

**REPUBLIC OF KENYA**



**THE PRESIDENCY**

**MINISTRY OF DEVOLUTION AND PLANNING**

**DIVISION OF PERFORMANCE CONTRACTING**

**PERFORMANCE CONTRACTING GUIDELINES FOR THE FY  
2014/15**

**11<sup>TH</sup> EDITION**

## ACRONYMS

ADA	Alcohol and Drug Abuse
AIDS	Acquired Immuno-Deficiency Syndrome
AO	Accounting Officer
BOM	Board of Management
CAJ	Commission on Administrative Justice
CS	Cabinet Secretary
DA	Drug Abuse
DPC	Division of Performance Contracting
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
ISO	International Standards Organization
KENAS	Kenya National Accreditation Standards
KICD	Kenya Institute of Curriculum Development
KNEC	Kenya National Examinations Council
KRA	Kenya Revenue Authority
MDAs	Ministries, Departments and Agencies
MTP II	Medium Term Plan II
NACADA	National Authority for the Campaign against Alcohol and Drug Abuse
NCPWD	National Council for Persons with Disabilities
PPOA	Public Procurement and Disposal Act
PS	Principal Secretary
PWDs	Persons with Disabilities
SUD	Substance Use Disorder
TSC	Teachers Service Commission

## TABLE OF CONTENTS

ACRONYMS	ii
A. PURPOSE	5
1.2 Model Performance Contract	5
1. Strategic Objectives	5
2. Performance Indicators	5
3. Performance Targets	6
C. ASSIGNMENT OF WEIGHTS TO PERFORMANCE INDICATORS	6
PHASE I:Pre-Negotiation Consultations	8
PHASE II: Negotiations	9
F. PARTIES TO NEGOTIATION OF THE PERFORMANCE CONTRACT	9
(I) MINISTRIES/STATE DEPARTMENTS	9
(I) STATE CORPORATION/PUBLIC UNIVERSITY	10
(III) TERTIARY INSTITUTIONS	10
G. VETTING OF PERFORMANCE CONTRACTS	10
H. PARTIES AND SIGNATORIES TO THE PERFORMANCE CONTRACT	11
(I) Ministry/State Department	11
(II) State Corporation/Statutory Board	11
(III) Public University	11
(V)Tertiary Institutions	12
I. PERFORMANCE MONITORING AND REPORTING	12
i) Submission of Performance Reports	12
J. GENERAL GUIDELINES	13
ANNEXES TO THE PERFORMANCE CONTRACTING GUIDELINES:	14
ANNEX I: DEFINITIONS OF KEY TERMS	14
ANNEX II: MODEL PERFORMANCE CONTRACTS	17
ANNEX IIA: MODEL PERFORMANCE CONTRACT-MINISTRIES/STATE DEPARTMENTS	17
Part I	18
Part II	19
Part III	19
Part IV	19
Part V	20
Part VI	20
Ministries Matrix	21
ANNEX IIB: MODEL PERFORMANCE CONTRACT FOR STATE CORPORATION	23
Part I	24
Part II	24

Part III.....	25
Part IV.....	25
Part V.....	25
Part VI.....	26
Commercial State Corporations Matrix.....	27
Non -Commercial State Corporations Matrix.....	29
Public Universities Matrix.....	31
<b>ANNEX IIC: MODEL PERFORMANCE CONTRACT FOR TERTIARY INSTITUTIONS</b>	<b>33</b>
Part I.....	34
Part II.....	34
Part III.....	35
Part IV.....	35
Part V.....	35
Part VI.....	35
Tertiary Educational and Technical Institutions Matrix.....	36
<b>ANNEX III: DESCRIPTION OF PERFORMANCE INDICATORS</b>	<b>38</b>

## **A. PURPOSE**

1.1 The Performance Contracting Guidelines are issued to guide MDAs implement Performance Contracts

### **1.2 Model Performance Contract**

A Model Performance Contract and a Performance Contract Matrix for each category of public institution form part of these Guidelines. These may also be downloaded from [www.devolutionplanning.go.ke](http://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 PC should be anchored on the Kenya Vision 2030 and the Medium Term Plan II (MTP II).

### **2. Performance Indicators**

**Institutions are expected to select indicators, as far as is practicable, from the "Medium Term Plan II (MTP II)".** 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 aligned to the approved budget of FY 2014/2015.

### **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.

3.2 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 by the staff.

3.3 Performance targets should:

- i) Resonate with public expectations;
- ii) Demonstrate progressive achievement of the MTP II targets.
- iii) Fully aligned to budgets; and
- iv) 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 indicator.

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

Performance Criteria Category	Ministries/State Departments.	Tertiary Institutions	State Corporation		
			<i>Non Commercial</i>	<i>Public University</i>	<i>Commercial</i>
Finance & Stewardship	10	10	10	10	35
Service Delivery	15	15	15	15	15
Non-Financial	10	10	10	10	10
Operations	55	55	55	55	30
Dynamic/Qualitative	5	5	5	5	5
Corruption Eradication	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, in addition, NOT include exemption from the existing legal regime.

- 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 these other institutions 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 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, support achievements of



performance expected for each sector and are aligned to MTP II, and the Budget for the period ending 30<sup>th</sup> June 2015.

## 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, should be documented by the parties, and brought to the attention of Director, Division of Performance Contracting.

### **Notes**

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

## **F. PARTIES TO NEGOTIATION OF THE PERFORMANCE CONTRACT**

It should be ensured that during negotiations for the Performance Contracts for State Corporations, National Treasury is represented. Likewise, for the Performance Contracts for 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

(I) STATE CORPORATION/PUBLIC UNIVERSITY

**Government**

- CS-Parent Ministry/State Department
- National Treasury

**State Corporation**

- Chairperson\*
- Independent Director/  
Council Member<sup>1</sup>
- Heads of Department

Chairperson to lead the State Corporation team

(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 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 targets are growth-oriented.

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<sup>1</sup>Independent Director/Council Member- refers to a director/council member who is not a public official.

## H. PARTIES AND SIGNATORIES TO THE PERFORMANCE CONTRACT

### (I) Ministry/State Department

<b>Government</b>	<b>Ministry/State Department</b>
1 <sup>st</sup> level - President	CS
2 <sup>nd</sup> level - CS	PS
3 <sup>rd</sup> level - PS	Directors/Heads of Departments and Units

### (II) State Corporation/Statutory Board

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

### (III) Public University

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

## (V)Tertiary Institutions

Government	Tertiary Institution
1 <sup>st</sup> Level-CS Parent Ministry	a. Chairperson, BOM b. Independent BOM Member
2 <sup>nd</sup> Level- Chairperson, BOM	Chief Principals
3 <sup>rd</sup> Level -Chief Principals	Heads of Departments

### 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 pertaining to the following performance indicators;

- i. Resolution of Public Complaints- Commission on Administrative Justice (CAJ).
- ii. Corruption Eradication- Ethics and Anti-Corruption Commission.
- iii. Human Resource Management and Development -Public Service Commission, with copies to Ministry of Devolution and Planning, Directorate of Public Service Management.

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. In addition, the institutions to receive quarterly performance reports and provide feedback are tabulated below:

<b>Category of Agency/Cross-Cutting Issue</b>	<b>Institution to Receive and Provide Feedback</b>
Ministries/State Departments	Division of Performance Contracting
State Corporation/Public University	Inspectorate of State Corporations*
Tertiary Institution	Parent Ministry

\*All State Corporations are required to submit their quarterly performance reports to their parent Ministries, The National Treasury, 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 should analyse the reports and provide feedback to the parent Ministries, with copies The National Treasury and Ministry of Devolution and Planning.

## **J. GENERAL GUIDELINES**

1. Any disagreements during evaluation should be referred to the Director, Division of Performance Contracting;
2. Evaluation results shall be submitted to the Director, Division of Performance Contracting;
3. Public institutions are required to ensure availability of verifiable evidence of achievement for purposes of evaluation;
4. It should be ensured that public institutions are in all cases represented by personnel trained on performance contracting during negotiation and evaluation of performance;
5. A public institution that fails to submit its annual performance report (based on the duly signed Performance Contract) for evaluation, or for the reason that it declined to sign a Performance Contract shall be graded "Poor", at the lowest score of 5.
6. Once targets have been negotiated, and the PC vetted and signed, it cannot be changed midstream.

## 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 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 (refer to Annex V), 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.

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

**Independent External Assessors** - refers to a team of experts appointed mostly from outside the public service to evaluate performance of public agencies on performance contract on behalf of the Government.

**Independent External Assessors Negotiation Taskforce** - a team of experts appointed mostly from outside the public service to negotiate performance contracts of public institutions on behalf of the Government.

**In-House Evaluation** -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 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 external experts (Independent External Assessors), at the primary evaluation level. It includes validation of evidence of achievement of targets.

**Outcomes** -Visible 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 and visible 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 Assessors, institutions' officials and representatives of lead agencies on 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 in categories A to F.

**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. Box .....Nairobi (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. BOX .....of 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 continuity of public services under all circumstances;
4. Establishing systems to enable innovativeness and adaptability of public services to the needs of users;

5. Ensuring professionalism and ethics in Public Service is achieved and maintained;
6. Establishing systems to ensure promotion and protection of rights of users of public services and public servants as enshrined in the Bill of Rights;
7. Institutionalizing a culture of accountability, integrity, transparency and promotion of values and principles of public service;
8. Ensuring effective, efficient and responsible use of public resources, and
9. 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 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 one financial year, from 1<sup>st</sup> July to 30<sup>th</sup> June.

**Part VI**

**Signatories**

Cabinet Secretary: .....

Date: .....

H.E. the President:.....

Date: .....

### Ministries Matrix

				Previous YR (FY 2013/14)	Target (FY 2014/15)
	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WGT		
<b>A</b>	<b>Finance &amp; Stewardship</b> <ul style="list-style-type: none"> <li>• Utilization of allocated funds</li> <li>• A-in-A</li> </ul>	% Kshs	6 4		
	<b>Weight Sub total</b>		<b>10</b>		
<b>B</b>	<b>Service Delivery</b> <ul style="list-style-type: none"> <li>• Customer Satisfaction</li> <li>• Service Delivery Innovations</li> <li>• Resolution of Public Complaints</li> <li>• ISO Certification</li> <li>• Automation</li> </ul>	Report % % % %	3 2 4 3 3		
	<b>Weight Sub total</b>		<b>15</b>		
<b>C</b>	<b>Non-Financial</b> <ul style="list-style-type: none"> <li>• Asset Management</li> <li>• Youth Internships/Industrial Attachment/ Apprenticeships</li> <li>• Youth, Women and Persons With Disabilities Empowerment</li> <li>• Compliance with Constitutional and other Statutory Obligations</li> </ul>	% No. Kshs %	2 2 3 3		
	<b>Weight Sub total</b>		<b>10</b>		

				Previous YR (FY 2013/14)	Target (FY 2014/15)
	<b>PERFORMANCE CRITERIA CATEGORY</b>	<b>UNIT OF MEASURE</b>	<b>WGT</b>		
<b>D</b>	<b>Operations</b> <ul style="list-style-type: none"> <li>• MDAs Priority Indicators</li> <li>• Project implementation <ul style="list-style-type: none"> <li>- Completion Rate</li> <li>- Cost Efficiency</li> </ul> </li> <li>• Ease of doing business*</li> </ul>	%  % %			
	<b>Weight Sub total</b>		<b>55</b>		
<b>E</b>	<b>Dynamic/ Qualitative:</b> Human Resource Management and Development	%	5		
	<b>Weight sub total</b>		<b>5</b>		
<b>F</b>	<b>Corruption Eradication</b>	%			
	<b>Weight Sub Total</b>		<b>5</b>		
	<b>Overall Total Weight</b>		<b>100</b>		

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

## ANNEX IIB: MODEL PERFORMANCE CONTRACT FOR STATE CORPORATION

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 of .....of P.O. BOX .....Nairobi (together with its assignees and successors) of the one part, and the Board of Directors of.....(*corporation*) (hereinafter referred to as the "the Board"), a State Corporation having its registered office at.. ... (together with its assignees and successors) of P.O. BOX .....of 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 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 to ensure equality of all users of public services is achieved;
2. Ensure impartiality and fairness in the process of delivery of public services;
3. Ensure continuity of public services under all circumstances;
4. Establish systems to enable innovativeness and adaptability of public services to the needs of users;
5. Ensure professionalism and ethics in Public Service is achieved and maintained;
6. Establish systems to ensure promotion and protection of rights of users of public services and public servants as enshrined in the Bill of Rights;

7. Institutionalize a culture of accountability, integrity, transparency and promote values and principles of the public service;
8. Ensure effective, efficient and responsible use of public resources, and
9. 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 Corporation:
- b) Mission of the Corporation:
- c) Strategic Objectives of Corporation

### **Part II**

#### **Commitments and Responsibilities of State Corporation (Board/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 1<sup>st</sup> July to 30<sup>th</sup> June. For those State Corporations whose financial year corresponds with the calendar year, the PC will run from 1<sup>st</sup> January to 31<sup>st</sup> December of every year. For those State Corporations whose financial year ends in March, the PC will run from 1<sup>st</sup> April to 31<sup>st</sup> 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

				Previous YR (FY 2013/14)	Target (FY 2014/15)
	<b>PERFORMANCE CRITERIA CATEGORY</b>	<b>UNIT OF MEASURE</b>	<b>WGT</b>		
<b>A</b>	<b>Finance &amp; Stewardship</b> <ul style="list-style-type: none"> <li>• Pre-tax Profit</li> <li>• Return on Investment</li> <li>• Dividend to National Treasury</li> </ul>	Kshs % Kshs	20 10 5		
	<b>Weight Sub total</b>		<b>35</b>		
<b>B</b>	<b>Service Delivery</b> <ul style="list-style-type: none"> <li>• Customer Satisfaction</li> <li>• Service Delivery Innovations</li> <li>• Resolution of Public Complaints</li> <li>• ISO Certification</li> <li>• Automation</li> </ul>	Report % % % %	3 2 4 3 3		
	<b>Weight Sub total</b>		<b>15</b>		
<b>C</b>	<b>Non-Financial</b> <ul style="list-style-type: none"> <li>• Asset Management</li> <li>• Youth Internships/industrial attachments/ Apprenticeships</li> <li>• Youth, Women and Persons With Disabilities Empowerment</li> <li>• Compliance with Constitutional and other Statutory Obligations</li> </ul>	% No. Kshs. %	2 2 3 3		
	<b>Weight Sub total</b>		<b>10</b>		

				Previous YR (FY 2013/14)	Target (FY 2014/15)
	<b>PERFORMANCE CRITERIA CATEGORY</b>	<b>UNIT OF MEASURE</b>	<b>WGT</b>		
<b>D</b>	<b>Operations</b> <ul style="list-style-type: none"> <li>• MDAs Priority Indicators</li> <li>• Project Implementation <ul style="list-style-type: none"> <li>- Completion Rate</li> <li>- Cost Efficiency</li> </ul> </li> <li>• Capacity Utilization</li> <li>• Ease of doing business*</li> </ul>	%  % % %			
	<b>Weight Sub total</b>		<b>30</b>		
<b>E</b>	<b>Dynamic/ Qualitative:</b> <ul style="list-style-type: none"> <li>• Human Resource Management and Development</li> </ul>	%	<b>5</b>		
	<b>Weight sub total</b>		<b>5</b>		
<b>F</b>	<b>Corruption Eradication</b>	%			
	<b>Weight Sub Total</b>		<b>5</b>		
	<b>Overall Total Weight</b>		<b>100</b>		

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

## Non -Commercial State Corporations Matrix

				Previous YR (FY 2013/14)	Target (FY 2014/15)
	<b>PERFORMANCE CRITERIA CATEGORY</b>	<b>UNIT OF MEASURE</b>	<b>WGT</b>		
<b>A</b>	<b>Finance &amp; Stewardship</b> <ul style="list-style-type: none"> <li>• Utilization of Allocated Funds</li> <li>• A-in-A</li> </ul>	% Kshs	7 3		
	<b>Weight Sub total</b>		<b>10</b>		
<b>B</b>	<b>Service Delivery</b> <ul style="list-style-type: none"> <li>• Customer Satisfaction</li> <li>• Service Delivery Innovations</li> <li>• Resolution of Public Complaints</li> <li>• ISO Certification</li> <li>• Automation</li> </ul>	Report % % %	3 2 4 3 3		
	<b>Weight Sub total</b>		<b>15</b>		
<b>C</b>	<b>Non-Financial</b> <ul style="list-style-type: none"> <li>• Asset Management</li> <li>• Youth Internships/industrial attachment/ Apprenticeships</li> <li>• Youth, Women and Persons With Disabilities empowerment</li> <li>• Compliance with Constitutional and other Statutory Obligations</li> </ul>	% No. Kshs. %	2 2 3 3		
	<b>Weight Sub total</b>		<b>10</b>		
<b>D</b>	<b>Operations</b> <ul style="list-style-type: none"> <li>• MDAs Priority Indicators</li> <li>• Project implementation <ul style="list-style-type: none"> <li>- Completion Rate</li> <li>-Cost efficiency</li> <li>- Ease of doing business*</li> </ul> </li> </ul>	%  % % %			

				Previous YR (FY 2013/14)	Target (FY 2014/15)
	<b>PERFORMANCE CRITERIA CATEGORY</b>	<b>UNIT OF MEASURE</b>	<b>WGT</b>		
	<b>Weight Sub total</b>		<b>55</b>		
<b>E</b>	<b>Dynamic/ Qualitative:</b> • Human Resource Management and Development	%	5		
	<b>Weight sub total</b>		<b>5</b>		
<b>F</b>	<b>Corruption Eradication</b>	%			
	<b>Weight Sub Total</b>		<b>5</b>		
	<b>Overall Total Weight</b>		<b>100</b>		

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

## Public Universities Matrix

				Previous YR (FY 2013/14)	Target (FY 2014/15)
	<b>PERFORMANCE CRITERIA CATEGORY</b>	<b>UNIT OF MEASURE</b>	<b>WGT</b>		
<b>A</b>	<b>Finance &amp; Stewardship</b> <ul style="list-style-type: none"> <li>• Utilization of Allocate Funds</li> <li>• A-in-A</li> </ul>	% Kshs	7 3		
	<b>Weight Sub total</b>		<b>10</b>		
<b>B</b>	<b>Service Delivery</b> <ul style="list-style-type: none"> <li>• Customer Satisfaction</li> <li>• Service Delivery Innovations</li> <li>• Resolution of Public Complaints</li> <li>• ISO Certification</li> <li>• Automation</li> </ul>	Report % % %	3 2 4 3 3		
	<b>Weight Sub total</b>		<b>15</b>		
<b>C</b>	<b>Non-Financial</b> <ul style="list-style-type: none"> <li>• Asset Management</li> <li>• Youth Internships/ Industrial Attachment/Apprenticeships</li> <li>• Youth, Women and Person With Disabilities Empowerment</li> <li>• Compliance with Constitutional and other Statutory Obligations</li> </ul>	% No. Kshs. %	2 2 3 3		
	<b>Weight Sub total</b>		<b>10</b>		
<b>D</b>	<b>Operations</b> <ul style="list-style-type: none"> <li>• MDAs Priority Indicators</li> <li>• Project implementation <ul style="list-style-type: none"> <li>- Completion Rate</li> <li>- Cost efficiency</li> </ul> </li> <li>• Ease of Doing Business*</li> </ul>	%  % % %			

				Previous YR (FY 2013/14)	Target (FY 2014/15)
	<b>PERFORMANCE CRITERIA CATEGORY</b>	<b>UNIT OF MEASURE</b>	<b>WGT</b>		
	<b>Weight Sub total</b>		<b>55</b>		
<b>E</b>	<b>Dynamic/ Qualitative:</b> • Human Resource Management and Development	%	5		
	<b>Weight sub total</b>		<b>5</b>		
<b>F</b>	<b>Corruption Eradication</b>	%			
	<b>Weight Sub Total</b>		<b>5</b>		
	<b>Overall Total Weight</b>		<b>100</b>		

*\*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 BOX ...Nairobi( 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 BOX .....of 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 is achieved;
2. Ensure impartiality and fairness in the process of delivery of public services;
3. Ensure continuity of public services under all circumstances;

4. Establish systems to enable innovativeness and adaptability of public services to the needs of users;
5. Ensure professionalism and ethics in public service is achieved and maintained;
6. Establish systems to ensure promotion and protection of rights of users of public services and public servants as enshrined in the Bill of Rights;
7. Institutionalize a culture of accountability, integrity, transparency and promote values and principles of the public service;
8. Ensure effective, efficient and responsible use of public resources, and
9. 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.
- 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 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 1<sup>st</sup> July to 30<sup>th</sup> June.

### **Part VI**

#### **Signatories**

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

Independent  
BoM Member..... Date .....

Cabinet Secretary ..... Date.....

### Tertiary Educational and Technical Institutions Matrix

				Previous YR (FY 2013/14)	Target (FY 2014/15)
	<b>PERFORMANCE CRITERIA CATEGORY</b>	<b>UNIT OF MEASURE</b>	<b>WG</b>		
<b>A</b>	<b>Finance &amp; Stewardship</b> <ul style="list-style-type: none"> <li>• Utilization of Allocated Funds</li> <li>• A-in-A</li> </ul>	% Kshs	7 3		
	<b>Weight Sub total</b>		<b>10</b>		
<b>B</b>	<b>Service Delivery</b> <ul style="list-style-type: none"> <li>• Customer Satisfaction</li> <li>• Service Delivery Innovations</li> <li>• Resolution of Public Complaints</li> <li>• ISO Certification</li> <li>• Automation</li> </ul>	Report % % % %	3 2 4 3 3		
	<b>Weight Sub total</b>		<b>15</b>		
<b>C</b>	<b>Non-Financial</b> <ul style="list-style-type: none"> <li>• Asset Management</li> <li>• Youth Internships/industrial attachment/ Apprenticeships</li> <li>• Youth, Women and Persons With Disabilities Empowerment</li> <li>• Compliance with Constitutional and other Statutory Obligations</li> </ul>	% No. Kshs. %	2 2 3 3		
	<b>Weight Sub total</b>		<b>10</b>		

				Previous YR (FY 2013/14)	Target (FY 2014/15)
	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WG		
D	<b>Operations</b> <ul style="list-style-type: none"> <li>• MDAs Priority Indicators</li> <li>• Project implementation <ul style="list-style-type: none"> <li>- Completion Rate</li> <li>-Cost efficiency</li> </ul> </li> <li>• Ease of Doing Business*</li> </ul>	      	      		
	<b>Weight Sub total</b>		<b>55</b>		
E	<b>Dynamic/ Qualitative:</b> <ul style="list-style-type: none"> <li>• Human Resource Management and Development</li> </ul>	%	5		
	<b>Weight sub total</b>		<b>5</b>		
F	<b>Corruption Eradication</b>	%			
	<b>Weight Sub Total</b>		<b>5</b>		
	<b>Overall Total Weight</b>		<b>100</b>		

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

## ANNEX III: DESCRIPTION OF PERFORMANCE INDICATORS

**A-I-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 Government, they should include "Revenue Collection" as an additional performance indicator under the Finance and Stewardship criterion.

**Asset Management** - is the process of making best use of an institution's equipment, machinery, tools, buildings etc in order to maximize taxpayers' value. This will include:

- i) **Inventory management**, is to establish and keep a catalogue of an institutions' assets and property
- ii) **Maintenance** - refers to activities towards preserving assets, equipments, 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. In addition, maintenance should not only be confined to the MDA's headquarters, but also extended to grass-root institutions.
- iii) **Repairs** - refers to activities towards restoring assets, equipment, tools, etc, to usable condition after damage, tear or wear. In addition, implementation of this performance indicator should not only be at the MDA's headquarters, but efforts should be made to ensure that it is rolled out to grass-root institutions, and
- iv) **Disposal of Idle Assets**- refers to the 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.

**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
1. Institutional strategy and vision	<ul style="list-style-type: none"> <li>• Institutional ICT strategy developed and disseminated (will detail the roadmap the institution intends to take in utilizing ICTs to deliver on its core mandate)</li> <li>• Adoption and operationalization of e-Government standards (the standards are available at <a href="http://standards.icta.go.ke/">http://standards.icta.go.ke/</a>)</li> <li>• Qualified ICT staff deployed as per organizational approved structure</li> <li>• No. and qualifications of ICT staff deployed.</li> <li>• Percentage of Institutional budget devoted to ICTs (industry standard is 10%).</li> <li>• Staff to computer ratio( ranges from 1:1 for technical staff to 1:10 for support staff)</li> </ul>	15%
2. Connectivity and technology infrastructure	<ul style="list-style-type: none"> <li>• Internet bandwidth available within the institution</li> <li>• ICT infrastructure <ul style="list-style-type: none"> <li>○ Office automation(turn around time for business processes)</li> <li>○ Centralized user authentication</li> <li>○ Electronic Document Management System (EDMS) in use</li> <li>○ LAN installed</li> <li>○ WAN installed</li> <li>○ Centralized user authentication within the LAN/WAN</li> </ul> </li> <li>• No. of enterprise wide systems/ERPs in operation</li> <li>• No. of data warehouses/marts in place.</li> <li>• % of institutional data which has been digitized and is accessible against total number of manual records kept</li> <li>• ICT security measures in force, i.e., use of biometric security features, anti-virus updates, data back-up, etc.</li> <li>• Adoption and usage of Voice Over Internet Protocol (VOIP)</li> <li>• % of staff who have broadband access in the</li> </ul>	25%

Automation Stages	Sub-indicators	Level of Automation
	workplace.	
3. Consumer and business adoption	<ul style="list-style-type: none"> <li>• Institutional website adhering to the web design standards in terms of: <ul style="list-style-type: none"> <li>♦ Accessibility</li> <li>♦ Usability</li> <li>♦ Interoperability</li> <li>♦ Graphical look and feel</li> <li>♦ Related standards and policies</li> </ul> </li> <li>• Automation of core public services ( e-services) for citizens, business, employees and Government</li> <li>• On-line annual customer service rating of services (e-services) to ascertain feedback from recipients of service.</li> <li>• 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).</li> <li>• No. of internal business processes which are fully automated</li> <li>• One- stop shops</li> <li>• Revenue/Cost savings through delivery of e-services</li> <li>• Services hosted in common Government infrastructure.</li> </ul>	30%
4. Social and cultural environment	<ul style="list-style-type: none"> <li>• An institutional measure of ICT literacy adopted (ICTA will provide independent ICT assessments for comparison).</li> <li>• % of staff who are ICT-literate or have undertaken ICT training</li> <li>• ICT training programs implemented as per ICT strategy</li> <li>• No. of ICT staff trained</li> <li>• % of staff with disabilities who have access to ICTs</li> <li>• No. of service delivery options for clients with disabilities.</li> </ul>	10%



<b>Automation Stages</b>	<b>Sub-indicators</b>	<b>Level of Automation</b>
5. Legal environment	<ul style="list-style-type: none"> <li>• Policy guidelines in place for e-services, internet and e-mail use</li> <li>• Institutional ICT policy developed and implemented</li> <li>• Institutional e-waste policy developed and implemented</li> <li>• Institutional arrangements for protection and privacy of citizen data in force</li> <li>• % of staff who have signed an institutional ICT security compliance agreement</li> <li>• No. of electronic payment systems rolled out</li> </ul>	10%
6. Other factors	<ul style="list-style-type: none"> <li>• Range of information systems in use</li> </ul>	10%
<b>Total Cumulative Score</b>		<b>100%</b>

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

**Compliance with Constitutional and other Statutory Obligations-** this entails compliance with, and enforcement of the Constitution and other statutory obligations. Public institutions should undertake an audit to establish extent of compliance and enforcement. These should include, but not limited to the following sub-indicators:

- Implementation of the Constitution;
  - Compliance with public procurement regulations and rules;
  - Remittance of statutory deductions;
  - Disability mainstreaming;
  - Gender mainstreaming;
  - Environmental sustainability;
  - Safety measures;
  - National cohesion and national values mainstreaming
- i. Implementation of Constitution - this will entail implementing elements of the Constitution that are relevant to the Ministry/Department 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. Ministries/Departments will also be expected to include activities that they

- will undertake in order to build capacities and transfer skills to County Governments.
- ii. Compliance with public procurement regulations and rules- this will entail compliance with the procurement plan that should be part of the budgeting process, and presented during the negotiation of the performance contract. MDAs will be required to:
    - a. Submit a copy of the procurement plan to PPOA by 31<sup>st</sup> August in the format provided.
    - b. Submit quarterly procurement plan implementation report to the Authority in the format provided in the PPOA website, [www.tenders.go.ke](http://www.tenders.go.ke).
  - iii. 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.
  - iv. Disability Mainstreaming - public institutions will be required to implement Government policy on affirmative action for persons with disabilities, including ensuring that at least five percent of the members of the public in elective and appointive bodies are persons with disabilities.
  - v. Gender Mainstreaming- public institutions 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, as per the Constitution.
  - vi. 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).
  - vii. Safety Measures - should include all aspects relating to the safety of personnel, documents, information, equipment and assets. They include backups for automated systems, insurance as a risk mitigation effort, signage, warnings, fire/smoke detectors, safety drills, etc. MDAs are also required to put in place an Information Security Management System (ISMS) that ensures access to information, safeguards the accuracy and completeness of information and processing methods. MDAs will therefore be required to train at least ten champions on ISMS
  - viii. National cohesion and national values mainstreaming- public institutions will be required to implement Government policy on national cohesion and national values.

**Corruption Eradication** - The following sub-indicators are in line with the Ethics and Anti-Corruption Commission Act No. 22 of 2011 and the Leadership and Integrity Act of 2012 that aims to combat and prevent corruption and unethical practices and promote standards and best practices in ethics, integrity and anti-corruption.

Level	Category	Sub-indicators	Key Deliverables	Performance Level Weight
1	Anti-Corruption framework	Set up and operationalize Corruption Prevention Committee/Integrity Committee comprised of CS/CEO as Chair and HODs as members.	Committee constituted and operational as evidenced by membership and minutes of quarterly meetings.	10%
		Forward names of Chief Executive Officers and Heads of Departments names to EACC for integrity vetting.	Names forwarded for vetting	
		Develop and implement an Anti-Corruption Policy	Anti-Corruption Policy	
		Develop/ review and implement a specific leadership and ethics code of conduct in line with the Leadership and Integrity Act (2012).	Code of Conduct	
		Undertake Corruption Risk Mapping /Assessment, develop and submit a Report to EACC with effective measures to mitigate against the risks	Corruption Risk Assessment and Management Report	

2	Institutionalized Corruption Prevention	Implementation of the provisions of the Anti-Corruption framework under Level 1 enhanced (specifically the CRA and anti-Corruption Plan).	Quarterly progress monitoring reports on implementation of the CRA and anti-corruption plan.	20%
		Outcomes and impact of the anti-corruption framework implementation in Level 1 evaluated.	Annual Evaluation Report	
		Institutional capacity on integrity, ethics and anti-corruption enhanced.	Reports of training of staff on integrity, ethics and anti-corruption.	
3	Corruption Control	Systems, policies procedures and practices of work enhanced.	Report on specific corruption control measures implemented indicating the level and depth of corruption control.	20%
			External Auditors report and observations	
		Organizational culture and ethics enhanced	Reports of institutional advisory/disciplinary committees on breach of codes.	

		Number of public officer(s) suspected of corrupt practices suspended	Report providing specific details of the actions taken	
4	Zero tolerance to corruption	All staff vetted on integrity	Report of vetting of staff including action taken on those found to lack integrity.	20%
		Continuous enhancement of internal controls to mitigate against corruption and unethical practices	Report on specific internal control measures implemented indicating the level and depth of corruption control	
		High standard of ethical culture maintained	Reports of institutional advisory/disciplinary committees on breach of codes	
		Transparency, accountability and service delivery enhanced	<ul style="list-style-type: none"> <li>• Unqualified reports of external Auditor-General's.</li> <li>• Overall ranking on performance contracting</li> <li>• Overall ranking on the corruption perception index</li> </ul>	
5.	Integrity	Integrity certification	Report of EACC on	30%

	certificatio n		integrity certification	
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**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 for the contracting period 2013/2014. Implementation of this indicator is not about the customer satisfaction index, but the thrust of it should be on identifying the needs and wants of the customers and progressively addressing them. The unit of measure should therefore be a report indicating the intervention measures put in place to address customer complaints. The following parameters should form common criteria for customer satisfaction survey, for institutions that are newly created and are expected to undertake a survey first:

- (i) Speed of delivery of service/product
- (ii) Quality of service/product
- (iii) 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.
- (iv) Affordability
- (v) Courtesy
- (vi) Adherence to the commitments set out in the citizens' service delivery charters.

**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. This 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.

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

**Ease of Doing Business** - This refers to measurement of regulations directly affecting businesses, and higher rankings indicate better, usually simpler, regulations for businesses and stronger protections of property rights. This indicator will be for MDAs that have an aspect of making the country globally competitive. MDAs are required to select the following sub-indicators that are relevant to their mandate for implementation;

- 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 proceeding

**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. The sub-indicators to address this performance indicator include the following;

- i) Skills/competence needs assessment and intervention programs
- ii) Performance appraisal for employees, including implementation of the performance incentives and sanctions framework.
- iii) Knowledge management- refers to the process of capturing, developing, sharing and storing individual and institutional knowledge in order to achieve the mandate of the institution.
- iv) Work environment - refers to improvement in the physical work environment as well as the immediate surroundings of the workplace. These should also include social, psychological, environmental as well as ergonomic factors. Each institution will be expected to identify relevant issues affecting the working conditions and address them appropriately.
- v) Prevention of Alcohol and Drug Abuse - refers to the implementation of activities aimed at reducing the prevalence of alcohol and drug abuse and minimizing the negative effects thereof.
- vi) Prevention of HIV/AIDS Infections - refers to the implementation of activities that mitigate against HIV/AIDS Infections.
- vii) Submission of pension's documents - the objective of this indicator is to ensure that retiring public servants receive their retirement dues promptly. Public institutions are required to submit pension claims with all the requisite documents nine months before retirement date, except the Last Pay Certificate and Tax Clearance Form issued by the last employer and KRA respectively.

In undertaking Skills/Competence needs assessment, institutions should refer and be guided by the "Manual on Managing the Training Function in the Public Service" developed by the Directorate of Public Service Management in September, 2010, and which can be downloaded from the website.

**ISO 9001:2008 Certification** - ensures that operations and management are benchmarked to the best international practices as attested by certification by a reputable certification body accredited by Kenya National Accreditation Standards (KENAS). The process helps to re-engineer management processes thereby making them efficient. It also helps create competitive advantage in the public service. It involves the following milestones:

### **STEPS TO ISO CERTIFICATION**

**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)
- Apply for certification
- CB to conduct pre- certification audit
- Carry out corrective actions
- CB to carry out certificate audit
- Carry out corrective action
- Certification to ISO 9001:2008

NOTE: Institutions that are already ISO certified need to ensure that the certification is maintained and that there is continuous improvement of services. In addition these institutions that have already been certified 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. The institutions should undertake the following for continuity and relevance of the ISO:

**1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year**

- Internal audits and management reviews
- Surveillance audits

**Note:** Institutions that are already ISO certified need to ensure that the certification 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 and in the process of certification, they should follow the steps outlined above. MDAs that are already certified 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**

1. Conduct surveillance audits
2. Conduct management reviews

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

**MDAs that are in their 3<sup>rd</sup> year after certification**

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

**Note 2:** MDAs in their third year after re-Certification 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.*

**Operations:** these are the performance indicators that are unique to an MDA and are aligned to the core mandate of the institution.

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

**Project Implementation** - Project 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:

- i. 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.
- ii. 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) and at the end of the contract period a variance analysis.

The above sub-indicators should capture average attainment for all the projects. All agencies should attach an annex listing all projects to be implemented, including their respective budgets. In addition, certificate(s) of completion as evidence of project(s) completion should be availed and signed by qualified authority at the end of the contract period.

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

**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). Actual resolution of public complaints received.

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

- i) Establishment of complaints handling and management infrastructure (mechanisms) and submitting information on the same to the CAJ in the prescribed format in Quarter 1;
- ii) Development of complaints-handling procedures;
- iii) Development and implementation of Citizen service delivery charters;
- iv) Conducting capacity building for complaints-handling officers and staff;
- v) Creating 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](http://www.ombudsman.go.ke).

**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 is 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. The unit of measure should be %.

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.

**Utilization of allocated funds-** Ensures that funds are applied to programmes, projects and activities for which the funds are appropriated and 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**.

**Youth internship/industrial attachment/apprenticeship:-**this refers to the progressive involvement of youth in internship, industrial attachment/or apprenticeship programs of MDAs, and targets graduate youth for skill transfer. 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 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](http://www.tenders.go.ke).