revenue to be allocated to counties	July 2019	political/ strategic	P=4 I=4	To be monitored through engagement with CRA and counties to see impact of a) delays occasioned by long debates on the amount to be allocated to counties; b) the actual amount allocated and if its level is enough for counties to undertake their mandate.	UNDP	August 2020	Review during next quarter

Risks highlighted in yellow were identified to be monitored closely during the next quarter.

Highlighted risks and mitigation measures for and related notes for the reporting period:

#1: This will be monitored given role of State Secretariat for ASALs created under Devolution CS's portfolio and the movement of MED to Treasury.

#2: The situation appears less critical with fewer counties reporting conflict, but some border disputes have arisen in advance of the census and possible IEBC review of boundaries; some conflict remains around the drought/floods and livestock and insurgency (incl. cross-border with Ethiopia) and Turkana-West Pokot. Mitigation measures: Disputes are being tracked by several UN Agencies and DP conflict groups. Effects of the last drought/flooding appear to be less than the previous drought/floods; however, this remains to be quantified and effects at household level are felt later so this will remain highlighted.

#3: Probability and Impact each raised to 4. COVID-19 presents a serious challenge to county governments in terms of budgeting and planning to mitigate the situation while at the same time delivering services to citizens. This is being monitored closely.

#4: Probability and Impact remain the same, but this is highlighted in terms of use of COVID-19 budgets. The levels remain high and EACC reports, DCI and DPP actions, AG county audits, OCOB reports and Senate PAC hearings indicate that there is a need to reassess this risk with other DPs and through PFM-DDWG and Anti-Corruption Group-DDWG joint meetings. UNDP procedures to analyse risk of implementing partners and assist with remedial measures continues.

#5: Monitoring of situation will continue as some duplication and/or lack of coordination of DP supported activities could occur. UNDP and World Bank have coordination meetings to mitigate this risk.

#6: Despite having improved, partner capacity remains uneven between partners. Specific areas such as PFM and M&E remain particularly weak.

#7: Project monitoring missions continue to be positive with respect to this risk.

#8: This is highlighted and being more closely monitored given near crisis with the stalemate on national to county transfer of funds (incl. re COVID-19 support); the current mechanism requires an overall as the current mode will continue to present risks to county operations. Movement to an electronic online exchequer system for counties will need to be monitored. Also, the need to consider the national debt levels' potential impact on national to county transfers and changes to CARA and the Equalisation Fund. Also, the amount of own source revenue that counties generate continues to be a focus of discussion and concern by all stakeholders and is highlighted in OCOB reports.