PERFORMANCE CONTRACTING GUIDELINES FOR THE FY 2017/2018

JULY, 2017
# Table of Contents

1. Purpose of Performance Contracting Guidelines .................................................. 1
2. Vision Statement, Mission Statement and Strategic Objectives .............................. 1
3. Statement of Responsibility ...................................................................................... 1
4. Statement of Strategic Intent ................................................................................... 1
5. Commitments and Responsibilities of the CS/BoD/BoM ........................................ 1
6. Commitments and Responsibilities of the Government ......................................... 1
7. Assignment of Weights across Performance Criteria and Indicators ..................... 3
8. Performance Contracting Cycle .............................................................................. 4
   8.1 Review of PC Guidelines .................................................................................. 4
   8.2 Pre-Negotiations Consultations ...................................................................... 4
   8.3 Negotiation of Performance Contracts ............................................................ 5
9. Parties to Negotiation of Performance Contracts ................................................... 5
10. Vetting of the Performance Contracts ................................................................... 6
11. Signatories to the Performance Contracts ............................................................. 6
12. Performance Monitoring and Reporting (Including Mid-year Performance Review) ........................................................................................................ 9
   12.1 Implementation of Performance Contracts .................................................... 9
   12.2 Performance Monitoring and Reporting ........................................................ 9
   12.3 Mid-year Performance Review ..................................................................... 10
13. Annual Performance Evaluation .......................................................................... 11
14. General Guidelines ............................................................................................... 16
15. Definitions of Key Terms ..................................................................................... 17

Annex I: Model Performance Contract and Matrices ................................................. 19
Annex II: Description of Performance Indicators ...................................................... 26
Annex III: Performance Reporting Formats ............................................................... 37
Annex IV: Format for Citizens’ Service Delivery Charter ........................................ 39
## List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIDS</td>
<td>Acquired Immuno-Deficiency Virus</td>
</tr>
<tr>
<td>BoD</td>
<td>Board of Directors</td>
</tr>
<tr>
<td>BoM</td>
<td>Board of Management</td>
</tr>
<tr>
<td>CAJ</td>
<td>Commission on Administrative Justice</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CS</td>
<td>Cabinet Secretary</td>
</tr>
<tr>
<td>EACC</td>
<td>Ethics and Anti-Corruption Commission</td>
</tr>
<tr>
<td>FY</td>
<td>Financial year</td>
</tr>
<tr>
<td>GoK</td>
<td>Government of Kenya</td>
</tr>
<tr>
<td>HIV</td>
<td>Human Immuno-deficiency Virus</td>
</tr>
<tr>
<td>HoD</td>
<td>Head of Department</td>
</tr>
<tr>
<td>IEC</td>
<td>Information Education and Communication</td>
</tr>
<tr>
<td>ISMS</td>
<td>Information Security Management System</td>
</tr>
<tr>
<td>ISO</td>
<td>International Standards Organisation</td>
</tr>
<tr>
<td>MDA</td>
<td>Ministries, Departments and Agencies</td>
</tr>
<tr>
<td>MTP</td>
<td>Medium Term Plan</td>
</tr>
<tr>
<td>NACC</td>
<td>National Aids Control Council</td>
</tr>
<tr>
<td>PC</td>
<td>Performance Contract</td>
</tr>
<tr>
<td>PDU</td>
<td>President’s Delivery Unit</td>
</tr>
<tr>
<td>PPRA</td>
<td>Public Procurement Regulatory Authority</td>
</tr>
<tr>
<td>PS</td>
<td>Principal Secretary</td>
</tr>
<tr>
<td>PWDs</td>
<td>Persons with Disabilities</td>
</tr>
<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
</tr>
<tr>
<td>SPS</td>
<td>Sector Performance Standards</td>
</tr>
</tbody>
</table>
1. Purpose of Performance Contracting Guidelines

The purpose of the Performance Contracting Guidelines is to support MDAs in the development and implementation of Performance Contracts. The Guidelines are intended to ensure clarity and standardization of the Performance Contracts.

A Model Performance Contract and a Performance Contract Matrix for each category of public institutions form part of these guidelines as provided in Annex 1A and 1B. To ensure standardization, the model contract and matrix should not be amended or altered.

2. Vision Statement, Mission Statement and Strategic Objectives

This part defines the desired future positioning and states the purpose of existence of the MDA and is derived from its mandate. The Vision Statement, Mission Statement and Strategic Objectives should be drawn from the Strategic Plan of the MDA. As much as practical, the Strategic Objectives should range between three and six in order to avoid duplication.

3. Statement of Responsibility

This is a formal statement of commitment to performance made to the appointing authority and the public at large.

4. Statement of Strategic Intent

This statement reiterates the “Whole of Government Approach” (Linked-up Performance), establishes the linkage to the national vision and recognition of broad organizational priorities. The strategic intentions are important in the broader scheme of national socio-economic development because they aim at ensuring that support mechanisms are in place and are operating effectively at all times.

5. Commitments and Responsibilities of the CS/BoD/BoM

These refer to obligations of the MDA and the support it should provide to the various levels in the institution towards effective implementation of the performance contract.

6. Commitments and Responsibilities of the Government

These refer to any support that should be extended to MDAs by any other public agency to facilitate achievement of the performance targets. The commitments and responsibilities should meet the following criteria:
a. Commitments of Government are largely facilitative and should therefore not feature where mechanisms to address them already exist.

b. The support should be relevant and related to fulfilling the agreed performance targets.

c. The nature, extent and timing of any obligation from the Government should be specific, measurable and agreed upon.

d. The required support should **NOT** include exemption from the existing legal provisions.

e. Any support related to social obligations should not be included unless they have been imposed by the Government. *In this regard, any required support arising from voluntary actions by the agency in the interest of good industrial or neighbourhood relations (Corporate Social Responsibility) does not qualify for inclusion.*

f. In instances where a commitment may require additional exchequer funding or the intervention of another public agency, the concurrence of the National Treasury or that other agency must be obtained before committing the Government or that other agency.

**NB:** *The Annual Performance Evaluation Report prepared at the end of the contract period will include status on the extent to which commitments made by the Government affected performance.*
7. Assignment of Weights across Performance Criteria and Indicators

Weights for various Performance Criteria categories have been assigned as follows:

<table>
<thead>
<tr>
<th>Performance Criteria</th>
<th>Weight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Stewardship and Discipline</td>
<td>10</td>
</tr>
<tr>
<td>Service Delivery</td>
<td>10</td>
</tr>
<tr>
<td>Core Mandate</td>
<td>60</td>
</tr>
<tr>
<td>Implementation of Presidential Directives</td>
<td>5</td>
</tr>
<tr>
<td>Access to Government Procurement Opportunities</td>
<td>3</td>
</tr>
<tr>
<td>Promotion of Local Content in Procurement</td>
<td>2</td>
</tr>
<tr>
<td>Cross-Cutting</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

a. The performance criteria sub-weights have been pre-set and should not be altered. In addition, performance indicator weights have been pre-set for Financial Stewardship and Fiscal Discipline, Service Delivery and Qualitative criteria.

b. The sub-weight under the Core Mandate Criterion should be distributed, in *negotiated proportions* to the various indicators and should reflect the relative importance of each performance indicator.

c. For Commercial State Corporations, total weights for pre-tax profit, return on investment and dividends to the National Treasury should not be less than 15%.

d. For The National Treasury and Ministries, the total weight for timely release of budgetary allocations to MDAs should not be less than 3%.

e. MDAs that generate revenue as provided by relevant statutes, will assign a weight of not less than 5% for this indicator.
8. **Performance Contracting Cycle**

The flowchart below shows the annual performance contracting cycle.

8.1 **Review of PC Guidelines**

Review of PC guidelines is carried out to incorporate emerging issues and factor in lessons learnt with a view to improving the process in the subsequent period. The review is carried out annually and is spearheaded by Performance Management and Coordination Office, through a consultative forum involving MDAs and other relevant stakeholders.

8.2 **Pre-Negotiations Consultations**

During this stage, MDAs are required to create a common
understanding of the scope of their operations, core business, financial and human resources, emerging issues and other factors that may affect performance. The consultations should also involve other agencies whose operations may affect achievement of the agency’s performance targets. It is also during this phase that consensus should be sought on the nature and level of commitments and obligations of one agency to the other.

8.3 **Negotiation of Performance Contracts**

During this stage, it is ensured that performance indicators and targets are in line with priorities set by the government for each MDA, they support achievement of the mandate of the organization and are aligned to MTP, SPS, SDGs and the approved budget estimates for the financial year. The negotiated performance contract should be initialed by the negotiating parties and presented to the Performance Management and Coordination Office for vetting (quality assurance) before signing.

9. **Parties to Negotiation of Performance Contracts**

It is a requirement that The National Treasury is represented during negotiations of the Performance Contracts for State Corporations. The parent Ministry should also be represented during negotiations of the Performance Contracts for its downstream institutions. The following are the parties to the negotiations for the various categories of MDAs:

(I) **Ministries**

<table>
<thead>
<tr>
<th>Government</th>
<th>Ministry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Negotiation Team</td>
<td>- Cabinet Secretary (CS)</td>
</tr>
<tr>
<td></td>
<td>- Principal Secretary(ies) (PS)</td>
</tr>
<tr>
<td></td>
<td>- Heads of Department (HoD)</td>
</tr>
</tbody>
</table>

**Cabinet Secretary to lead the Ministerial Team**

(II) **State Corporations**

<table>
<thead>
<tr>
<th>Government</th>
<th>State Corporation</th>
</tr>
</thead>
</table>
Chairperson to lead the State Corporation Team

(III) Tertiary Institutions

Government  Tertiary Institution
• CS – Parent Ministry  - Chairperson/BOM
• PS – Relevant State Department  - One Independent
  - Chairperson
• National Treasury  - BOM Member
  - Independent Director / Council Member
  - Chief Executive Officer
  - Heads of Department

Chairperson to lead the Tertiary Institution Team

10. Vetting of the Performance Contracts
All performance contracts should be vetted by the Performance Management and Coordination Office. The negotiating parties should be represented during vetting of the contract. The purpose of vetting is to ensure:

a) Compliance with the performance contracting guidelines;

b) The Performance contract is anchored on MTP, SPS, SDGs, MDA’s priority indicators and other national development priorities; and

c) Performance targets are growth-oriented.

11. Signatories to the Performance Contracts
The following section stipulates the persons who shall sign the contract at the various levels within an MDA.

---

1 Independent Director / Council Member – refers to a director / council member who is not a public official.
(I) Ministry/State Department/ Department

<table>
<thead>
<tr>
<th>Level</th>
<th>For and on behalf of the Government</th>
<th>For Ministry/State Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st – Ministry</td>
<td>The President</td>
<td>Cabinet Secretary</td>
</tr>
<tr>
<td>2nd – State Department</td>
<td>Cabinet Secretary</td>
<td>Principal Secretary</td>
</tr>
<tr>
<td>3rd – Department</td>
<td>Principal Secretary</td>
<td>Directors/ Heads of Department</td>
</tr>
</tbody>
</table>

(II) State Corporation/ Statutory Board

<table>
<thead>
<tr>
<th>Level</th>
<th>For and on behalf of the Government</th>
<th>State Corporation/ Statutory Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st – Board of Directors</td>
<td>Cabinet Secretary, Parent Ministry</td>
<td>Chairperson, Board of Directors Independent Director</td>
</tr>
<tr>
<td>2nd – Office of CEO</td>
<td>Chairperson to the Board</td>
<td>Chief Executive Officer (CEO)</td>
</tr>
<tr>
<td>3rd – Departments</td>
<td>Chief Executive Officer</td>
<td>Directors/ Heads of Department</td>
</tr>
</tbody>
</table>

Cabinet Secretary, National Treasury, counter-signs the PCs at the first level.
### (III) Public University

<table>
<thead>
<tr>
<th>Level</th>
<th>For and on behalf of the Government</th>
<th>Public University</th>
</tr>
</thead>
<tbody>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; – University Council</td>
<td>Cabinet Secretary, Parent Ministry</td>
<td>Chairperson, University Council Independent Council Member</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt; - Office of Vice – Chancellor</td>
<td>Chairperson, University Council</td>
<td>Vice-Chancellor</td>
</tr>
<tr>
<td>3&lt;sup&gt;rd&lt;/sup&gt; – Colleges/ Faculty/ Institutes/ Schools</td>
<td>Vice-Chancellor</td>
<td>Principals, Deans of Faculty and Heads of Institute</td>
</tr>
</tbody>
</table>

Cabinet Secretary, National Treasury counter-signs the PCs at the first level.

### (IV) Tertiary Institutions

<table>
<thead>
<tr>
<th>Level</th>
<th>For and on behalf of the Government</th>
<th>Tertiary Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; – Board of Management</td>
<td>Cabinet Secretary, Parent Ministry</td>
<td>Chairperson, BOM Independent BOM Member</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt; – Office of the Principal</td>
<td>Chairperson, BOM</td>
<td>Principal</td>
</tr>
<tr>
<td>3&lt;sup&gt;rd&lt;/sup&gt; – Departments</td>
<td>Principal</td>
<td>Heads of Department</td>
</tr>
</tbody>
</table>
12. Performance Monitoring and Reporting (Including Mid-year Performance Review)

12.1 Implementation of Performance Contracts

Implementation of the performance contract should start as soon as the vetting is done. MDAs should ensure that implementation is not affected in any way by the actual official signing. Implementation of the PC starts with cascading by signing lower level PCs with departments and downstream institutions; and linking specific deliverables and targets to individual officers through work plans and the staff performance appraisal tool. It also entails aligning other planning tools such as Procurement and Cash Flow Plans to the Performance Contracts.

12.2 Performance Monitoring and Reporting

Good practice in performance management requires that implementation of projects and programs is monitored and reports prepared to inform management in decision-making.

i) Submission of Performance Reports

All MDAs are required to prepare and submit quarterly performance reports within fifteen (15) days following the end of a quarter and the annual performance reports thirty (30) days after the end of the contract year for all performance indicators. The reports should be in the prescribed formats as provided in Annex III. The reports shall be submitted to the relevant agency as shown in the table below:

<table>
<thead>
<tr>
<th>Category of Agency</th>
<th>Institution to Receive and Provide Feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministries</td>
<td>Performance Management and Coordination Office</td>
</tr>
<tr>
<td>State Corporations</td>
<td>Inspectorate of State Corporations</td>
</tr>
<tr>
<td>Tertiary Institutions</td>
<td>Parent Ministry</td>
</tr>
</tbody>
</table>

All State Corporations are required to submit their quarterly performance reports to Inspectorate of State Corporations with copies to their parent Ministry and The National Treasury. The Inspectorate of State Corporations will then analyze and provide feedback to the State Corporations with copies to the parent Ministry and The National Treasury. The quarterly reports must be accompanied by an extract of the minutes of the Board/ Council/ Commission or the relevant sub-committee indicating that they were
discussed and approved.

**ii) Submission of Performance Reports to Specialized Agencies**

In addition to the above performance reports, MDAs shall submit both quarterly and annual reports to agencies that have oversight mandate (Specialized Agencies) for specific performance indicators as shown in the table below. The Specialized Agencies shall communicate the performance indicator reporting formats directly to the agencies as well as post them in their official websites together with any other literature on the performance indicator. The timelines for submission of the reports should be within fifteen (15) days after end of a quarter for quarterly performance reports and within thirty (30) days after end of the financial year for the annual performance reports.

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Agency to Receive and Provide Feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resolution of Public Complaints</td>
<td>Commission on Administrative Justice</td>
</tr>
<tr>
<td>Disability Mainstreaming</td>
<td>National Council for Persons with Disabilities</td>
</tr>
<tr>
<td>Prevention of HIV/AIDS Infections</td>
<td>National Aids Control Council</td>
</tr>
<tr>
<td>Corruption Prevention</td>
<td>Ethics and Anti – Corruption Commission</td>
</tr>
</tbody>
</table>

The above agencies are required to analyse and provide feedback to the reporting MDAs, not later than fifteen days (15) after receipt of the quarterly reports.

**12.3 Mid-year Performance Review**

Performance Management and Coordination Office will conduct a Mid-year Performance Review in the months of January and February. The purpose of the Mid-year Performance Review is to track progress of achievement, identify and address challenges and constraints affecting performance to ensure that MDAs are on course to achieving their annual performance targets. MDAs are required to:

- Prepare for and participate in the Mid-year Performance Review.
- Ensure availability of verifiable documented evidence of performance towards achievement of the performance targets.
13. Annual Performance Evaluation

13.1 Preamble

Performance evaluation is the culmination of the process of performance contracting and is carried out in a manner that ensures objectivity and integrity of the results. MDAs are required to undertake a self (in-house) evaluation based on the annual achievement for each performance indicator using the Automated Performance Evaluation Platform.

Performance evaluation and moderation is undertaken at a single sitting by an independent performance evaluation team. MDAs are therefore expected to provide verifiable documented evidence of achievement of PC targets during this sitting. The parties to the evaluation process, upon agreement on the evaluation results are required to endorse the final evaluation matrix, the minutes and detailed notes.

13.2 Essential Documents Required for Evaluation

- PC guidelines pertinent to the contract year;
- Approved budget estimates for the year under evaluation;
- Annual performance report in standard format with detailed notes on the actual outputs achieved for each performance indicator;
- Copies of vetted and/or signed Performance Contract;
- Self-evaluation report in the standard format;
- Verifiable evidence of achievements and other supporting documents; and
- Documentation on any exogenous factors that could have affected the performance of the MDA.

13.3 Performance Evaluation Methodology

Performance of an MDA for a particular performance indicator can fall under any of the following performance grades: Excellent, Very Good, Good, Fair or Poor.

13.3.1 Excellent Grade

Achievement ranging from 130% to 200% of the performance target i.e. $1.3T \leq X_a \leq 2T$. 
13.3.2 **Very Good Grade**

Achievement ranging from 100% to less than 130% of the performance target in the signed PC, i.e. $T \leq X_a < 1.3T$.

13.3.3 **Good Grade**

Achievement ranging from 70% to less than 100% of performance target in the signed PC, i.e. $0.7T \leq X_a < T$.

13.3.4 **Fair Grade**

Achievement ranging from 50% to less than 70% of the performance target in the signed PC, i.e. $0.5T \leq X_a < 0.7T$.

13.3.5 **Poor Grade**

Achievement ranging from 0% to less than 50% of the performance target in the signed PC, i.e. $0 \leq X_a < 0.5T$.

*Where $T =$ Target and $X_a =$ Actual achievement*

13.4 **Computation of Performance Criteria Values**

Performance is rated on a scale of 1.00 to 5.00 where 1.00 represents achievement equal or greater than 2T and 5.00 represents “Zero” achievement and below. This means that an achievement of 2T and above attracts a raw score of 1.00, while an achievement of “Zero” and below attracts a raw score of 5.00 in situations where higher value is desirable. This is presented in the diagram shown below:
Where,
\[ T = \text{Target} \]
\[ X_a = \text{Actual Achievement} \]
\[ X_U = 2T = \text{Upper Criteria Value} \]
\[ X_L = 0 = \text{Lower Criteria Value} \]
\[ \text{Span} = 4, \text{ i.e. } (5.00 - 1.00) \]

The Methodology for calculating the raw score of any achievement is more like measuring the distance which performance has “traveled” inside the entire span from 1.00 to 5.00. Calculation of the Raw Score is based on the Actual Achievement \( (X_a) \) as it relates to the Target \( (T) \).

\[
\text{Raw Score} = \text{Upper Criteria Value Limit} + \text{Span} \left( \frac{X_U - X_a}{X_U - X_L} \right)
\]

**NB: All criteria value ranges are determined by the same formula that assigns proportionately the criteria values from 1.00 to 5.00. This results in a single span of 4 and hence one formula for all values.**

Similarly the rest of the criteria values can be derived using the same formula thus:

**Criteria Value Range**

<table>
<thead>
<tr>
<th>Performance Grade</th>
<th>Criteria Value Range</th>
<th>Range Span</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>1.00 ( \leq X \leq 2.40 )</td>
<td>1.40</td>
</tr>
<tr>
<td>Very Good</td>
<td>2.40( &lt; X &lt; 3.00 )</td>
<td>0.60</td>
</tr>
<tr>
<td>Good</td>
<td>3.00( &lt; X &lt; 3.60 )</td>
<td>0.60</td>
</tr>
<tr>
<td>Fair</td>
<td>3.60( &lt; X \leq 4.00 )</td>
<td>0.40</td>
</tr>
<tr>
<td>Poor</td>
<td>4.00( &lt; X \leq 5.00 )</td>
<td>1.00</td>
</tr>
</tbody>
</table>

**NB: In cases where performance falls on 2.40, 3.00, 3.60 and 4.00, the grading will be “Excellent”, “Very Good”, “Good” or “Fair” respectively.**
13.5 Computation of the Raw Score When Higher Achievement is Desirable

Computation of the Raw Score entails determining the point at which the achievement falls within the range 1.00 to 5.00. The value of the raw score determines the performance grade.

**Step 1:** Determine the Actual Achievement, $X_a$

**Step 2:** Apply the Formula

$$\text{Raw Score} = \text{Upper Criteria Value Limit} + \text{Span} \left( \frac{X_u - X_a}{X_u - X_L} \right)$$

$$\text{Raw Score} = 1.00 + 4.00 \left( \frac{X_u - X_a}{X_u - X_L} \right)$$

As the diagram above shows, $X_U=2T$ and $X_L=0$

Therefore:

$$\text{Raw Score} = 1.00 + 4.00 \left( \frac{2T - X_a}{2T - 0} \right)$$

$$\text{Raw Score} = 1.00 + 4.00 \left( \frac{2T - X_a}{2T} \right)$$

Where, Upper Criteria Value Limit = 1.00, Span = 4.00, $T$ = Target and $X_a$ = Actual Achievement.

**Step 3:** Compute the Weighted Score

Multiply raw score by the weight assigned to the indicator as a percentage to obtain the Weighted Score, i.e. Weighted Score = Raw Score $\times$ Indicator Weight as a percentage
**Step 4:** Compute the Composite Score

The Composite Score of the MDA is computed by adding up the weighted scores of all the performance indicators in the performance contract. The Composite Score should range from 1.00 to 5.00.

Thus Composite Score = Summation of weighted scores.

**13.6 Computations of the Raw Scores When Declining Achievement is Desirable, e.g. Turn-around Time, Waiting Time and Service Time**

Determine criteria value range where actual performance falls

*(Where T = Target and \(X_a\) = Actual achievement):*

(i) Excellent = \(0.7T > X_a > 0\)
(ii) Very Good = \(T > X_a > 0.7T\)
(iii) Good = \(1.3T > X_a > T\)
(iv) Fair = \(1.5T > X_a > 1.3T\)
(v) Poor = \(2T > X_a > 1.5T\)

**Computation of Raw Score**

Raw Score = Upper Criteria Value Limit + Span \(\frac{X_a - X_L}{X_u - X_L}\)

\[
= 1.00 + 4.00 \left\{ \frac{X_a - 0}{2T - 0} \right\}
\]

**Raw Score** = \(1.00 + 4 \left\{ \frac{X_a}{2T} \right\}\)
13.7 Indicators whose achievement cannot exceed 100%

There are indicators for which achievement beyond 100% is not feasible. For these type of indicators achievement is capped at 100% and attracts a raw score of 3.00 since any reported achievement beyond 100 is not feasible e.g. capacity utilization, absorption of allocated funds, etc.

13.8 Treatment of Contentious Issues

(a) Performance indicators, weights and targets that are different from the vetted version: Use the indicators, weights and targets in the vetted performance contract.

(b) Exogenous Factors

Exogenous factors should be objectively established and documented.

14. General Guidelines

The Cabinet Secretaries, Chief Executive Officers (CEOs) of State Corporations and Principals of Tertiary Institutions should be present in person during vetting of performance contracts and evaluation of performance:

a) MDAs should in all cases be represented by personnel trained on performance contracting during negotiation, vetting and evaluation of performance;

b) Ministries should ensure that they do not duplicate performance indicators and targets appearing in the performance contracts of their respective downstream institutions;

c) Once targets have been negotiated, the PC vetted and signed, it cannot be changed midstream;

d) Any disagreements during negotiations and evaluation should be referred to the Performance Management and Coordination Office for arbitration; and,

e) MDAs that fail to submit their annual performance report (based on the duly signed Performance Contract) for evaluation, or for the reason that they declined to sign a Performance Contract shall be graded “Poor”, at the lowest score of 5.
15. Definitions of Key Terms

Cascading of Performance Contracts – refers to the process of extending performance contracting to downstream institutions/ departments/divisions/sections/units, levels and cadres of employees. It also entails implementation of Staff Performance Appraisal System (SPAS) for officers in all cadres. Cascading of performance contract enables individual employees to link their performance to the achievement of the strategic objectives of the organization.

Citizens’ Service Delivery Charter - A brief written public document that provides essential information that citizens/customers and stakeholders are entitled to know about the services and/or goods offered by a public institution, department or unit. It contains information on services/goods, requirements to obtain the services/goods, costs, timelines and redress mechanisms in case of any dissatisfaction.

Exogenous Factors – Occurrences that cannot reasonably be planned for, controlled or predicted. These however, exclude factors that could have been pre-empted by meticulous planning including risk management.

Independent Performance Management Team – A team that negotiates, vets, monitors and evaluates performance of MDAs.


Ministries, Departments and Agencies – refers to Ministries, Departments, and Agencies such as State Corporations, Constitutional Commissions and Tertiary Institutions.

Moderation - the process of ensuring that the performance evaluation methodology, including application of tools and instruments, has been applied uniformly for the purpose of ensuring objectivity.

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

Performance Criteria – is a principle or standard for evaluating achievement, represented by a range of performance indicators on which performance is evaluated.

Performance Evaluation – The process of ascertaining the extent of achievement of the agreed performance targets using the prescribed performance evaluation methodology.

Performance Indicator – Is one of the measurable variables by which the performance of an MDA is assessed.
**Performance Monitoring** – consistent tracking of performance and providing feedback to management, work groups and employees on progress towards achieving set performance targets.

**Performance Target** - is the desired level of achievement for a performance indicator.

**Sector Performance Standards** – refers to international benchmarks that inform the identification of performance indicators and targets for MDAs.

**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 the Performance Contracting Guidelines. The process ensures quality assurance and is undertaken by the Independent Performance Management Team.
ANNEX I: Model Performance Contract and Matrices

Annex IA: Model Performance Contract-Ministries/State Departments, Non-Commercial State Corporations and Tertiary Institutions

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\(^2\).

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 MDAs 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 adapt systems that enable innovativeness and adaptability of public services to the needs of users.

This Performance Contract therefore represents a basis for continuous performance improvement that meets the needs and expectations of the Kenyan people.

Therefore, the parties hereto agree as follows:

---

\(^2\) This model performance contract is applicable to all MDAs.
Part I: Statement of Responsibility by the CS/BoD/BoM

The Mandate of the Ministry/ State Corporation/Tertiary Institution is to

It is my/our responsibility to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. It is my/our undertaking to ensure that the Ministry/State Corporation/Tertiary Institution has a credible strategic plan and performance contract that will deliver the desired goals.

It is also my/our undertaking that I/we will perform my/our responsibilities diligently and to the best of my/our abilities to support the achievement of the agreed performance targets.

Part II: Vision Statement, Mission Statement and Strategic Objectives

(a) Vision Statement of the MDA
(b) Mission Statement of the MDA
(c) Strategic Objectives of the MDA

Part III: Statement of Strategic Intent by the CS/BoD/BoM

In carrying out my/our duties, I/we intend to put all my/our efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030, keeping in mind the specific priorities of the Ministry/State Corporation/Tertiary Institution.

Bearing in mind the imperative of inclusivity, I/we will implement the following Strategic Intentions during the Financial Year:

(i) .......................................................... ..........................................................
(ii) .......................................................... ..........................................................
(iii) .......................................................... ..........................................................
(iv) .......................................................... ..........................................................
Part IV: Commitments and Obligations of the Government

• Acknowledgement of receipt of correspondences and approval of requests made are made within the timelines stipulated in the Citizens’ Service Delivery Charter.

• Release of budgetary allocation within seven days after ex-chequer release.

Part V: Reporting Requirements

MDAs are required to submit their Quarterly and Annual performance reports in the prescribed format to the designated agencies as specified in section 12.2 for the purpose of monitoring progress and annual performance evaluation.

Part VI: Duration of the Performance Contract

The Performance Contract will run for one financial year, from 1\textsuperscript{st} July to 30\textsuperscript{th} June or as per the specified financial year.

Part VII: Signatories to the Performance Contract

For and on behalf of MDA

Signature.................................................................

Name:.......................................................................

Designation:............................................................

For and on behalf of Government

Signature.................................................................

Name:.......................................................................

Designation:............................................................

NB:  The full listing of the signatories to the Performance Contract is provided in Section 11 of these guidelines.
### Annex 1B: Performance Contract Matrices

Performance Contract Matrix for Ministries, Non-Commercial State Corporations and Tertiary Institutions

<table>
<thead>
<tr>
<th>S/No.</th>
<th>Performance Criteria</th>
<th>Unit of Measure</th>
<th>Wt (%)</th>
<th>Status Previous Year (FY 2016/17)</th>
<th>Target (FY 2017/18)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong></td>
<td>Financial Stewardship &amp; Discipline</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Absorption of Allocated Funds</td>
<td>%</td>
<td>5</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A-in-A</td>
<td>Kshs</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pending Bills</td>
<td>%</td>
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<tr>
<td></td>
<td><strong>Weight Sub-total</strong></td>
<td></td>
<td></td>
<td><strong>10</strong></td>
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</tr>
<tr>
<td><strong>B</strong></td>
<td>Service Delivery</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Implementation of Citizens’ Service Delivery Charter</td>
<td>%</td>
<td>4</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Application of Service Delivery Innovations</td>
<td>%</td>
<td>3</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Resolution of Public Complaints</td>
<td>%</td>
<td>3</td>
<td>100</td>
<td></td>
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<tr>
<td></td>
<td><strong>Weight Sub-total</strong></td>
<td></td>
<td></td>
<td><strong>10</strong></td>
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<tr>
<td><strong>C</strong></td>
<td>Core Mandate</td>
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<tr>
<td></td>
<td>MDA’s priority projects/programmes (Vision 2030 Flagship Projects, projects/programmes aligned to SDGs and SPS)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ease of Doing Business*</td>
<td>%</td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project Completion Rate</td>
<td>%</td>
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<tr>
<td></td>
<td>Revenue Collection**</td>
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<td>Development Index ***</td>
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<td>Target (FY 2017/18)</td>
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<tr>
<td>D</td>
<td>Implementation of Presidential Directives</td>
<td>%</td>
<td>5</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>E</td>
<td>Access to Government Procurement Opportunities (AGPO)</td>
<td>Kshs</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Promotion of Local Content in Procurement</td>
<td>Kshs</td>
<td>2</td>
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<td></td>
</tr>
<tr>
<td>G</td>
<td>Cross-Cutting</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td></td>
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<td>%</td>
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<tr>
<td></td>
<td>Youth Internships /Industrial Attachments/Apprenticeships</td>
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<tr>
<td></td>
<td>Competence Development</td>
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<td>%</td>
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<td>Prevention of HIV/AIDS Infections</td>
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<td></td>
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<td>Safety and Security Measures</td>
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<td>100</td>
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<tr>
<td></td>
<td>National Cohesion and Values</td>
<td>%</td>
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<td></td>
<td>Corruption Prevention</td>
<td>%</td>
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</table>

*This is applicable to MDAs implementing ease of doing business indicators or are doing Business Process Re-engineering.

**This is only applicable to MDAs that have a specific mandate of collecting revenue.
***This indicator is only applicable to the National Treasury

****This indicators apply to the National Treasury & Ministries that have downstream Institutions.
## Performance Contract Matrix for Commercial State Corporations

<table>
<thead>
<tr>
<th>S/No</th>
<th>Performance Criteria Category</th>
<th>Unit of Measure</th>
<th>Wt (%)</th>
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<th>Target (FY 2017/18)</th>
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<tr>
<td>A</td>
<td>Absorption of Allocated funds</td>
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<td></td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>A –in –A</td>
<td>Kshs</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pending Bills</td>
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<td><strong>Service Delivery</strong></td>
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<tr>
<td>B</td>
<td>Implementation of Citizens’ Service Delivery Charter</td>
<td>%</td>
<td>4</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Application of Service delivery Innovation</td>
<td>%</td>
<td>3</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Resolution of Public Complaints</td>
<td>%</td>
<td>3</td>
<td>100</td>
<td>100</td>
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<td></td>
<td><strong>Weight Sub Total</strong></td>
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<td><strong>Core Mandate</strong></td>
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<td>5</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Ease of Doing Business*</td>
<td>%</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Project Completion Rate</td>
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<tr>
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<td>Dividends to The National Treasury</td>
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<tr>
<td></td>
<td>Return on Investment</td>
<td>%</td>
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<tr>
<td></td>
<td><strong>Weight Sub Total</strong></td>
<td></td>
<td><strong>60</strong></td>
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<tr>
<td>D</td>
<td><strong>Implementation of Presidential Directives</strong></td>
<td>%</td>
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<td>100</td>
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<td><strong>Access to Government Procurement Opportunities (AGPO)</strong></td>
<td>Kshs</td>
<td>3</td>
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<tr>
<td>F</td>
<td><strong>Promotion of Local Content in Procurement</strong></td>
<td>Kshs</td>
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<td>S/No</td>
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<td>Unit of Measure</td>
<td>Wt (%)</td>
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<td>Target (FY 2017/18)</td>
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<td>G</td>
<td>Asset Management</td>
<td>%</td>
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<td></td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Youth Internships /Industrial Attachments/ Apprenticeships</td>
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<td></td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Competence Development</td>
<td>%</td>
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<td></td>
<td>100</td>
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<tr>
<td></td>
<td>Disability Mainstreaming</td>
<td>%</td>
<td>1</td>
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<td>100</td>
</tr>
<tr>
<td></td>
<td>Prevention of HIV/AIDS Infections</td>
<td>%</td>
<td>1</td>
<td></td>
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<tr>
<td></td>
<td>Safety and Security Measures</td>
<td>%</td>
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<td>Corruption Prevention</td>
<td>%</td>
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<td><strong>Weight Sub Total</strong></td>
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<td></td>
<td><strong>Overall Total Weight</strong></td>
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<td></td>
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</tbody>
</table>

*This is applicable to MDAs implementing ease of doing business indicators or are doing Business Process Re-engineering.

**Annex II: Description of Performance Indicators**

**Financial Stewardship and Discipline**

**Absorption of Allocated Funds** This refers to application of budgeted and approved funds to programmes, projects and activities for which they were appropriated and planned for. This links the process of budgeting to performance target setting. Allocated funds include externally mobilized resources such as donor funds (Loans, grants, etc.). MDAs are required to provide full disclosure of all sources of their funding. Absorption will be computed by dividing the actual total expenditure with the total allocated funds.

**A-in-A** – This refers to classes of revenue that the Treasury authorizes an accounting officer to collect and use and classes of donor funds reflected as direct payments.

**Pending Bills** - These are financial obligations that remain outstanding at the end of the financial year and have to be provided for in the subsequent budgeting periods. The financial obligations include, but are not limited to, payment to service providers, loan obligations and statutory deductions to
relevant institutions. MDAs should ensure that the pending bills do not exceed 1% of total approved budget.

**Implementation of Citizens’ Service Delivery Charter** - will entail the following:

i. Displaying the charter prominently at the point of entry/service delivery points in both English and Kiswahili. For the purpose of the display, and ease of notice by the customers, the size of the charter should, at the minimum, be three feet in width, and four feet in height, i.e. \(3' \times 4'\) (10%);

ii. Sensitizing employees and cascading to all levels including the grassroots institutions by factoring realistic timelines (20%);

iii. Ensuring compliance with the commitments and standards in the charter by establishing mechanisms, e.g. maintaining records on service delivery (50%); and

iv. Customizing charter to unique needs of the customers e.g. translating charter to braille and providing mechanisms for sign language (20%)

**NB: For an institution that does not display the charter prominently at the point of entry/service delivery points in both English and Kiswahili and in the prescribed size, then for the purpose of evaluation, this indicator will attract a raw score of 5.0.**
**Application of Service Delivery Innovations** - this refers to new ways of revolutionizing and improving service delivery in terms of enhancing efficiency, timeliness, quality, flexibility and convenience. MDAs are required to develop and apply service delivery innovations and/or replicate innovations developed and applied elsewhere. (100%)

**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), which will issue a certificate for each MDA indicating the level of achievement in percentage for this indicator. Further details on implementation of this performance indicator can be accessed from CAJ website: [www.ombudsman.go.ke](http://www.ombudsman.go.ke)

**Core Mandate**

MDAs should identify the performance indicators to be informed by the Vision 2030, MTP, SPS, SDGs and identify the funding requirements and status, under either GOK or other sources. The indicators should be informed by the strategic plan / master plan and work plans and are budgeted for. In addition, MDAs are required to brand Vision 2030 flagship projects and submit quarterly progress reports for all flagship projects to Vision 2030 Delivery Secretariat.

**Ease of Doing Business** – This entails making business regulations simpler by creating a conducive environment for starting, operating and sustaining a business. MDAs are required to select the following sub-indicators that are relevant to their mandate:

(a) Starting a business – procedures, time, cost and minimum capital to start a new business;
(b) Dealing with construction permits – procedures, time and cost to put up buildings and infrastructure;
(c) Getting utilities – procedures, time and cost to get connected to utilities (e.g. electricity, water, sewerage etc.);
(d) Registering property – procedures, time and cost to register a title.
(e) Getting credit – Ease of getting credit;
(f) Protecting investors – extent of disclosure of information to investors and shareholders;
(g) Paying taxes – number of taxes paid, hours per year spent preparing tax returns and total tax payable as share of gross profit;
(h) Trading across borders – number of documents, cost and time necessary to export and import;

(i) Enforcing contracts – Procedures, time and cost to enforce a debt contract; and

(j) Resolving insolvency – the time, cost and recovery rate (%) under bankruptcy proceeding.

**Project Completion Rate** – refers to the proportion of planned project(s) which is is/are completed during a contract year. Projects refer to both physical and non-physical development undertakings. MDAs are required to provide a breakdown of the name of projects, locations, budgets, and key deliverables for the contract year and timelines. Project Completion Rate is obtained by averaging the project completion rates for all projects.

**Revenue Collection** – refers to all income/monies receivable for the purpose of financing services and the implementation of development programmes, but excluding exchequer funding. It includes cash grants, donations (grants and assets), monies collected from business licensing, land rates and rents, cess, etc. and contributions from any other source. This indicator will apply to those MDAs that collect revenue.

**Development Index** – refers to the relationship between development expenditure and total expenditure. It is computed as Development Expenditure (DE), divided by Total Expenditure (TE) i.e. DE/TE where TE is equal to Development Expenditure (DE) + Recurrent Expenditure (RE). The performance target is computed by dividing total approved development budget for the contract period by the total approved budget. Development expenditure includes expenditures on development of infrastructure, acquisition of new facilities, research and development, etc. Recurrent Expenditure (RE) on the other hand refers to expenditure on goods and services that 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 economic growth. For purposes of computing quarterly achievements, the denominator for Development Index for a quarter should be the cumulative Actual Total Expenditure for the elapsed contract period by the end of the quarter. The numerator should be the cumulative Actual Total Development expenditure for the elapsed contract period by the end of the quarter. For government ministries, the indicator will only be
applicable to the National Treasury under the core mandate criteria. The National Treasury should ensure that the ratio of 70:30 for RE to DE is achieved during the budgeting process and subsequent releases to the MDAs.

**Release of Budgetary Allocations by Ministries to downstream institutions** – this is aimed at ensuring that ministries disburse funds in a timely manner to downstream institutions. The full amount released by the National Treasury meant for downstream institutions should be released to them within seven (7) working days upon receipt from The National Treasury.

**Pre-Tax Profit** – refers to the excess of income over expenditure after providing for depreciation and interest, but not before providing for corporate tax.

**Dividends to the National Treasury** – this refers to the payment made to the National Treasury as a shareholder in the distribution of profit.

**Return on Investment** – refers to the ratio as a percentage of pre-tax profits to total assets.

**Implementation of Presidential Directives** - This refers to directions issued by H.E The President and communicated by Chief of Staff and Head of Public Service on specific areas for execution by the relevant MDA and may include, Circulars and Executive Orders. Information regarding the Presidential Directives, Circulars and Executive Orders can be obtained from the President’s Delivery Unit (PDU) upon getting the rights to access the portal, [https://gprs.report](https://gprs.report).

For each of the directives, MDAs should develop an action plan in tabular form providing information on the name of the directive, date issued, key deliverables, cost estimates and timeframe. **NB: For MDAs without a Presidential Directive, the weight allocated to this criterion will be transferred to the Core Mandate criterion.**

**Access to Government Procurement Opportunities** – refers to allocation and actual award of at least 30% of the total value (in Kshs.) of the procurement budget for goods and services as provided in the annual procurement plan by each MDA to youth, women and PWDs as individuals or in organized groups. In addition, at least 2% of the 30% of the budget for procurement of goods and services should be reserved for PWDs.
To facilitate achievement of this target, MDAs need to build the capacity of the three target groups through training on government procurement procedures; requirements for accessing government procurement opportunities; and on the specific opportunities available in the MDA.

Follow-up actions will include ensuring that the three groups actually access the procurement opportunities and facilitation of quick processing of payments. In addition, MDAs should pre-qualify the registered groups as (an affirmative action) and submit to PPOA a summary of the procurement opportunities allocated to the target groups in the format provided in the PPRA website, www.tenders.go.ke.

Evidence for this indicator will be the total amount of procurement budget that is paid to the three groups.

**Promotion of Local Content in Procurement**

This is aimed at promoting consumption of locally produced goods and services that will contribute to among other things, employment creation and growth of local industries. It refers to allocation and actual award of at least 40% of the total value (in Kshs.) of the procurement budget for goods and services produced locally as provided in the annual procurement plan by each MDA.

Goods and services will qualify as locally produced when those goods and services meet the following principles or criteria:-

i) Where goods and services are wholly produced in Kenya using local inputs;

ii) Where goods and services are not wholly produced in Kenya using local inputs but have undergone a substantial transformation of value addition of at least 35% (EAC and COMESA rules).

MDAs are required to prepare and submit quarterly progress reports on the implementation of this indicator to the Ministry of Industry, Trade and Cooperatives.

Additional information on the implementation of the indicator, including the Buy Kenya–Build Kenya Strategy and the reporting format can be downloaded from the website: www.trade.go.ke
**Asset Management** – is the process of making best use of an institution’s equipment, machinery, tools, buildings, etc. in order to maximize taxpayers’ value. Under this performance indicator the MDAs should undertake the following:

(a) Inventory Management – establish and maintain a catalogue of the assets and properties including their status in terms of the working condition (60%)

(b) Disposal of Idle Assets – ensure disposal 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 (40%).

*NB: Asset Management should not only be confined to the MDAs headquarters, but should also be extended to grassroots institutions.*

**Youth Internships/Industrial Attachments/Apprenticeships** - MDAs are required to involve the youth progressively in internship, industrial attachment or apprenticeship programs to target graduate youth for skills transfer. The minimum number of youth in internship, industrial attachment or apprenticeship programs in MDAs should be at least 5% of the total in-post of the staff strength. As far as is practicable, all MDAs should have a component of transfer of skills to the youth through internship and apprenticeship in all their projects and programmes.

*NB: 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 graduate and an organization.*

**Competence Development** – refers to the systematic enhancement of skills and proficiencies in order to address career progression of individual employees and improve institutional performance. The activities to address this performance indicator include the following:

(a) Undertake institutional Skills Gap Analysis once every 5 years (20%)

(b) Carry out Staff Training Needs Assessment (10%)

(c) Execute interventions to address the identified skills gaps and training needs through, Recruitment, Outsourcing, capacity building/training etc. (15%)
(d) Data and Knowledge Management – refers to the process of transforming all available open public data, collected from bottom up through elaborate internal systems and sourced from external data sets. It includes the packaging of data into useful information and knowledge, which can be shared internally and across Government. This enables the establishment of trends and patterns that provide intelligent insights to support MDAs in making informed decisions in executing their mandate. MDAs are expected to:

i. Identify and document data needs and data gaps under its mandate (5%).
ii. Capture, organise and process data and information in a consistent manner (5%).
iii. Establish patterns, trends and attributes of the processed data and information. (10%).
iv. Draw insights from the data and knowledge intelligence in addressing critical problems to inform on policy and resource allocation (10%).
v. Preserve and share knowledge and lessons learnt across the MDA, sector and Government for continual improvement (10%).

(e) Performance Appraisal - this refers to the assessment of individual employee’s performance. It is based on the negotiated and agreed performance targets drawn from the MDA’s annual work plan and the PC. MDAs are expected to provide documentary evidence on employees’ performance appraisal using the prescribed format. (15%)

Disability Mainstreaming – MDAs will be required to implement Government policy on affirmative action for persons with disabilities by undertaking the following:

a) Maintain disaggregated data of persons with disabilities by age, gender and forms of disability (20%)
b) Ensure that at least 5% of the new employees in the respective MDAs are persons with disabilities (40%).
c) Ensure improvements for ease of access in public offices and to public information (40%).

Prevention of HIV/AIDS Infections – the focus of this indicator is on implementation of a package of interventions aimed at reducing the prevalence of HIV and AIDS infections. The objective is to mainstream the HIV and AIDS interventions that will increase the number of clients reached with HIV and AIDS services and information. MDAs are required to:
1. Identify and implement at least 4 interventions as per Maisha 1 guidelines based on an annual work plan.

 Those that will have implemented MAISHA 1 and attained a score of 80% and above will qualify for MAISHA 2. These institutions will be required to utilize their competencies to reach their clients and other stakeholders with interventions that mitigate against HIV and AIDS Infections. To achieve this, MDA’s are required to:

1. Identify and implement at least 2 interventions from the Public Sector HIV Plans based on core mandate and key competencies.

National AIDS Control Council (NACC) will issue a certificate to MDAs at the end of the financial year indicating the level of achievement for this indicator in percentage (%). The sector indicators, guidelines on implementation, work planning and reporting tool are available on the NACC website www.nacc.or.ke

**Safety and Security Measures** – should include all aspects relating to the safety and security of personnel, documents, information, equipment and assets. MDAs are required to put in place safety and disaster preparedness mechanisms to address the current insecurity issues affecting the institution. In this regard, the MDAs are expected to:

a. Put in place mechanisms to mitigate against technological hazards, terrorism, fire and natural disasters. (20%)

b. Implement the Information Security Management System (ISMS). Steps:

   (40%)

   **Step 1** (5%)
   - Appoint ISMS leader – 1%
   - Appoint and train ISMS champions – 2%
   - Define scope – 2%

   **Step 2** (5%)
   - Brief top management on ISMS – 1%
   - Train implementers – (process owners) – 2%
   - Conduct awareness training for all employees – 2%

   **Step 3** (30%)
• Create ISMS Risk Management (Risk Registers and Risk Management Action Plan – 10%)
• Finalize documentation of ISMS i.e. policy procedures and launch the ISMS based on the standard (ISO/IEC) – 20%

(c) Establish information assets and secure them. Determination of the information assets to be secured should be informed by the following information attributes: Value, Integrity, Importance, Confidentiality, Accuracy, and Authenticity. (40%)

**National Cohesion and Values** – This is an indicator that aims to promote national cohesion, national values and principles of governance to create a transformed, cohesive, peaceful, united and values-driven nation.

MDAs will be required to implement commitments and way forward in the 2016 Annual President’s Report on National Values and Principles of Governance.

To achieve this, MDAs are expected to:

I. Implement at least **five (5)** commitments relevant to their mandate and submit in the prescribed format an Annual Progress Report on the implementation of the commitments and way forward captured in the 2016 Annual President’s Report on National Values and Principles of Governance (60%).

The following are the twelve commitments and way forward in the 2016 President’s Annual Report on measures taken and progress achieved as contained in the circular by the Chief of Staff & Head of Public Service dated 26th April, 2017:

i) Continual public awareness creation on national values and principles of governance;
ii) Develop innovative ways for promoting national values and principles of governance;
iii) Enhance the capacity of MDAs to adhere to the provisions of the constitution on the national values and principles of governance;
iv) Implement key policies to enhance a values culture, harmonious ethnic relations and address abuse of social media;
v) Strengthen Inter and Intra-governmental relations;
vi) Enhance implementation of policies, legislation, programmes and projects that promote the Bill of Rights;
vii) Enforce policies, laws and regulations on the fight against corruption and unethical practices;
viii) Enhance the rule of law and fast-tracking judicial processes;
ix) Expand the resource base and prudent utilization of resources for sustainable development;

x) Enforce the policy on Access to Government Procurement opportunities (AGPO) and other empowerment programmes;

xi) Enhance public participation and access to information; and

xii) Address existing and emerging security challenges.

II. Submit in the prescribed format the Annual Report on measures taken and progress achieved in the realization of National Values and Principles of Governance (40%).

The above reports shall be submitted to the Directorate of National Cohesion and Values by 15th January 2018 through hard copy OR emailed to info2@cohesionandvalues.go.ke OR nationalvalues2017@gmail.com.

**NB:** The Directorate will analyze MDAs’ annual reports and issue a certificate of compliance at the end of the performance contract period.

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

(a) Implement recommendations emanating from the perception index report;

(b) Improve the corruption perception index as per the baseline survey conducted by EACC.

(c) Develop internal mechanisms that will encourage and protect whistleblowing; and

(d) Submit quarterly reports using the prescribed format to EACC.
Annex III: Performance Reporting Formats

1.0 Classification of Reporting
As indicated in Sub-Section 12.2, performance reports will be prepared and submitted on quarterly and annual basis. Sub-sections 1.1 and 1.2 below elaborate on the respective reporting formats.

1.1 Quarterly Reporting
Forms ‘A’ series provide the prescribed format for quarterly progress reporting on each criteria category. While the Target for Quarter (Column C) may not have been explicitly agreed on in the contract, it is expected that every MDA will have set its own quarterly targets as milestones towards achieving the agreed Target for the Contract Period (Column A). The agencies are required to explain the Quarterly and Cumulative variances, including remedial actions, where applicable.

<table>
<thead>
<tr>
<th>PERFORMANCE REPORT FORM 1A</th>
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<tr>
<td>QUARTER ENDING ....................</td>
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<td>PERFORMANCE INDICATORS FOR: (specify name of MDA)</td>
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<td>FINANCIAL STEWARDSHIP &amp; DISCIPLINE INDICATORS (Examples of Performance Indicators provided here below)</td>
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Comments on any Variance [(Un)Favourable, Causes and any Action Taken]

Form 1A above provides the format in which the quarterly progress report for Financial Stewardship and Discipline performance indicators are prepared and submitted. Similarly, the same format for Forms 2A, 3A, 4A, 5A, 6A and 7A provide the format in which quarterly progress reports for Service Delivery, Core Mandate, Implementation of Presidential Directives, Access to Government Procurement Opportunities, Promotion of Local Content in Public
Procurement, and Qualitative Performance Criteria Categories respectively, should be prepared and submitted for every quarter by all MDAs that have signed performance contract.

The MDAs are required to submit (to the respective agencies) quarterly performance report detailing actual achievement against targets within 15 days after end of the quarter.

1.2 End-of-Year Reporting

Form 1 below provides the format for preparing and submitting annual performance report on Financial Stewardship & Discipline performance criterion. Similarly, Forms 2, 3, 4, 5, 6 and 7 provide the format in which Service Delivery, Core Mandate, Implementation of Presidential Directives, Access to Government Procurement Opportunities, Promotion of Local Content in Public Procurement and Qualitative performance criteria categories respectively, should be prepared and submitted at the end of the year by all MDAs that have signed the performance contract.

The MDAs are required to prepare and submit (to the respective agencies) annual performance report detailing actual achievement against targets that are contained in their respective performance contracts within 30 days after the end of the contract period.
### Annex IV: Format for Citizens’ Service Delivery Charter

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<thead>
<tr>
<th>No.</th>
<th>Service/Good</th>
<th>Requirements to Obtain Service/Good</th>
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**WE ARE COMMITTED TO COURTESY AND EXCELLENCE IN SERVICE DELIVERY**

Any service that does not conform to the above standards or any officer who does not live up to commitment to courtesy and excellence in Service Delivery should be reported to:

a. The CS/PS/CEO/Principal of the Public Institution  
b. The Commission Secretary/Chief Executive Officer, Commission on Administrative Justice, 2nd Floor, West End Towers, Waiyaki way, Nairobi.  
P.O. Box 20414-00200 Nairobi  
Tel : +254 (0)20 240337/0722970604  
Email : [info@ombudsman.go.ke](mailto:info@ombudsman.go.ke)

**HUDUMA BORA NI HAKI YAKO**