



REPUBLIC OF KENYA
OFFICE OF THE DEPUTY PRESIDENT
State Department for Devolution



PROJECT NAME : **SECOND KENYA DEVOLUTION SUPPORT PROGRAM (KDSPII)**
Credit No : **IDA-7447-KE**
Project ID No : **P180935**

TERMS OF REFERENCE (TOR)

FOR

FOUR INDIVIDUAL CONSULTANTS TO CONDUCT INDEPENDENT VERIFICATION OF PARTICIPATING NATIONAL GOVERNMENT AGENCIES AND COUNTY GOVERNMENTS' ACHIEVEMENT OF MINIMUM PERFORMANCE CONDITIONS AND DISBURSEMENT LINKED INDICATORS UNDER KEY RESULT AREA 1 – SUSTAINABLE FINANCING AND EXPENDITURE MANAGEMENT FOR THE FY 2024/25

REFERENCE NUMBER : **KE-DD-535640-C-INDV**

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Client: State Department for Devolution P.O. Box 30004 - 00100 Nairobi. Attention: Program Coordinator KDSPII
6th Floor, Teleposta Tower Kenyatta Avenue, Nairobi, Kenya
E-mail: secondkdsip@gmail.com

A. Background

The Government of Kenya received an International Development Association (IDA) Credit in the amount of EUR140.7 million (US\$150 million equivalent) from the World Bank for implementing the Second Kenya Devolution Support Program (KDSP II) (Credit Number IDA-7447-KE) over a four-year period, starting December 7th, 2023. KDSP II is supporting a sub-set of reforms envisaged under the Government's Devolution Sector Plan.

The Program, whose development objective (DO) is to “strengthen county performance in the financing, management, coordination, and accountability for resources”, supports a series of key interventions (at the input and output levels) that contribute to intermediate outcomes and, in turn, contribute to outcomes. To achieve the DO, the Program is expected to significantly improve outcomes in the participating counties under three key result areas (KRAs) outlined below:

- **KRA 1: Sustainable Financing and Expenditure Management.** This KRA supports efforts towards enhancing financing, and expenditure management by counties. In this KRA, the national-level activities, supported through investment project financing (IPF) entail the development of frameworks and guidelines for county revenue mobilization, policy to support financing for service delivery units, and structures and tools to support counties' institutionalization of shared project management functions. The expected outcomes will include an improved revenue mobilization agenda (for example, increased revenue collection, enhanced accuracy of fiscal forecasting, and expansion of revenue base), timely communication on releases of conditional grants, automation of the county exchequer requests, and implementation of pending bills action plans. The relevant disbursement linked indicators (DLIs) under this KRA are on (i) the average number of days it takes for the National Treasury, Office of the Controller of Budget, and the Central Bank of Kenya to process a county exchequer requisition once submitted; (ii) participating counties that have increased their own source revenue by at least 5 percent annually, over and above the rate of inflation; and (iii) participating counties that have prepared and are implementing action plans to reduce their stock of pending bills and maintain it at minimal levels.
- **KRA 2: Intergovernmental Coordination, Institutional Performance, and Human Resource Management.** This KRA supports national and county government initiatives towards strengthening intergovernmental coordination, institutional performance, and Human Resource Management (HRM). The national-level activities, financed through the IPF, will support the development of policy and administrative procedures for the operationalization of intergovernmental, intercity, and inter-municipality forums. The IPF will also support the development of guidelines, including county HR and skills audits, model organization structures for customization by counties, and performance management. DLIs under this KRA will target counties implementing recommendations of HR, skills, and payroll audits, aligning county staffing with departmental functions in select sectors, and improving the credibility of the payroll. The relevant DLIs under this KRA are on (i) participating counties that have integrated their HR records, authorized staff establishment and payroll, and uploaded cleaned payrolls in the human resource management information system; and (ii) participating counties that are enhancing accountability for results through an integrated performance management framework.
- **KRA 3: Oversight, Participation, and Accountability.** KRA 3 will support improvements in oversight, participation, and accountability. The IPF component will support the development of guidelines on project stocktaking, community-led project management committees, and climate change risk screening and preparedness (including assessment of the climate resilience of existing infrastructure assets). It will also support the rollout of the county (public Investment Management (PIM) framework. The expected outcomes include the establishment of project management committees, county compliance with the PIM framework, and developing and operationalizing a county investment dashboard with a citizen feedback interface (which is used to improve public investments). Additionally, it is expected that county assemblies will establish a fiscal bureau to strengthen the role of the legislatures in budget scrutiny and oversight. The relevant DLI under this KRA is on Participating counties that have established public investment management dashboards with citizen feedback mechanisms.

B. KDSP II GRANT MECHANISMS

The DLIs under KDSP II are linked to two types of conditional grants:

The DLIs under KDSP II are linked to two types of conditional grants: the **Institutional Support Grant (ISG) also referred to as level I grants**; and the **Governance and Service Delivery Grant (GSDG) also referred to as level II grants**. The objective of the ISG is to support county governments in the implementation of key reform steps that will facilitate the achievement of disbursement-linked results. This includes the implementation of policies and legislation, strengthening governance systems, and technical assistance, institutional strengthening, and capacity building. The ISG will also support program coordination and program-related technical consultations. The objective of the GSDG is to provide county governments with fiscal space and incentives to finance investments to support service delivery).

The incentives for participating National Government Agencies and County governments are provided through **Minimum Conditions (MCs), achievement of the Disbursement-linked indicator and Performance Measures (PMs)**, which are sets of indicators that can be measured and reflect the achievement of results and, consequently, the Program objectives.

This assignment entails the consultants assessing the performance of counties on the achievement of DLIs under the **Key Result Area 1 which focuses on Sustainable Financing and Expenditure Management**. Under this KRA, the Consultant will focus on the achievement of the following Disbursement Linked Indicators

1. DLI -1 : Average number of days it takes for National Treasury (NT), Office of the Controller of Budget (OcoB), and Central Bank of Kenya (CBK) to process a county exchequer requisition once submitted. This will ensure that there is timely disbursements of exchequer funds and additional allocation grants to counties for service delivery
2. DLI 3: Counties that have increased OSR collected by at least 5% annually over and above inflation. This will ensure that there is an increase in OSR collected, as planned, with OSR being closer to potential
3. DLI 4: - Counties that are implementing pending bills action plans. This will ensure that Commitments are kept within resources availability, action plans are implemented on time, bills are paid on time, and the stock of pending bills are kept to a minimum.

The above DLIs need to be achieved as part of the requirements to achieve level 2 grants/GSDGs that will be disbursed in the financial year 2025/2026. The Minimum Conditions, DLIs, and Performance measures for the specific DLIs listed above are specified in Annex 1 of these terms of reference, i.e, Verification Protocol.

Program for the Annual Performance Assessment	
1. Performance period being assessed/year under assessment.	July 2024-Jun 2025
2. Verification	March/April
3. Verification report submitted by the consultants to the National Program Coordination Unit (NPCU)	April/May 2026
4. Publish results of IVA by SDD on their website	May 2026
5. Verification report submitted to the World Bank	May 2026

The DLI Verification Protocol:

As detailed in the POM, and Annex 1 of these ToRs, the verification protocol for KRA 1 comprises of:

- i) The detailed definition/description of the DLI 1, 3 & 4, including definitions of key terms. **Refer to Annexure 1 for more details**
- ii) The data source to be used by the IVA to assess the achievement of DLI 1, 3 & 4 conditions. **Refer to Annexure 1 for more details**

- iii) The procedure that the IVA consultants will use to assess whether the county has achieved the DLI and met the performance measures.

In interpreting the Verification Protocols, it is important to note the following:

- i) The detailed definition/description of DLI 1, 3, and 4 in the verification protocol is meant to be limited in terms of what a law contains or how a system should function; it describes the minimum content/expected to achieve those respective DLIs.
- ii) This protocol does not exhaustively record the IVA's data source and data requirements. In consultation with the NPCU and World Bank, the consultants may request any additional data sources that may be required for confirmation of the achievement of results.
- iii) This protocol does not exhaustively record the procedures the consultants will use to assess counties' achievement of the DLI 1, 3& 4. In consultation with the NPCU and technical review by the Bank, the consultants may undertake additional procedures or amend the procedures to confirm the achievement of results.
- iv) These adjustments/changes implied in II and III above must be done and communicated to the counties before the commencement of the assessment.

The Program intends to apply part of the proceeds of the Credit to procure the services of four individual consultants to independently verify results on; DLI 1: the average number of days it takes for the National Treasury, Office of the Controller of Budget, and the Central Bank of Kenya to process a county exchequer requisition once submitted; DLI 3: participating counties that have increased their own source revenue by at least 5 percent annually, over and above the rate of inflation; and DLI 4: participating counties that have prepared and are implementing action plans to reduce their stock of pending bills and maintain it at minimal levels.

C. The Overall Objective

The overall objective of this assignment is to independently verify the achievement of DLIs under **Key Result Area 1 which focuses on Sustainable Financing and Expenditure Management**. Under this KRA, the Consultants will focus on the achievement of the following Disbursement Linked Indicators

1. DLI -1 : Average number of days it takes for National Treasury (NT), Office of the Controller of Budget (OcoB), and Central Bank of Kenya (CBK) to process a county exchequer requisition once submitted. This will ensure that there is Timely disbursements of exchequer funds and additional allocation grants to counties for service delivery
2. DLI 3: Counties that have increased OSR collected by at least 5% annually over and above inflation. This will ensure that there is an Increase in OSR collected, as planned, with OSR being closer to potential
3. DLI 4: - Counties that are implementing pending bills action plans. This will ensure that Commitments are kept within resources availability, action plans are implemented on time, bills are paid on time, and the stock of pending bills are kept to a minimum.

The verification protocol for the above named DLIs has been outlined in Annex 1. The consultants are expected to undertake the exercise **between February and May 2026**.

D. Duration of the Assignment

The estimated expert time input for this assignment is 50 days.

The assessment of the consultant's' performance will depend on factors including, but not limited to, meeting the timelines specified in the contract, submission of accurate assessment reports, and meeting the contractual obligations stipulated in the signed contracts. The assessment process is expected to be non-discriminatory, transparent, reliable, and feasible, against which the consultant's performance will be measured.

E. Scope of Work of the Independent Verification Agent

The State Department for Devolution will engage four consultants, who will report to the KDSP II National Program Coordinator on a day-to-day basis. The consultants will be expected to independently review, verify and confirm the following activities for the below listed DLIs

(I) DLI1: Average number of days it takes for National Treasury (NT), Office of the Controller of Budget (OCOB), and Central Bank of Kenya (CBK) to process a county exchequer requisition once submitted

The consultants, reporting to the KDSP II National Program Coordinator will be responsible for independently reviewing and validating the disbursement processes for equitable share and additional conditional grants for all 47 counties. Key tasks include:

- **Process review** : Examine the procedures for equitable share and additional grants disbursement as outlined in Annex 1: Verification Protocols DLI-1 Annexes 1
- **Checklist Compliance Assessment**: Verify adherence to the DLI1 documentation and process requirements using the official checklist (Annex 1).-1 documentation and process requirements using the official checklist (Annex 1)
- **Automation Evaluation**: Assess the extent to which the exchequer requisition process is automated, focusing on IFMIS ecosystem and related business process and systems integrations between IFMIS, CBK and OCOB.
- **Timeliness Analysis**: Review the speed and efficiency of requisition processing by
 - National Treasury (NT)
 - Office of the Controller of Budget (OCOB)
 - Central Bank of Kenya (CBK)
- **Reporting**: Produce a consolidated national report summarizing findings, trends, and recommendations.

It is expected that the Consultants shall adhere to Workplan Deliver results in line with the timelines specified in the project schedule

Evidence: Please refer to Annex 1 for a detailed walkthrough of the verification protocol; for this DLI

(II) DLI 3: PARTICIPATING COUNTIES THAT HAVE INCREASED THEIR OSR COLLECTION BY AT LEAST 5% ANNUALLY OVER AND ABOVE THE RATE OF INFLATION FOR FINANCIAL YEAR 2024/2025

The IVA shall verify that participating County Governments:

- (i) Increased their OSR collection by 5% above inflation relative to FY 2023/24, based on County Budget Implementation Review Reports and Kenya National Bureau of Statistics inflation data (June 2025);
- (ii) Published comprehensive revenue reports on official county websites, detailing all revenue streams and amounts collected for the financial year 24/25
- (iii) An automated county revenue collection system, with at least 70% of total county revenues collected through the automated system, as evidenced by system-generated monthly reports;

(iv) Adequate revenue legal and regulatory framework, comprising a minimum of five (5) revenue-related laws, regulations, or policies, including the County Finance Act;

(v) An approved and published County Revenue Mobilization Strategy/Policy/Plan;

(vi) Implemented revenue-related audit recommendations, supported by documentation on follow-up actions.

Evidence: Please refer to Annex 1 for a detailed walkthrough of the verification protocol; for this DLI

(III) DLI4: Participating Counties Have Prepared and Are Implementing Action Plans to Reduce Their Stock of Pending Bills and Maintain at Minimum Level

The (IVA) shall verify that participating County Governments have;

(i) Prepared and are implementing a Pending Bills Action Plan for FY 2024/25 aimed at reducing and maintaining pending bills at minimum levels;

(ii) Verified all pending bills through the Internal Audit function or a County Pending Bills Verification Committee, supported by a signed verification report;

(iii) Publicly disclosed pending bills information, disaggregated by year incurred, on official county websites in line with the Office of the Controller of Budget (OCOB) universal pending bills template;

(iv) Honored the action plan through payment of verified pending bills, evidenced by budgetary provisions, bank payment records, and quarterly pending bills reports, and achieving a minimum reduction of 10% by the end of the performance year and at least 20% in subsequent years;

(v) Confirm that the participating County has no outstanding pending bills, as evidenced by a formal confirmation letter from the Office of the Controller of Budget.

Evidence: Please refer to Annex 1 for a detailed walkthrough of the verification protocol; for this DLI

Where the scope of work described above is inconsistent with the verification protocol, the verification protocol take precedence.

F. Verification Schedule:

Activities	Timelines
<ul style="list-style-type: none">▪ Preparatory activities including agreement with consultants▪ Entry Meeting▪ Meeting to discuss inception report including data collection and reporting tools	March 2026
<ul style="list-style-type: none">▪ Assessment exercise,▪ Discussion on the preliminary report.	March/April, 2026

Activities	Timelines
Appeals & resolutions	April/May 2026
Synthesis of the counties reports to produce the draft consolidated Report	April/May 2026
Revision of report and submission of the final report	May 2026

G. Deliverables

- 1. An inception report: outlining** the consultants’ understanding of the assignment, the purpose and scope of the assessment as set out in the Terms of Reference, the methodology, and timelines.
- 2. Consolidated National Assessment report for DLI 1.** The report will include:
 - i) Description of the work done by the consultants for DLI-1
 - ii) An assessment of the DLI results for DLI-1
 - iii) Documentary evidence supporting the verification results, provided both as hyperlinks and as clearly labeled copies saved in a separate electronic folder, organized by National Treasury, Office of the Controller of Budget, and Central Bank of Kenya
- 3. County Assessment Reports:** For each county assessed, the report will contain the following information.
 - i) Description of the work done by the consultants for DL-3 and DLI-4
 - ii) An assessment for the achievement of the Disbursement-linked Indicator and performance measures for DL-3 and DLI-4
 - iii) Documentary evidence supporting the verification results, provided both as hyperlinks and as clearly labeled copies saved in a separate electronic folder, organized by county
- 4. Consolidated Verification Report for DLI 3 and 4:** This will be a compilation report containing the Verification Reports, and the consolidated documentary evidence. The report will be considered final once approved by the World Bank.

In addition to these reports, the consultants will retain documentary evidence to confirm that all the checks in the verification protocol have been carried out.

H. Required Qualifications and Experience

Educational Requirements	Experience required
<ul style="list-style-type: none"> ▪ A minimum of a master's degree in Economics, Accounting, Financial Management, Public Policy, or Related Disciplines ▪ Professional accounting certification (e.g., CPA, ACCA) ▪ Basic ICT qualifications 	<p>The Consultant must demonstrate having the requisite experience as stated below</p> <ul style="list-style-type: none"> ▪ Must possess a minimum of 10 years’ work experience in public financial management, out of which 5 years in a senior position on public sector finance: planning and budgeting, Finance and Accounting

Educational Requirements	Experience required
	<ul style="list-style-type: none"> ▪ A minimum of 5 years of progressive experience across/any of the following areas; Management and automation of revenue administration; formulation of strategies on domestic resource mobilization; Public policy formulation and analysis ▪ Participated in the advising, management, and/or administration of Government PFM systems such as IFMIS systems ▪ Demonstrated experience in intergovernmental and fiscal matters, having worked with/for/on Counties. ▪ Experience in undertaking of public audit will be an added advantage

I. Responsibilities of the client

The Client will avail all relevant documents to the consultants and will facilitate coordination with the counties.

Documents to be provided by the client will include:

- i. Program Appraisal Document (PAD)
- ii. Program Operation Manual (POM)
- iii. Any other material considered relevant during the procurement process.
- iv. To provide quality control during implementation

J. Responsibilities of the Consultant

The Consultant shall be responsible for the provision of all the necessary resources to carry out the services such as project transportation for visits in counties, subsistence allowances, accommodation, information technology, means for communications, reporting materials, insurance and any other required.

In collaboration with the client and the World Bank, the consultants will design reporting templates and criteria for data collection. These will be validated by the World Bank and the client ahead of their use by the consultants.

The Consultants are expected to undertake activities that will ensure that outputs are consistent with the professional and legal requirements.

K. Payment schedule

The estimated expert time input for this assignment per consultant is 50 days. The proposed payment schedules are based on satisfactory performance which will be negotiated with the successful consultants as presented in the following table.

S/No.	Deliverables	Percentage of the contract amount
1.	An inception report: outlining the consultants' understanding of the assignment, the purpose and scope of the assessment as set out in the Terms of Reference, the methodology, and timelines.	10%
2.	<p>I. Online assessment tool completed with the data collected for each county</p> <p>II. Draft Verification report for each County (with compendium of documentary evidence and quantitative data), The report will contain the following information.</p> <p>(a) An assessment for the performance measures and achievement of DLIs under KRA 1 for DLIs 1, 3 and 4</p> <p>(b) Documentary evidence supporting the verification results, provided both as hyperlinks and as clearly labeled copies saved in a separate electronic folder, organized by county</p>	40%
3.	Consolidated Verification Reports for KRA 1: This will be a compilation report containing the Verification Reports, and the consolidated documentary evidence. The report will be considered final once approved by the World Bank.	50%

L. Management and accountability of the assignment

SDD is the client for consulting services. In terms of performance and deliverables, the consultants will carry out the assignment under the direction of, and report to the Program Coordinator in the NPCU. The consultants shall work closely with NPCU to ensure timely delivery of the outputs.

M. Code of Ethics for the Consultants

A code of conduct/ethics for the consultants will be signed prior to undertaking the assignment. The content of code of ethics will mainly focus on adhering to the procedures, integrity, and anti-corruption issues.

(i) Collection and Collation of Documentary Evidence

The Consultants will collect and submit to the SDD all documentary evidence to substantiate the APA results in a format to be agreed with the NPCU and the World Bank task team.

N. Confidentiality and Data Ownership

The consultants shall adhere to the World Bank Data Privacy and Protection regulations and all the relevant confidentiality and data ownership laws and regulations of Kenya throughout the consultancy period and will protect the confidentiality of participating counties at all stages. All data is confidential and is the property of the State Department for Devolution. No data or other information from this consulting services contract will be released to third parties without the written prior approval of SDD. The consultants will provide all reports and deliverables in English. All documents are proprietary to and shall be collected and stored at the SDD for future reference. The consultants may not distribute any data collected under the APA process to any entity without express written prior approval from the Client.

O. Quality Assurance

The World Bank will retain the right to make the final decision on whether a DLI has been achieved or not. The verification report will be subjected to a **Quality Assurance Review by the World Bank** which will sample counties to assess the veracity of the results. If the verification results are different from the World Bank Quality Assurance results, the latter will prevail. However, in cases where the consultant's results are materially different from the quality assurance results, the consultants will repeat the assignment at their own cost. The Final APA results subjected to the quality assurance review will be further endorsed by the KDSP II National Project Steering Committee. Based on the final APA results, Government of Kenya (GoK) through SDD will send a Results Achievement Notification summarizing how the DLIs has been met.

Annex 1 : Verification Protocol; for Key Result Area 1

All Participating Counties are eligible for assessment

1. A county must meet all the minimum performance conditions to access the performance grant.
2. To access the Service Delivery Investment Grant (Level 2), a county must have achieved the Level 1 grant
3. Achieving the DLI alone gives access to 50% of the resources in line with the CRA formula (Allocation for a county based on DLI measure $50\% \times \text{DLI allocation} \times \text{No. of Qualifying Counties} \times \text{CRA Formula}$)
4. The other 50% depends on the performance Score against the performance measures (Allocation based on performance Measure = $50\% \times \text{DLI Allocation} \times \text{Score}$)

Annex 1.1 Verification Protocol; for DLI 1 : Average Number of Days it Takes for NT, OcoB and CBK to Process a County Exchequer Requisition Once Submitted (days)

DLI	Formula, Target, and Description	Minimum Conditions	Indicator and Scoring ¹	Assessment Procedure
<p>DLI 1²: Average Number of Days it Takes for NT, OcoB and CBK to Process a County Exchequer Requisition Once Submitted (days)</p>	<p>Formula: The GoK will receive US\$1,000,000 per year if the average number of days to process county exchequer requests is at or below the annual target and to the extent that these processes are fully automated.</p>	<p>n.a.</p>	<p>Steps in the Exchequer Request Process:</p> <ul style="list-style-type: none"> • Review and validation of exchequer requests by OcoB (both for the equitable share and conditional grants) • Approval of exchequer release requests • Communication with CBK to release money from the CRF accounts 	<p><i>See Annexes 3.1 subsection 3.1.1 and 3.1.2 for the detailed Equitable share disbursement process and Additional allocational grants disbursement process respectively. See 3.1.3 for the DLI 1 checklist.</i></p>

DLI	Formula, Target, and Description	Minimum Conditions	Indicator and Scoring ¹	Assessment Procedure
	<p>Target: To reduce the number of days it takes for NT, OCoB, and CBK to process a county exchequer requisition once submitted. Program end target is 20.</p> <p>Description: This DLI will be met if the average number of days to process county exchequer requests is at or below the target and to the extent that these processes are fully automated.</p>		<ul style="list-style-type: none"> • CBK releases money from the CRF account to the spending accounts <p>APA 3: The above steps are taken within 50 days for at least 15 counties : (Y/N)</p>	

Annex 1.1.1 : National Level Process

At the national level, the IVA will assess only those activities undertaken by the national government that directly support the timely processing of equitable share and conditional grants to CRF accounts. This assessment will be limited to functions carried out by the National Exchequer Unit within the National Treasury, Central Bank of Kenya, and the Office of the Controller of Budget (COB). Below are the identified business processes to process the Equitable share and Conditional grants to the County revenue fund.

Table 1.1.1 Equitable Share disbursement process from Consolidated Fund to CRF

S/No	Steps	Activity
1	Pre-requisites	Approved Division of Revenue Allocation Act by Parliament
		Approved County Allocation of Revenue Act by Senate containing the FIRST SCHEDULE detailing the allocations for each County Governments Equitable Share of Revenue raised nationally for a particular fiscal year
2	Exchequer unit	Once the approved CARA Act is received by the exchequer unit in National Treasury, the Exchequer unit user will extract the respective disbursement schedules for the equitable share due to the counties
		The exchequer unit then generates the CARA appropriation schedule that details the monthly disbursements to each county for the equitable share. This is based on the figures approved by parliament in the first schedule of the approved CARA Act.
		the exchequer user then raises a Consolidated CARA Exchequer allocation request based on the equitable share monthly allocation for each county for approval by the Accountant General
		Once this request has been approved, it is forwarded to COB for review and further processing
3	Controller of Budget	The COB CARA funding request is then submitted for approval to the Controller of Budget for review
		Once the controller of budget has approved, the withdrawal instructions from the Consolidated fund are transmitted to the exchequer unit at the National Treasury
4	Exchequer unit	Once the withdrawal instructions are received from COB, the National Treasury- Exchequer department prepares the Treasury order instructing CBK to transfer funds from the Consolidated fund to the respective County CRF accounts based on the approved disbursement schedule

Table 1.1.2: Equitable share disbursement process (CGAA)

S/No	Steps	Activity
1	Pre-requisites	Approved County Governments Additional Allocation Act containing SCHEDULE 3 detailing the Conditional Allocations to County Governments for Loans and Grants from Development Partners
2	Exchequer unit	<p>Once the funding request from the implementing agency accompanied by the approved CGAAA disbursement schedule showing the disbursement breakdown per program and county is received by the exchequer unit at the National Treasury, the Exchequer unit user reviews this request as per the approved schedule on disbursement of conditional grants from parliament</p> <p>the exchequer user then raises a Consolidated CGAAA Exchequer request based on the disbursement schedules shared by the lead implementation agency</p> <p>The consolidated Exchequer request is then submitted for approval internally within the department</p> <p>Once this request has been approved it is forwarded to COB for review and further processing</p>
3	Controller of Budget	<p>Once the consolidated CGAAA exchequer allocation request is received at COB (from NT), the fiscal analyst initiates a funding request, that is internally reviewed as per COB guidelines and the accompanying documents.</p> <p>The COB CGAAA funding request is then submitted for approval to the Controller of Budget for review</p> <p>Once the controller of budget has approved, the withdrawal instructions from the Consolidated fund are transmitted to the exchequer unit at the National Treasury</p>
4	Exchequer unit	Once the withdrawal instructions are received from COB, the National Treasury- Exchequer department prepares the Treasury order instructing CBK to transfer funds from the Consolidated fund to the lead implementation agency project's Operational account (MDA)
5	Donor Funded Implementation agency	Once the funds are received in the agencies operational/project account (depending on the financing agreement) the Project accounting officer prepares a disbursement schedule that transfers the fund to the county CRF account for onwards transmission to the SPA account at CBK/commercial bank.

Annex 1.1.2: DLI 1 Assessment checklist National Process (Withdrawal from CRF by Counties)

Steps	Documentation (What Is Required)	Evidence
1. Exchequer registration	<ul style="list-style-type: none"> Exchequer requisition checklist Supporting documents for Exchequer 	<ul style="list-style-type: none"> Exchequer requisition checklists and supporting documents (Form A) that were reviewed by Exchequer unit at County

Steps	Documentation (What Is Required)	Evidence
	Requisitions (Guidelines on requirements for approval for withdrawals from the CRF FY 2024/25, refer at https://cob.go.ke/reports/expenditure-templates/) <ul style="list-style-type: none"> Exchequer requisition is registered in the exchequer register 	Treasury and submitted to COB <ul style="list-style-type: none"> The date the exchequer is received and stamped at OCOB Exchequer request is registered in the exchequer movement register at the OCOB IVA to confirm the date the Form A was received and recorded at the OCOB registry
2. Fiscal analysis	<ul style="list-style-type: none"> Duly prepared Form B 	<ul style="list-style-type: none"> Form B prepared by the analyst IVA to confirm the date Form B was prepared by the fiscal analyst and the date it was submitted to the COB
3. Grant of credit	<ul style="list-style-type: none"> Final Review and approval by the COB signed Form B 	<ul style="list-style-type: none"> Forwarding letter to CBK by COB IVA to confirm the Date the signed form B was received at CBK
CENTRAL BANK OF KENYA (CBK)		
1. CBK receives form B	Form B from COB granting credit and forwarding letter	Acknowledgement of receipt form B (stamped with a date) IVA to confirm the date Form B was received
2. CBK receives Form C from counties	Form C from CECM Finance and forwarding letter	Acknowledgement of receipt Form C (stamped with a date) IVA to confirm the date Form C was received from the County Treasury
3. Release of funds	Bank statement	Bank statement for confirmation IVA to confirm the date funds were transferred from the CRF to the beneficiary

Annex 1.1.3: Supporting documents on withdrawal; from the CRF account (Baseline should be the specific guidelines and circulars issued by OCOB for the fiscal year under review to all Counties)

Mandatory documents to support requests for the withdrawal of funds during the financial year

1. Separate FORM A(Exchequer Requisition form) per category expenditure
2. Itemized budget extracts and the appropriate work plans
3. The latest County Revenue Fund (CRF) Bank statement was extracted from the CBK portal in PDF format.
4. Certified IB or IFMIS Reports detailing current Exchequer requests awaiting funding.
5. Approved grant of credit issued by the controller of budget for the specific exchequer request.

Annex 1.2: Verification Protocol; for DLI 3: Participating counties that have increased their OSR collection by at least 5% annually over and above the rate of inflation for the financial year 2024/2025

DLI	Formula, Target, and Description	Minimum Conditions	Indicator Scoring	Assessment Procedure
<p>DLI 3: Participating Counties that have increased their OSR collected by at least 5% annually over and above the rate of inflation (Number)</p>	<p>Formula: For each year, US\$500,000 X No. of participating counties that have increased their OSR by 5% over and above the rate of inflation, over 12 months Target: Progressive No. Of counties with a percentage increase of OSR by at least 5% (above inflation rate). The end Program target is 30 counties. Description: No. of participating counties that have increased their OSR by at least 5% over and above the rate of inflation</p>	<p>Disclosure on the external website of OSR collected (disaggregated by revenue stream) in previous year (Y/N)</p>	<p>APA 3: DLI measure Increased³ OSR for the FY 2024/25 by 5% over and above the rate of inflation⁴ (Y/N) Performance Measures</p> <ul style="list-style-type: none"> • Automated county revenue collection system in place with more than 70% of county revenues collected using the automated system (score: 30) • Monthly revenue reporting through the county revenue system (score: 15) • CG has at least 5 OSR Revenue policy/laws/regulations (score: 25) • County Revenue Mobilization 	<p>APA 3 will review and confirm the following:</p> <p>Evidence for Minimum Conditions</p> <ul style="list-style-type: none"> • County external website updated with all revenue streams and amounts collected per each revenue stream for the last financial year reported in the County Government Budget Implementation Reports • Link and screen shot of the county external website referencing the revenue streams and amounts collected Evidence for DLI achievement • The Annual OSR performance reports within the County Government Budget Implementation Review Report FY 2023/24 and FY 2024/25 • The Kenya Consumer Pricing Index and Inflation rate reports from the Kenya National Bureau of Statistics for June 2025.

DLI	Formula, Target, and Description	Minimum Conditions	Indicator Scoring	Assessment Procedure
			<p>Strategy/Policy/Plan published on the county's external website (Score 20)</p> <ul style="list-style-type: none"> • Implementation plan of internal audit recommendations OSR administration (Score 10) 	<p>Evidence for Performance</p> <ul style="list-style-type: none"> • System printout from the automated county revenue collection system showing a minimum of 70% of collected revenue • Monthly revenue report. • At least 5 Revenue policy/laws/regulations have been approved. • revenue mobilization strategy/Policy/Plan published on the county's external website • The latest County Internal Audit report and plan for implementing its recommendations

Annex 1.3: Verification Protocol; for DLI 4: Participating Counties; Have Prepared and Are Implementing Action Plan; to Reduce Their Stock of Pending Bill; and Maintain at Minimum Level

DLI	Formula, Target, and Description	Minimum Condition	Indicator Scoring	Assessment Procedure
<p>DLI 4: Participating Counties that have prepared and are implementing action plan; to reduce their stock of pending bill; and maintain at minimum level; (Number)</p>	<p>Formula: For each year, US\$500,000 X No. of participating counties that are implementing a pending bills action plan to reduce their stock of pending bills as well as pay commitments on time as per the APA. Target: Reduction of verified pending bills stock in the annual action plan by at least 60%. The end Program target is that 25 counties would have achieved this.</p>	<p>Disclosure on website of verified stock of commitments and pending bills (Y/N)</p>	<p>APA 3 DLI measures:</p> <ul style="list-style-type: none"> • Pending bill Action plan for the FY 2024/25 (Y/N) • Action plan implemented by at least 30% (evidence of paid pending bills as per the action plan) (Y/N) • Accumulated pending bills as at the end of the Base year, i.e, FY 2023/24, reduced by at least 10% as at the end of the Performance year, i.e, FY 2024/25 (Y/N) <p>Performance measures:</p> <ul style="list-style-type: none"> • Report of pending bills verification committee/internal audit (score: 25) • Report on status of pending bills (updated at least every quarter) (score: 25) • Evidence of payment of verified pending bills as per the pending bills action plan and by at least 20 % year on year (score: 25) • OR • CG has no pending bill (score: 25) • (Total Score for DLI 4 = 100) 	<p>APA 3 will review and confirm the following: Evidence for Minimum Conditions:</p> <ul style="list-style-type: none"> • Information on stock of pending bills for the previous financial year (disaggregated by the year in which they were incurred) is provided on the county external website as per the universe pending bills template(Summary Pending Bills) <p>Evidence for DLI achievement</p> <ul style="list-style-type: none"> • Annual pending bills action plans(in any format) and subsequent payments • Approved budget with provision to pay pending bills • Quarterly reports on the status of pending

DLI	Formula, Target, and Description	Minimum Condition	Indicator Scoring	Assessment Procedure
	<p>Description: No. of participating counties that are implementing a pending bills action plan to reduce their stock of pending bills as well as pay commitments on time.</p>			<p>bills as per the OCOB prescribed templates.</p> <p>Evidence for Performance Measures</p> <ul style="list-style-type: none"> • Report of pending bills verification committee/ internal audit. • Reduction of verified pending bills stock in the annual action plan according to the pending bills action plan and by at least 20% year on year from the last financial year. • Bank Statement that will be verified against the requisition schedules submitted • Letter to OCOB confirming that a county does not have pending bills