



August 21, 2015

**Closing Date: Thursday, September 10, 2015
at 6 p.m.**

FROM: The Corporate Secretary

Kenya

Kenya Statistics Program-for-Results

Project Appraisal Document

Attached is the Project Appraisal Document regarding a proposed credit to Kenya for a Kenya Statistics Program-for-Results (IDA/R2015-0231), which is being processed on an absence-of-objection basis.

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Report no. 98312-KE

PROGRAM APPRAISAL DOCUMENT
ON A
PROPOSED CREDIT

IN THE AMOUNT SDR 35.6 MILLION
(US\$50.00 MILLION EQUIVALENT)

TO THE
REPUBLIC OF KENYA

FOR A
KENYA STATISTICS PROGRAM-FOR-RESULTS

August 19, 2015

Poverty and Equity Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective as of June 30, 2015)

Currency Unit =	Kenyan Shilling
US\$1.00 =	Ksh 98.05
US\$1.00 =	SDR 0.711

FISCAL YEAR

July 1 – June 30

ABBREVIATIONS AND ACRONYMS

ACGs	Anti-Corruption Guidelines (World Bank's Guidelines on Preventing Fraud and
ACL	Audit Command Language
AfDB	African Development Bank
AFRITAC	Africa Regional Technical Assistance Center
ARC	Advance Release Calendar
BAPS	Busan Action Plan for Statistics
BoP	Balance of Payments
CAPI	Computer Assisted Personal Interview
CAS	Country Assistance Strategy
CBS	Central Bureau of Statistics
CID	Criminal Investigations Department
CISA	Certified Information Systems Auditor
CPI	Consumer Price Index
CPS	Country Partnership Strategy
CRA	Corruption Risk Assessment
CoA	Chart of Accounts
DHS	Demographic Health Survey
DLI	Disbursement Linked Indicator
DQAF	Data Quality Assessment Framework
EACC	Ethics and Anti-Corruption Commission
EMCA	Environmental Management and Coordination Act
ESSA	Environmental and Social Systems Assessment
FDI	Foreign Direct Investment
FIS	Foreign Investment Survey
FMIS	Financial Management Information System
FSA	Fiduciary Systems Assessment
FY	Fiscal Year
GNI	Gross National Income
GDP	Gross Domestic Product
GRS	Grievance Redress Service
HR	Human Resources
IAG	Internal Auditor General
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communication Technology

ICTA	ICT Authority
ICRR	Implementation Completion and Results Report
IDA	International Development Association
IIP	International Investment Position
IMF	International Monetary Fund
IMP	Implementation Action Plan
IPCRM	Integrated Public Complaints Reporting Mechanism
IRA	Intermediate Results Area
ISO	International Standards Organization
ISS	Integrated Survey of Services
ISIP	Integrated Survey of Industrial Production
KCHS	Kenya Continuous Household Survey
KCRA	Kenya Commission on Revenue Allocation
KeNADA	Kenya National Data Archive
KIHBS	Kenya Integrated Household Budget Survey
KNBS	Kenya National Bureau of Statistics
KNBS SP	Kenya National Bureau of Statistics Strategic Plan
KSPforR	Kenya Statistics Program-for-Results
MAPS	Marrakesh Action Plan for Statistics
MDAs	Ministries, Departments and Agencies
MSE	Micro and Small Enterprise
MTEF	Medium Term Expenditure Framework
MTP-2	Second Medium Term Plan
MTP-3	Third Medium Term Plan
NA	National Accounts
NASSEP	National Sample Survey and Evaluation Programme
NLTA	Non-Lending Technical Assistance
NPSC	National Police Service Commission
NSDS	National Strategy for the Development of Statistics
NSO	National Statistical Office
NSS	National Statistical System
OAG	Office of the Auditor General
ODPP	Office of the Director of Public Prosecution
ODRA	Open Data Readiness Assessments
PAP	Program Action Plan
PARIS21	Partnership in Statistics for Development in the 21 st Century
PDO	Program Development Objective
PforR	Program-for-Results
PPDA	Public Procurement and Disposal Act
PPF	Project Preparation Facility
PPI	Producer Price Index
PPOA	Public Procurement Oversight Authority
PSC	Program Steering Committee
PUF	Public Use Files
RM	Record Management
ROSC	Report on the Observance of Standards and Codes
SAGA	Semi-Autonomous Government Agency
SCB	Statistiska Centralbyrån – Statistics Sweden
SCI	Statistical Capacity Indicator
SDDS	Special Data Dissemination Standard

SIDA	Swedish International Development Cooperation Agency
SIP	Survey of Industrial Production
STATCAP	Statistical Capacity Building Program
SUT	Supply and Use Tables
SWOT	Strength, Weaknesses, Opportunities and Threats
TA	Technical Assistance
TTL	Task Team Leader
UNESCO	United Nations Educational, Scientific and Cultural Organization
UIS	UNESCO Institute of Statistics
WBG	World Bank Group
WHO	World Health Organization
WDI	World Development Indicators

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REPUBLIC OF KENYA

Kenya Statistics Program-for-Results

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PAD DATA SHEET

Kenya

Kenya Statistics Program-for-Results

PROGRAM APPRAISAL DOCUMENT

Africa Region

Poverty and Equity Global Practice

Basic Information

Date:	August 19, 2015	Sectors:	Central Government Administration – 100%
Country Director:	Diariétou Gaye	Themes:	Poverty strategy, analysis and monitoring – 50%
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Practice Manager:	Pablo Fajnzylber		
Program ID:	P149718		
Team Leader:	Johan A. Mistiaen		
Program Implementation Period:	Start Date: 09/10/2015	End Date:	06/30/2020
Expected Financing Effectiveness Date:	11/10/2015		
Expected Financing Closing Date:	12/31/2020		

Program Financing Data

<input type="checkbox"/> Loan	<input type="checkbox"/> Grant	<input type="checkbox"/> Other
<input checked="" type="checkbox"/> Credit		

For Loans/Credits/Others (US\$M):

Total Program Cost :	138	Total Bank Financing :	50
Total Cofinancing :	0	Financing Gap :	0

Financing Source	Amount
BORROWER/RECIPIENT	85.4
IBRD/IDA	50.0
Other Development Partners	3.0
Total	138.4

Borrower: Republic of Kenya

Responsible Agency: Kenya National Bureau of Statistics (KNBS)

Contact: Mr. Zachary Mwangi

Title: Director General

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Expected Disbursements (in USD Million)

Fiscal Year	FY2016 (Jul 15 – Jun 16)	FY2017 (Jul 16 – Jun 17)	FY2018 (Jul 17 – Jun 18)	FY2019 (Jul 18 – Jun 19)	FY2020 (Jul 19 – Jun 20)
Annual	19.5	9.5	9	9	3
Cumulative	19.5	29	38	47	50

Program Development Objective(s): To support the Kenya National Bureau of Statistics to generate better and more accessible data to inform policy-makers and contribute to strengthening its capacity.

Compliance

Policy

Does the program depart from the CAS in content or in other significant respects? Yes [] No [X]

Does the program require any waivers of Bank policies applicable to Program-for-Results operations? Yes [] No [X]

Have these been approved by Bank management? Yes [] No []

Is approval for any policy waiver sought from the Board? Yes [] No [X]

Does the program meet the Regional criteria for readiness for implementation? Yes [X] No []

Overall Risk Rating: Substantial

Legal Covenants:

Name	Recurrent	Due Date	Frequency
Adequate KNBS program budget provisions	Yes	N/A	Annually

Description of Covenant: The Borrower shall commit to provide adequate budget for the KNBS for the implementation of the Kenya Statistics Program-for-Results and reflect in the printed estimates and Medium Term Expenditure Framework (MTEF) the required resources consistent with the annual program based budget submissions for FY2015/16 up to FY2019/20.

Name	Recurrent	Due Date	Frequency
Adequate flow of funds from the exchequer	Yes	N/A	Bi-annually

Description of Covenant: The Borrower shall commit to ensure that the funds budgeted in the Recipient's agreed KNBS program based budget submissions and included in the printed estimates are released to KNBS at agreed timelines and in the full amount.

Team Composition

Bank Staff

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Simon Gaiho	Manager, CPI, Production Statistics Directorate, KNBS

I. STRATEGIC CONTEXT

A. Country Context

1. **As Africa's newest lower-middle income country, Kenya faces both development opportunities and challenges.** The conditions for attaining better living standards are increasingly within reach for a majority of Kenyans. In the past twenty years, the economy has gone from one that was shrinking to an economy growing at nearly 5 percent per year. Kenya crossed the lower middle-income country threshold in 2012 and GNI per capita is currently US\$1,280 ([WDI, 2015](#)). But economic growth, while solid on average, has been volatile and is yet to take-off at the high, sustained pace needed to reduce poverty rates. The peaceful electoral transition, the new Constitution and a track record of sound macroeconomic policy provide a strong foundation for economic development. Kenya's latent potential to develop rapidly can be sparked by its dynamic private sector, fueled by its expanding skilled youthful population, and leveraged through its pivotal role within East Africa and further afield.

2. **Poverty, inequality and unemployment in Kenya remain high, but data are outdated and precise levels are unknown.** The proportion of the population living on less than a US\$1.25 per day (in 2005 PPP terms) was last measured as 43 percent in 2005-06. At this important milestone in Kenya's development journey, data to monitor poverty, inequality, and the labor force are lacking and the most recent baseline measures are over a decade old. Infrequently collected data and untimely disseminated statistics are not conducive to inform economic policy. In the absence of an integrated program of household surveys to produce relevant and timely data, there has been a missed opportunity to understand whether government policies, development programs and the economic gains achieved over the past decade have generated opportunities for Kenyans as a whole. Filling these data gaps is not just about enabling the measurement of changes in poverty or employment levels, they also inform and catalyze efforts to reduce poverty and create jobs.

3. **Good quality, timely disseminated and publically accessible official statistics are essential for evidence-based policy-making and poverty reduction.** The Kenya National Bureau of Statistics (KNBS) is mandated to generate and disseminate high-quality and comparable National-level and County-level statistical indicators. These are critical to effectively inform the formulas that govern the resource allocations between County governments and to monitor their performance. Implementation of devolved government structures is generating additional and new data needs. The Constitution stipulates that the 47 County Governments collectively receive a minimum of 15 percent of national revenues of the last audited financial year. In fiscal year 2014-15, this devolved development resource envelope almost matched Kenya's total net overseas development assistance: Counties were allocated KSh.226 billion (US\$2.5 billion) which amounted to 3.9% of GDP. Frequently produced quality data will also improve the targeting accuracy of Kenya's safety net programs for the poor—improving targeting accuracy by 10 percent would result in an additional US\$14 million in cash transfers reaching Kenya's poorest every year.

4. **As a growing and emerging lower middle-income economy, the potential economic returns and timing are right for a big-push investment in statistical capacity and results.** Now that Kenya has crossed the lower middle-income country threshold, macroeconomic data quality, dissemination standards and transparency become increasingly more important to facilitate access to international capital markets and reduce borrowing costs. Better quality

economic statistics could substantially lower the cost of raising capital on international markets to finance Kenya's economic and development policy agenda. For example, meeting the Special Data Dissemination Standard (SDDS) would have resulted in estimated borrowing cost savings of US\$10 million per year on the June 2014 Eurobond issue.¹ In the current and second Medium Term Plan 2013-2017 (MTP-2), the Government of Kenya has prioritized the need to invest in strengthening the Kenya National Bureau of Statistics (KNBS) to fill data gaps and improve data quality.

B. Sectoral and Institutional Context

5. The Statistics Act 2006 designates the KNBS as the principal agency responsible for official statistics which mandates it to collect, compile, analyze, designate, publish and disseminate official statistical information. This Act established the KNBS as a semi-autonomous government agency.² The Constitution of Kenya 2010 defines statistics as a shared function between the National Government and County Governments. Accordingly, the Fourth Schedule identifies national statistics and data on population, the economy and society as a primary function of National Government. Subsequently, the County Governments are mandated to carry out county planning and development including statistics in their respective counties. This constitutional provision stipulates that the KNBS is the agency responsible for developing statistics, coordinating the National Statistical System (NSS), and setting standards for official government statistics at both national and county levels.

6. Funding for KNBS, in tandem with overall statistical capacity in Kenya, declined sharply from 2011. While KNBS budget needs to fill data gaps have increased in recent years, Government budget allocations for KNBS have been declining since 2011. These funding constraints have prevented the KNBS from carrying out critical surveys—such as the second Kenya Integrated Household Budget Survey (KIHBS)—that were planned during the period. The budget outlook was equally bleak in the current FY, but in December 2014 the National Treasury authorized KNBS to spend an additional Ksh 500 million (US\$5.5 million) to start implementing the KIHBS 2015/16 (see Figure 1). Kenya's deterioration (see Figure 2) in capacity as measured by Statistical Capacity Indicator (SCI)³ is due in large part to: (a) a lack of funding to finance the implementation of a regular program of surveys to monitor poverty incidence and other key socio-economic indicators; (b) an outdated National Accounts base year; and (c) certain Line Ministries failing to meet their reporting agreements with international agencies.⁴

¹ The successful and oversubscribed US\$2 billion Eurobond issue in June 2014 demonstrates Kenya's potential to raise resources to finance development. Meeting the SDDS could have reduced the yield on this Eurobond issue by as much as 50 basis points resulting in borrowing cost savings of about US\$10 million per year. Meeting the SDDS can also attract higher levels of Foreign Direct Investment (FDI). See section IV for more background on the economic rationale.

² The Statistics Act 2006 No.4 of 2006. The first five-year Statistical Plan (2003-07) of the Central Bureau of Statistics (CBS), then a government department in the then Ministry of Planning and National Development, was supported by the STATCAP (P085414) Project Preparation Facility (PPF) and was instrumental in transforming the CBS into the semi-autonomous KNBS.

³ The Statistical Capacity Indicator (SCI) is based on a diagnostic framework developed with a view to assessing the capacity of national statistical systems using metadata information generally available for most countries, and monitoring progress in statistical capacity building over time. The framework has three dimensions: statistical methodology; source data; and periodicity and timeliness. Kenya currently ranks 117th on this list (on par with Yemen and Congo, Rep.) and now substantially lags Uganda (56th) and Tanzania (61st) who both improved from the same 2009 base as Kenya (See Figure 2).

⁴ For example, from 2012 onwards the Ministry of Education stopped reporting school enrollment rates data to the United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute of Statistics (UIS).

Figure 1: Trends in Government Budget Allocations for KNBS

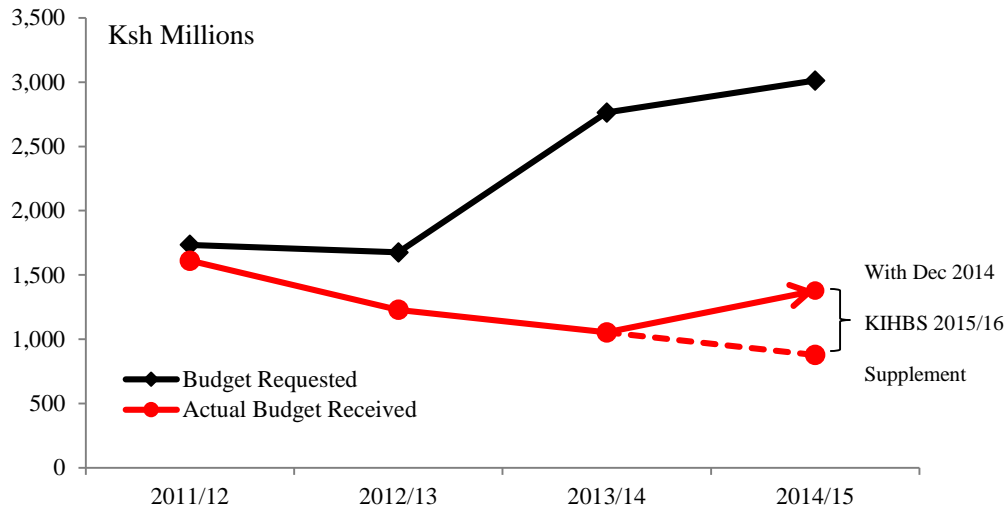
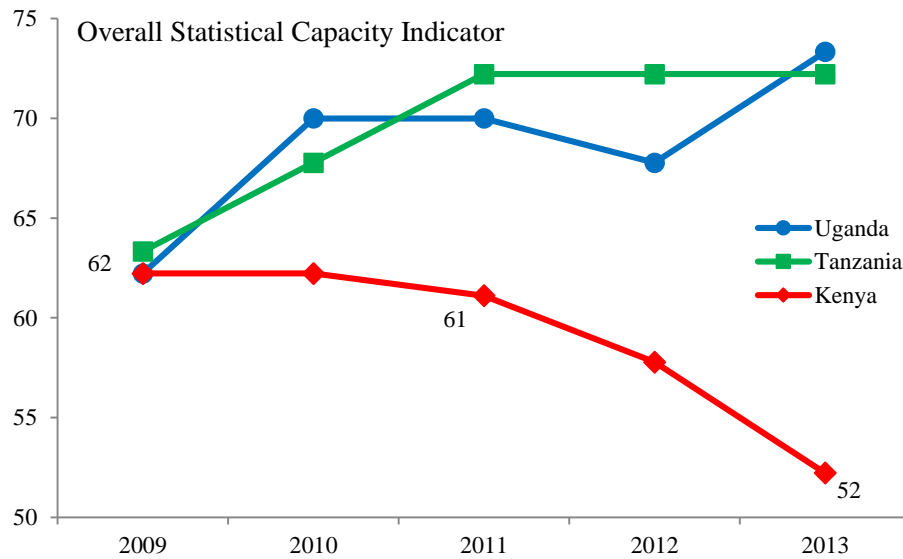


Figure 2: Trends in the Statistical Capacity Indicator (SCI)⁵



7. **The KNBS Strategic Plan (SP) 2013-17 embodies a results-oriented approach to address this decline and to mobilize the resources required for generating better and more accessible data and statistics.** This is the third generation in the history of strategic planning at KNBS and it comes at a critical time. The newly appointed KNBS leadership team is committed to rebuild and solidify its resource base to invest in scaling up the production capacity to meet demands for higher quality international statistical standards and adopting innovative approaches to fill old and new data gaps cost-effectively. The results-oriented approach of the current KNBS SP and focus on key addressing challenges represents an important shift vis-à-vis previous planning efforts.

⁵ Source: [Bulletin Board on Statistical Capacity](#) (World Bank, 2014)

8. **The operation—the Kenya Statistics Program-for-Results (KSPforR)—will support the KNBS SP which is aligned to the national development agenda as outlined in the Vision 2030 and the second Medium Term Plan (MTP-2) 2013-2017.** The KNBS SP is emphatic on the need for adequate statistics for measuring living standards, education, health care, job creation and youth employment, agriculture, rural income, food security, manufacturing and diversified exports among many other indicators that form priorities of the Government development agenda. KNBS is expected to play a critical role in enabling the Government to achieve its medium and long-term development plans through provision of statistical information for evidence-based policy decision making; for assessing development investments through measurable results; and for guiding resource allocations to the devolved units under the current constitutional dispensation.

9. **The KNBS SP and the operation are aligned to the principles advocated by the Busan Action Plan for Statistics (BAPS).**⁶ The BAPS addresses governments’ needs for better statistics to improve policy-making and increase accountability. The BAPS supports three principal objectives: (1) fully integrating statistics in decision making; (2) promoting open access to statistics; (3) increasing resources for statistical systems. The proposed actions will increase the transparency of governments and support the monitoring of results. BAPS advocates a system-wide approach to capacity development to integrate national statistical activities with the requirements of planning, budgeting, monitoring, and results.

10. **The KNBS SP and the operation will generate better and more accessible data and statistical products to inform policy-making.** The Constitution of Kenya devolved authority to 47 elected County governments. This presents both new challenges and opportunities for KNBS as the overall coordinator of the NSS and custodian of official statistics. While the primary focus of the KNBS SP is to produce official statistics at the National level and to enable comparisons *between* Counties, some official statistical programs will be scalable to enable building capacity and produce quality data to inform *within* County comparisons. The KNBS SP will inform policy-making including by generating data for: informing the design of the third Medium Term Plan (MTP-3); updating cash-transfer targeting formulas used by the National Safety Net Program-for-Results; and recalibrating the third generation revenue sharing formula developed by the Kenya Commission on Revenue Allocation (KCRA) which governs resources distributed to Counties.

C. Relationship to the CAS/CPS and Rationale for Use of Instrument

11. **The Kenya Statistics Program-for-Results (KSPforR) is consistent with the World Bank Group (WBG) Kenya Country Partnership Strategy (CPS) and the Government’s MTP-2.**⁷ Data and statistics are essential in the pursuit of evidence-based policy-making and for monitoring and evaluating the development impacts of policies and programs being implemented. Both the CPS and the MTP-2 stress the need to filling data gaps and making relevant statistics available in a timely manner to policy makers and the general public alike. The Program will close the most critical data gaps, including providing the data that is currently lacking to adequately monitor progress towards poverty reduction and fostering shared prosperity.

⁶ At the [Fourth High-Level Forum on Aid Effectiveness \(HLF-4\)](#)—held from 29 November to 1 December 2011 at the Bexco convention center in Busan, Korea—PARIS21 and the World Bank co-organized an official side to discuss a Busan Action Plan for Statistics (BAPS) and its implementation.

⁷ The Kenya CPS for FY14-FY18 was discussed by the World Bank Executive Director on June 4, 2014.

12. **Support to strengthen the KNBS is consistent with IDA’s leadership role in the global partnership for statistical capacity building.** The CPS includes a review of the national statistical system and an indication of what is needed to strengthen the capacity both to generate and to use statistical data. The project will contribute to this agenda by improving the quantity and quality of statistics and ensuring that they are analyzed and disseminated widely. This support will also generate the data necessary to inform the results focus of the WBG on the twin goals of eradicating extreme poverty and boosting shared prosperity. The data generated from new surveys supported by the operation will be used to validate the CPS approach; permit mid-course corrections as needed, and inform the progress report to the Board and the CPS results framework. The operation is also aligned with the WBGs strategic priorities in the Africa Region which include helping countries generate more and better-quality poverty and shared prosperity data; develop a model for collaborating with the International Monetary Fund, which has the lead role on National Accounts; and, more broadly, build capacity to promote greater use of statistics.⁸

13. **The Bank is well positioned to support the KNBS SP to meet the demand for new and better quality statistics.** The Bank has accumulated substantial knowledge of statistical systems of many countries worldwide through its long support for the development of national statistical systems. The Bank leads efforts to develop statistics that meet international quality standards (e.g., the World Development Indicators) and supports PARIS21 which produces National Strategy for the Development of Statistics (NSDS) guidelines. Through the design, implementation and review of the previous credit to support statistical development in Kenya (STATCAP) the Bank has learned lessons about what works, what does not and what it will take to successfully support the KNBS SP program. The Bank has comparative advantages as an established global leader in integrated household survey program design and in the measurement, analysis and dissemination of key indicators, including poverty, which comprise a key pillar of the KNBS SP program.

14. **The KSPforR operation addresses head-on and up front (via prior results) the deficiencies identified in the Implementation Completion Results Report (ICRR) of the previous Bank credit for Kenya to support statistical development.** Kenya previously benefitted from a STATCAP credit—Development of the National Statistical System Project (IDA-4276-KE)—which successfully supported major institutional reform. In particular, the Central Bureau of Statistics (CBS) was transformed through a Parliamentary Act from being a Ministerial department into the KNBS: a Semi-Autonomous Government Agency (SAGA) with its own Board of Directors, Director General and staff. The Kenya STATCAP project also helped to develop human capacity, statistical and physical infrastructure, but it did not deliver on implementing a well-integrated program of surveys and failed to improve data access and dissemination practices. The operation addresses head-on and up front (through prior results) the three principal reasons why the Kenya STATCAP was rated moderately unsatisfactory: financial management, procurement, information dissemination and access to microdata.

15. **The Program-for-Results (PforR) instrument was selected for several reasons.** The STATCAP Implementation Completion Results Report (ICRR) recommended the PforR as an

⁸ The KSPforR operation will contribute to achieving [IDA-17 commitments](#), not only directly to the objective (and corresponding Tier 1 indicator) to “advance the science of delivery by improving statistical capacity and the more systematic use of evidence-based methods for policy-making and project design and implementation.”, but also indirectly by filling data gaps that will enable monitoring various IDA-17 Tier 1 indicators including those to assess progress towards eliminating extreme poverty, fostering inclusive growth, jobs, and gender equality.

instrument that would be well suited to finance statistical development in Kenya. The PforR has several advantages to support the KNBS SP program, including because: (i) the KNBS SP is itself a results-oriented program; (ii) implementation will be facilitated by working through government budget, financial management and procurement systems; (iii) working through program systems will improve the efficiency of expenditures and be a key factor to institutionalize government support for statistics; (iv) the Program will help build the institutional capacity to administer and execute the entire program; (v) it will facilitate potential scalability of the program both by drawing in additional government Agencies as well as being better suited to draw in financing from multiple development partners supporting the program; and (vi) it will enhance coordination with development partners currently supporting the sector in Kenya.

II. PROGRAM DESCRIPTION

A. Program Scope

Government Program

16. **The current and future direction of KNBS outlined in the Strategic Plan (SP) 2013-17 was informed by in-depth analysis of past and present challenges facing the organization.** Development of statistics is faced by glaring statistical discrepancies arising from surveys and censuses that have not been carried out. As a result, the statistical baseline data for several key indicators of national development are missing or outdated. There is an urgent need to fill these data gaps and to update old baselines to inform and monitor current economic, social and policy developments. Likewise of concern is the quality of the statistical information produced. The KNBS presently operates with an inadequate quality assurance framework which further constrains the ability to comply with international standards, the fundamental principles of statistics, and the application of modern technology in data processing and sound statistical methodologies. Other challenges include value leakages through inadequate communication and dissemination; systems inefficiencies; and organizational and human resource management gaps.

17. **The results-oriented KNBS SP 2013-17 is framed around six strategic pillars and aims to address the above challenges.** The 2013-17 SP was endorsed by the KNBS Board in December 2014 and is organized around six strategic focus areas: (1) addressing data gaps; (2) improving the quality of statistical information; (3) mainstreaming statistics in Ministries, Departments and Agencies (MDAs) and, County Governments; (4) expanding communication, dissemination and access to statistical information; (5) strengthening human resource management; (6) and undertaking institutional reforms and good governance. An overview of the program and sub-programs is provided in Table 1.

18. **It is expected that at the end of the plan period, KNBS will be able to deliver and demonstrate key results by:** (1) generating better and more accessible data to inform policy-makers; (2) producing statistical information that is relevant, credible, accurate, reliable and timely; creating value through better communication, dissemination and data accessibility; (3) developing and effectively coordinating statistics at national and county government; (4) enhancing the overall performance and productivity of KNBS staff; and (5) reforming organizational structures, operational procedures and policies to turn KNBS into a more efficient, sustainable and competitive client-oriented organization.

Table 1: Overview of the program (KNBS SP) and boundaries of the Program (KSPforR)

	STRATEGIC FOCUS AREAS AND OBJECTIVES	Supported by the KSPforR
1	ADDRESS DATA GAPS	
1.1	Design and implement a program of surveys to fill various data gaps	<input checked="" type="checkbox"/>
1.2	Design and implement benchmark censuses to fill various data gaps	<input checked="" type="checkbox"/>
1.3	Promote collaboration and integration among producers and users	<input checked="" type="checkbox"/>
1.4	Expand and update administrative statistical database	<input checked="" type="checkbox"/>
2	IMPROVE THE QUALITY OF DATA AND STATISTICAL PROCESSES	
2.1	Improve timeliness of socioeconomic statistical products	<input checked="" type="checkbox"/>
2.2	Build capacity to improve production of statistics	<input checked="" type="checkbox"/>
2.3	Enhance the use of standards and methods	<input checked="" type="checkbox"/>
2.4	Develop and implement data quality assessment framework (DQAF)	<input checked="" type="checkbox"/>
2.5	Enhance the use of modern data capture and processing technology	<input checked="" type="checkbox"/>
3	IMPROVE DISSEMINATION OF STATISTICS AND DATA ACCESS	
3.1	Formulate a communication strategy	<input checked="" type="checkbox"/>
3.2	Implement a communication plan for all other statistical outputs	<input checked="" type="checkbox"/>
3.3	Market statistical products	<input checked="" type="checkbox"/>
3.4	Develop a framework for dissemination and access of statistics	<input checked="" type="checkbox"/>
3.5	Improve user friendliness of the data access and dissemination systems.	<input checked="" type="checkbox"/>
4	MAINSTREAM STATISTICS IN MDAs AND COUNTY GOVERNMENTS	
4.1	Develop a National Strategy on Development of Statistics (NSDS)	<input type="checkbox"/>
4.2	Co-ordinate the implementation of NSDS	<input type="checkbox"/>
5	STRENGTHEN HUMAN RESOURCE MANAGEMENT	
5.1	Develop and implement robust performance management systems	<input type="checkbox"/>
5.2	Continuously improving work environment	<input type="checkbox"/>
5.3	Institutionalize organizational change programs	<input type="checkbox"/>
5.4	Creating equity in the workplace	<input type="checkbox"/>
5.5	Review job evaluation, harmonization and organizational structure	<input type="checkbox"/>
5.6	Develop a professional team that is competitively remunerated	<input type="checkbox"/>
5.7	Develop and institute a KNBS succession planning	<input type="checkbox"/>
5.8	Employee resourcing and demand focusing on manpower requirement	<input type="checkbox"/>
5.9	Expand the skills base and expertise	<input type="checkbox"/>
6	ENHANCE INFRASTRUCTURE, MANAGEMENT AND GOVERNANCE	
6.1	Acquire office space for KNBS under one roof at headquarters and 47	<input type="checkbox"/>
6.2	Upgrade of ICT infrastructure	<input type="checkbox"/>
6.3	Enhance the use of quality management processes	<input checked="" type="checkbox"/>
6.4	Review activities, value creation, appropriation and change analysis	<input type="checkbox"/>
6.5	Initiate efficiency reforms in finance, procurement, ICT and logistics	<input type="checkbox"/>
6.6	Enhance efficient utilization of resources	<input type="checkbox"/>
6.7	Modernize internal systems and processes	<input checked="" type="checkbox"/>
6.8	Enhance corporate image	<input type="checkbox"/>
6.9	Mobilize adequate funds to enable KNBS to achieve its mandate	<input type="checkbox"/>
6.10	Strengthen and implement integrity policies and program	<input checked="" type="checkbox"/>
6.11	Revamp the audit and risk management functions	<input checked="" type="checkbox"/>
6.12	Enhance corporate governance	<input checked="" type="checkbox"/>
6.13	Promote and profile effective leadership, management and decision-making	<input type="checkbox"/>
6.14	Ensure monitoring and evaluation of KNBS program activities	<input checked="" type="checkbox"/>
6.15	Ensure continuous research and development for improvement	<input type="checkbox"/>

Source: KNBS Strategic Plan 2013-17.

The Government program to be supported by the Program

19. **The Program will support a subset of the Government’s program as detailed in the KNBS Strategic Plan.** The Program is designed to support delivering results in strategic focus areas and sub-components (see Table 1) that are critical towards achieving the Program Development Objective (PDO). The boundaries of the Program are determined based on strategic relevance, government demand, technical soundness, the Bank’s comparative advantages and coordination with support provided by other development partners. The subset of KNBS SP activities supported by the Program includes strengthening capacity to implement integrated survey programs, quality improvements of statistical products and process, and strengthening data access and dissemination practices.

20. **The activities selected are instrumental towards achieving the PDO and focus on delivering the core data and statistics Kenya needs to inform the policy agenda.** A detailed Program description is provided in Annex 1. The program excludes KNBS SP focus areas 4 and 5, because the former consists of consultation processes that are being supported through other programs and the latter is currently not yet fully supported by the Government. The principal activity under focus area 5 “strengthening human resource management” is the aspirational objective to implement a new salary structure which will require reclassification of the KNBS by the public service commission which is beyond the full realm of control of the KNBS. This focus areas was therefore excluded from the Program.

21. **There are no Category A-type investments or activities in the Bank-supported program areas.**

22. **The main direct beneficiary of the Program will be the KNBS and the policy-makers that will use the improved data generated.** The policy-makers, including Government programs that are legally obligated to use official statistics in Kenya, will benefit from better and more accessible data. The Kenya Commission on Revenue Allocation (KCRA), for example, is currently using outdated poverty statistics in the revenue sharing formula used to allocate funds between Counties. This formula will be revised in 2019-20 using better and updated data generated by the KNBS in line with Paragraph 16 of the Sixth Schedule to the Constitution of Kenya 2010. The Program will further support the generation of better data and statistics that will inform the development of the next Medium Term Plan (MTP-3).

23. **The Program will fill data gaps that can benefit the poor and contribute to the Bank’s twin goals.** Information has the greatest value when it can influence decisions that have large consequences. The data gaps filled by the program will inform and enable updating of targeting formulas used in Government poverty reduction programs. For example, using new household survey data to update the targeting formulas of the Kenya National Safety Net Program-for-Results will improve targeting accuracy and can increase the number of poor families that will benefit from the program. Better quality economic statistics could also substantially lower the cost of raising capital on international markets to finance Kenya’s economic and development policy agenda. A detailed description of the economic analysis of the Program benefits is provided in the technical assessment summary (section IV).

24. **Other users of official statistics will indirectly benefit from the better and more accessible data generated by the Program.** One of the key prior action results supported by the Program in particular—making survey microdata files easily accessible and available on-line—will transform these datasets into global public goods which have potential uses that transcend the original purposes for which they were collected. If the microdata files from these surveys are made easily accessible to researchers, their use and value can be dramatically increased. The media and engaged citizens will also benefit from better access to information.

25. **The Government supports the Program and has signaled commitment by fully financing the Program in the multi-year budget plan.**

Table 2: Program financing summary (US\$ million)

Source	Amount (USD Million)	% of Total
Government	85.4	62
IBRD/IDA	50.0	36
Other Development Partners		
SIDA (Technical Assistance)	3.0	2
Total Program Financing	138.4	

Source: KNBS Strategic Plan 2013-17, the KNBS March 2015 approved Program Based MTEF (FY16-FY18) budget and FY19-FY20 budget estimates.

Notes: Swedish International Development Cooperation Agency (SIDA)

B. Program Development Objectives

26. The Program Development Objective (PDO) for the KSPforR operation is *“to support the Kenya National Bureau of Statistics to generate better and more accessible data to inform policy-makers and contribute to strengthening its capacity”*.

27. The PDO is embedded in the results framework for the KNBS Strategic Plan and is aligned with the objectives of the program. To achieve the PDO, the Program is structured to deliver results in four Intermediate Result Areas (IRAs):

- (a) Data gaps filled and capacity strengthened through the implementation of integrated survey programs;
- (b) Quality of key official statistical products and processes improved;
- (c) Dissemination practices strengthened and access to data improved; and
- (d) Management systems strengthened.

C. Program Key Results and Disbursement Linked Indicators (DLIs)

28. **Progress towards the PDO will be monitored through four PDO-level indicators which, together, provide a coherent framework to measure increased capacity of KNBS to generate better and more accessible data to inform policy-making.** The four PDO-level indicators are listed in Table 3 and include two DLIs. The indicators target values (see Annex 2 for a detailed table) all represent specific, measurable and key milestones and collectively monitor progress on all aspects of the PDO. Increased capacity is a necessary requirement—an “input”—in the production of better and more accessible data—the “outputs and intermediate outcomes”—

to inform policy-making—the “outcome”. Capacity strengthening is implicitly measured by two of the four PDO-level indicators: if the KNBS succeeds in producing regular poverty monitoring statistics and better real sector economic data, then capacity of KNBS must have been strengthened. In particular, achieving the latter will demonstrate the capacity of KNBS to implement integrated survey programs.

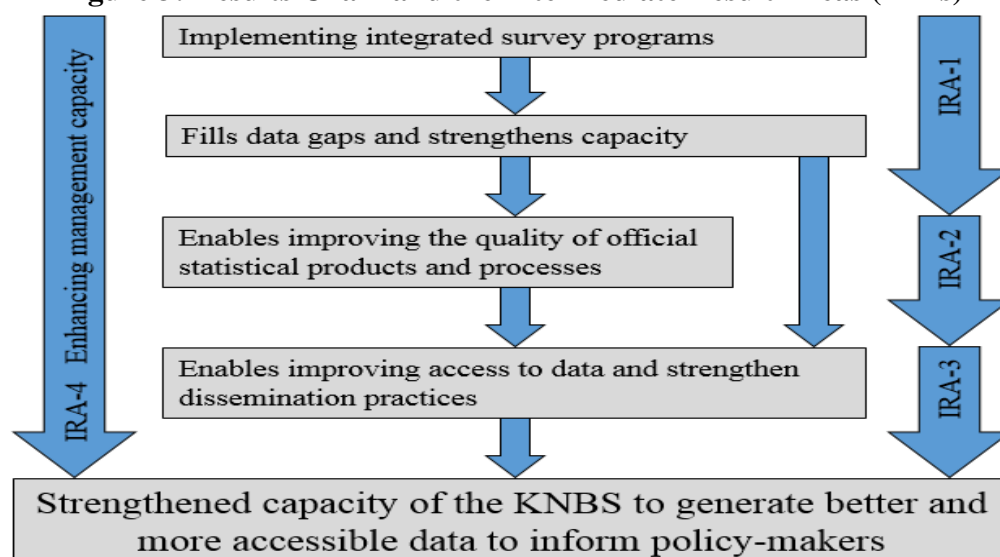
Table 3: Overview of Program Development Objective (PDO) Indicators

Program Development Outcome Indicator	Type	DLI*
PDO: To support the Kenya National Bureau of Statistics to generate better and more accessible data to inform policy-makers and contribute to strengthening its capacity.		
Inform development strategies, policies and poverty reduction programs of the Government of Kenya	Outcome	<input type="checkbox"/>
Produce regular poverty monitoring data and statistics	Output, intermediate outcome	<input type="checkbox"/>
Produce better real and external sector economic data	Output, intermediate outcome	<input checked="" type="checkbox"/>
Improve access to official household survey microdata	Output, intermediate outcome	<input checked="" type="checkbox"/>

Notes: (*) checked when the indicator is a DLI; see annexes 2 and 3 for detailed overviews of the Program results framework and DLIs.

29. **The objectives to improve “accessibility” and “inform policy-making” are explicitly measured at the PDO-level** through, respectively, the availability of key household survey microdata files on-line and key specific Government of Kenya programs and policies that will be informed by the improved data generated (in accordance with legal provisions in the Constitution of Kenya 2010, relevant Acts of Parliament and relevant program requirements). Measuring “better” data generated by the Program is approached through a multi-dimensional lens and includes: (i) filling critical source data gaps; (ii) improving the periodicity of poverty monitoring data; (iii) improving the coverage and quality dimensions of real sector economic statistics; and (iv) improving the integrity and methodological soundness of data by adopting internationally recommended data quality standards and assessment frameworks.

Figure 3: Results Chain and the Intermediate Result Areas (IRAs)



30. **The Program results framework and DLIs are built on the KNBS SP foundations and organized along the four Intermediate Results Areas (IRA) which provide a logical results chain towards achieving the PDO (see Figure 3).** Table 5 provides an overview of the Program indicators at the IRA level and flags which ones were selected as the DLIs. The DLIs were selected based on one or all of the following criteria: (a) to signal and monitor milestones along the results chain that are instrumental to achieve the PDO; (b) to have a measureable impact on the PDO-level results framework indicators; and (c) be instrumental in addressing capacity constraints. The results chain cascades down the first three IRAs—data gaps must be filled to produce better statistics which, when made more accessible, can inform policy-makers—and are further supported by strengthening management capacity. For example, implementing an integrated program of economic surveys to fill National Accounts source data gaps (under IRA-1) will improve the proportion of SDDS requirements met or partially met (under IRA-2) which in turn will enable scaling up data coverage in the Advanced Release Calendar (under IRA-3). Enhancing management capacity (IRA-4) by strengthening governance, procurement and financial management systems are cross-cutting measures that will complement the other IRAs and contribute towards achieving the PDO.

Table 5: Overview of Program indicators and linkages to DLIs

Program Indicator	Type	DLI*
IRA 1: Data gaps filled and capacity strengthened through the implementation of integrated survey programs		
Implement an integrated program of economic surveys to fill National Accounts source data gaps	Output, intermediate outcome	<input checked="" type="checkbox"/>
Improve Overall Statistical Capacity Score (SCI)	Intermediate outcome	<input type="checkbox"/>
IRA 2: Quality of key official statistical products and processes improved		
Compile the IMF Data Quality Assessment Framework (DQAF) for five macro-economic datasets	Output	<input checked="" type="checkbox"/>
Proportion of Special Data Dissemination Standard (SDDS) requirements met or partially met	Intermediate outcome	<input type="checkbox"/>
IRA 3: Dissemination practices strengthened and access to data improved		
Develop an Advanced Release Calendar (ARC) and scale-up data coverage	Output, intermediate outcome	<input checked="" type="checkbox"/>
IRA 4: Management systems strengthened		
Implement the Corruption Risk Assessment (CRA) action plan and strengthen financial management, filing and procurement systems	Process indicator, intermediate outcome	<input checked="" type="checkbox"/>

Notes: (*) checked when the indicator is a DLI; see annexes 2 and 3 for detailed overviews of the Program results framework and DLIs.

31. **The Program is built around a total of seven DLIs.** These DLIs were selected to represent one or both of the following criteria: (a) DLIs signal and monitor a milestone along the results chain without which the PDO cannot be achieved and/or (b) DLIs signal incentives for rewarding performance to encourage the practice of managing for results. The seven DLIs are summarized in Table 6.

32. **The links between the scope and beneficiaries of the Program and the objectives of achieving poverty reduction and boosting shared prosperity are clear.** Progress on the PDO indicators can collectively translate into substantial contributions towards achieving the Bank's twin goals. Strengthening capacity to produce regular poverty monitoring statistics and improving access to these data will facilitate better targeting of pro-poor, inform resource allocation formulas

governing transfers from the National Treasury to the County level and enable the Government to benchmark and inform the next Medium Term Plan.

Table 6: Summary of the seven Program DLIs

Disbursement Linked Indicator:		Type
DLI-1	Implement an integrated program of economic surveys to fill National Accounts source data gaps	Output, intermediate outcome
DLI-2	Implement an integrated program of household surveys to fill key poverty, labor socio-economic data gaps	Output, intermediate outcome
DLI-3	Strengthen capacity to produce better real sector economic data	Output, intermediate outcome
DLI-4	Compile the IMF Data Quality Assessment Framework (DQAF) for five macro-economic datasets	Output
DLI-5	Develop an Advanced Release Calendar (ARC) and scale-up data coverage	Output, intermediate outcome
DLI-6	Improve access to official household survey microdata	Output, intermediate outcome
DLI-7	Implement the Corruption Risk Assessment (CRA) action plan and strengthen financial management, filing and procurement systems	Process indicator, intermediate outcome

33. **Principal weaknesses flagged as underpinning the moderately unsatisfactory rating of the STATCAP ICRR are being addressed by the Program as prior results embedded in the DLIs (see annex 3).** The Kenya STATCAP project helped to develop human capacity, statistical and physical infrastructure, but it did not deliver on implementing a well-integrated program of surveys and failed to improve data access and dissemination practices. The Kenya STATCAP was rated moderately unsatisfactory for three reasons: (a) weak financial management and procurement capacity; (b) poor dissemination practices; and (c) a poor track-record of providing access to microdata. The state of financial management and procurement practices were re-assessed during pre-appraisal and found to have been substantially strengthened since the STATCAP ICRR.⁹ During preparation, the Bank commissioned Corruption Risk Assessment (CRA) conducted by the Ethics and Anti-Corruption Commission (EACC) which identified some additional management capacity strengthening areas that will be addressed by the Program.

34. **At the IRA level, in addition to the DLIs, the results framework is supplemented with two well-established and multi-dimensional proxy measures of statistical capacity:** (a) The International Monetary Fund’s (IMF) [Special Data Dissemination Standard \(SDDS\)](#); and (b) The World Bank’s [Statistical Capacity Indicator \(SCI\)](#). The former provides a good indicator to monitor improvements in quality of economic statistics. The latter provides a proxy for measuring progress in addressing data gaps and reporting. Due to their complex multi-dimensional nature, these were not selected as DLIs or PDO-level indicators. However, including these internationally comparable indicators does provide the important added benefit of being able to benchmark progress in Kenya against that made by other countries and vis-à-vis different country groupings.

⁹ Under the STATCAP project procurement and FM practices had to comply with Bank policies which were carried out by an independent Transitional Support Unit (TSU)—which served as a de facto project implementation unit—whose operations were never mainstreamed into the KNBS system. The weak procurement and FM performance flagged in the STATCAP ICRR pertains to this TSU, not the KNBS system. By contrast, under this Program the use of country systems and policies is mainstreamed from the outset and the Fiduciary Systems Assessment (FSA) concluded that KNBS’ present systems in addition with the provisions under DLI7 and in the Program Action Plan (see annex 9) are adequate to successfully implement the Program.

35. **The SDDS provides monitorable elements and dimensions established by the IMF to guide members that have, or might seek, access to international capital markets in the provision of their economic and financial data to the public.** Working towards SDDS subscription will enhance the production and availability of better macro-economic data and statistics and therefore contribute to the pursuit of the PDO. The SDDS, in taking a comprehensive view of the dissemination of economic and financial data, measures “better” data along four disseminations: (1) the data: coverage, periodicity, and timeliness; (2) access by the public; (3) integrity of the disseminated data; and (4) quality of the disseminated data. For each of these dimensions, the SDDS prescribes two to four monitorable elements—good practices that can be observed, or monitored, by the users of statistics.

36. **A current assessment of Kenya’s macroeconomic statistics towards meeting the SDDS requirements is presented in Table 7.** A key constraint facing the KNBS is the lack of predictable, sustained and adequate financing to implement the requisite improvements and expansion in source data collection needed to improve core macroeconomic statistics quality in line with the SDDS.¹⁰ Currently 5 out of the 25 SDDS criteria are fully met and a further 13 criteria are partially met. The activities that will be implemented under the Program have the potential to result in KNBS meeting or partially meeting all SDDS criteria during the course of the Program in preparation for full compliance to be achieved in 2020-21.

Table 7: Assessment of SDDS criteria and linkages to DLIs

	Data Category	Main Components	Periodicity	Timeliness	Assessment*	Linked to DLIs
1	Real Sector					
1.1	National Accounts (NA)	GDP, current and constant prices	Annual	6 months	Partially met [A, C]	<input checked="" type="checkbox"/>
1.2	National Accounts (NA)	Other NA aggregates and sector accounts	Annual	9 months	Partially met [Q]	<input checked="" type="checkbox"/>
1.3	National Accounts (NA)	GDP, current and constant prices	Quarterly	3 months	Partially met [Q]	<input checked="" type="checkbox"/>
1.4	National Accounts (NA)	Supply Use Tables and rebasing	5-yearly	2 years	Not Met	<input checked="" type="checkbox"/>
1.5	Production Index	Industrial Production	Monthly	4 weeks	Partially met [Q, T]	<input checked="" type="checkbox"/>
1.6	Labor Force	Employment	Quarterly	3 months	Not met	<input checked="" type="checkbox"/>
1.7	Labor Force	Unemployment	Quarterly	3 months	Not met	<input checked="" type="checkbox"/>
1.8	Labor Force	Wages and earnings	Quarterly	3 months	Not met	<input checked="" type="checkbox"/>
1.9	Prices	Consumer Price Index (CPI)	Monthly	4 weeks	Partially met [Q]	<input checked="" type="checkbox"/>
1.10	Prices	Producer Price Index (PPI)	Monthly	4 weeks	Partially met [C, F]	<input checked="" type="checkbox"/>
2	Fiscal Sector					
2.1	Government finance statistics	General Government operations	Annual	6 months	Partially met [A, C]	<input type="checkbox"/>
2.2	Government finance statistics	Central Government operations	Monthly	4 weeks	Partially met [F, T]	<input type="checkbox"/>
2.3	Government finance statistics	Central Government debt	Quarterly	3 months	Partially met [A, C]	<input type="checkbox"/>

¹⁰ Progress has been made since the IMF conducted a Review on the Observance of Standards and Codes (ROSC) of Kenya’s macroeconomic statistics in October 2005, using the Data Quality Assurance Framework (DQAF). The review identified several areas where the availability, quality and timeliness of these statistics could be improved.

Table 7: Assessment of SDDS criteria and linkages to DLIs (cont.)

	Data Category	Main Components	Periodicity	Timeliness	Assessment*	Linked to DLIs
3	Financial Sector					
3.1	Monetary and financial statistics	Depository Corporations Survey	Monthly	4 weeks	Met	<input type="checkbox"/>
3.2	Monetary and financial statistics	Central Bank Survey	Monthly	2 weeks	Not Met	<input type="checkbox"/>
3.3	Monetary and financial statistics	Interest Rates	Daily	1 day	Met	<input type="checkbox"/>
3.4	Monetary and financial statistics	Share Price Index	Daily	1 day	Met	<input type="checkbox"/>
4	External Sector					
4.1	Balance of Payments (BoP)	Annual BoP	Annual	9 months	Partially met [A, C]	<input checked="" type="checkbox"/>
4.2	Balance of Payments (BoP)	Quarterly BoP	Quarterly	3 months	Partially met [A, C]	<input checked="" type="checkbox"/>
4.3	International reserves	International reserves and FC liquidity	Monthly	1 week	Partially met [A, C]	<input type="checkbox"/>
4.4	Exports and imports	Merchandise trade	Monthly	2 months	Met	<input type="checkbox"/>
4.5	International Investment Position (IIP)	Annual IIP	Annual	9 months	Not met	<input type="checkbox"/>
4.6	International Investment Position (IIP)	Quarterly IIP	Quarterly	3 months	Not met	<input type="checkbox"/>
4.7	Spot rates	Exchange rates	Daily	1 day	Met	<input type="checkbox"/>
4.8	External Debt	External debt	Quarterly	3 months	Partially met [C]	<input type="checkbox"/>

Note: * If partially met, the SDDS dimensions/criteria not met are indicated in [brackets]: A – accuracy, C – Coverage, F – Frequency, T – Timeliness, Q – Quality.

37. **The Statistical Capacity Indicator (SCI) is based on a diagnostic framework developed with a view to annually assess the strength and quality of a statistical system using metadata information to monitor progress.** The framework has three dimensions: statistical methodology; source data; and periodicity and timeliness. This multi-dimensional approach is based on the notion that producing and disseminating reliable, relevant and timely statistics requires a certain level of capacity in all dimensions. The SCI focuses especially on poverty, social, and demographic data, and as such complements the macro-economic indicator focus of the SDDS. Any imbalance in capacity will point to weaknesses in some aspects of the statistical process. For each dimension, a country is scored against a set of specific criteria (see Table 8).

Table 8: Assessment of SCI criteria and linkages to DLIs

SCI #	SCI Dimensions and Indicators	SCI Baseline Status	SCI Baseline Score	Linked to DLIs
1	SCI Dimension 1: Statistical Methodology		40	
1.1	National accounts base year up-to-date	Met	10	<input checked="" type="checkbox"/>
1.2	Balance of payments manual in use	Met	10	<input checked="" type="checkbox"/>
1.3	External debt reporting status in order	Met	10	<input checked="" type="checkbox"/>
1.4	Consumer price index base year up-to-date	Met	10	<input checked="" type="checkbox"/>
1.5	Industrial production index available	Not met	0	<input checked="" type="checkbox"/>
1.6	Import and export price indexes available	Not met	0	<input checked="" type="checkbox"/>
1.7	Government finance accounting consolidated	Not met	0	<input checked="" type="checkbox"/>

Table 8: Assessment of SCI criteria and linkages to DLIs (cont.)

SCI #	SCI Dimensions and Indicators	SCI Baseline Status	SCI Baseline Score	Linked to DLIs
1.8	School enrollment data reported to UNESCO	Not met	0	<input type="checkbox"/>
1.9	National immunization coverage reported to WHO	Not met	0	<input type="checkbox"/>
1.10	Special Data Dissemination Standard Subscription	Not met	0	<input checked="" type="checkbox"/>
2	SCI Dimension 2: Source Data		50	
2.1	Population census conducted during past decade	Met	10	<input type="checkbox"/>
2.2	Agricultural census conducted during past decade	Not Met	0	<input type="checkbox"/>
2.3	Poverty survey conducted regularly	Partially Met	5	<input checked="" type="checkbox"/>
2.4	Health survey conducted regularly	Met	10	<input type="checkbox"/>
2.5	Vital registration system complete	Not Met	0	<input type="checkbox"/>
3	SCI Dimension 3: Periodicity and Timeliness		73	
3.1	Income poverty indicator reported	Partially Met	3	<input checked="" type="checkbox"/>
3.2	Child malnutrition indicators reported	Met	10	<input checked="" type="checkbox"/>
3.3	Child mortality indicators reported	Met	10	<input type="checkbox"/>
3.4	Child immunization indicators reported	Met	10	<input checked="" type="checkbox"/>
3.5	HIV/AIDS prevalence reported	Met	10	<input type="checkbox"/>
3.6	Maternal health indicator reported	Partially Met	7	<input type="checkbox"/>
3.7	Gender equality in education reported	Partially Met	3	<input checked="" type="checkbox"/>
3.8	Primary completion indicators reported	Not Met	0	<input type="checkbox"/>
3.9	Access to water indicator reported	Met	10	<input checked="" type="checkbox"/>
3.10	Per capita GDP growth reported	Met	10	<input checked="" type="checkbox"/>
	Overall SCI Score		54.4	

Source: SCI data from the [World Bank Bulletin Board on Statistical Capacity](#)

D. Key Capacity Building and Systems Strengthening Activities

38. **The technical and the integrated fiduciary risk assessments identified capacity constraints and system-related risks.** For example, the technical and fiduciary assessments noted that the annual KNBS budget process was typically not aligned with the Medium Term Expenditure Framework (MTEF). This raises the risk that budget allocations for the program will remain inadequate. The National Treasury signaled earnest intent to support the program through a supplementary budget allocation this Fiscal Year (FY) and has incorporated the program into the printed estimates and MTEF from next FY. This was verified during appraisal. Two legal covenants seek to mitigate risks associated with annual budget provisions and flow of funds for the full duration of Program implementation. Other important financial management and procurement related system-strengthening actions have likewise been identified and will be addressed through both the PAP and a DLI.

39. **Achieving ambitious Program and KNBS SP objectives will be supported with commensurate levels of technical assistance provided jointly by the Swedish International Development Cooperation Agency (SIDA), the IMF and the World Bank.** Working towards meeting the criteria and data quality levels necessary to subscribe to the SDDS and significantly increase the SCI is an ambitious undertaking. Support for KNBS through the Program will be complemented by a well-coordinated Technical Assistance (TA) program. SIDA has committed to provide approximately US\$3 million for TA during Program implementation. This includes facilitating the integration of two long-term (at least 2 years) resident statistical advisors in the

KNBS who reported for duty in Nairobi in March 2015. These resident statistical advisors have substantial expertise to help guide the KNBS and provide hands-on TA towards achieving key results in the Program. The IMF will continue to provide support for macroeconomic statistics through the East AFRITAC facility and its roster of experts will be available to advise and provide TA on critical SDDS related aspects of the Program.

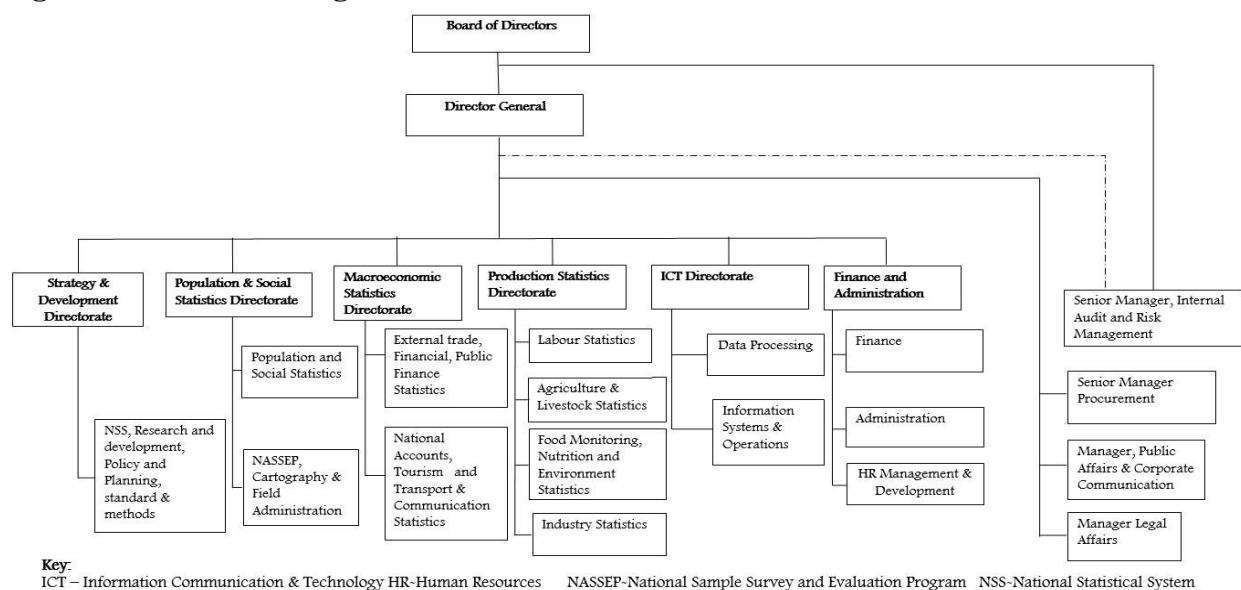
40. **Through ongoing and planned programmatic Non-Lending Technical Assistance (NLTA) experts from the World Bank and across the globe will be mobilized to support the innovative survey design and analytical components of the Program.** This will include support for the instrumental Kenya Continuous Household Survey (KCHS) program and the analysis of survey data to produce good quality statistical products for monitoring progress towards the twin goals and informing pro-poor resource allocations.

III. PROGRAM IMPLEMENTATION

A. Institutional and Implementation Arrangements

41. **The Program will be fully implemented by the Kenya National Bureau of Statistics (KNBS).** The KNBS is a Semi-Autonomous Government Agency (SAGA) which operates in accordance with the Statistics Act No. 4 2006. The KNBS is overseen by a Board of Directors. The Chair of the Board is appointed by the President of the Republic of Kenya and serves for a 3 year term. The current Chair was appointed in January 2014. The other seven members that make up the Board are appointed for 3 year terms by the Cabinet Secretary for Devolution and Planning. The current Board members were appointed in September 2014. The KNBS is managed by a Director General and team of six Directors which are hired by the Board. The six KNBS Directorates are: Strategy and Development, Population and Social Statistics, Macroeconomic Statistics, ICT, and Finance and Administration. A detailed organizational overview of the KNBS is provided in Figure 4.

Figure 4: The KNBS Organizational Structure



Source: KNBS Strategic Plan 2013-17.

42. **Legal framework and mandate of the KNBS.** The Executive Order No. 2/2013 on Organization of the Government of the Republic of Kenya classifies KNBS as one of the independent Institutions under the policy leadership and guidance of the Ministry of Devolution and Planning. The Statistics Act No. 4 2006 is being reviewed to ensure it is aligned with the Constitution of Kenya, 2010 which stipulates that statistics is a shared service between the National and County Governments. In particular, the fourth schedule identifies National Statistics and data on population, the economy and society in general as a function of National Government. Subsequently, the County Governments have statistics service as part of their planning and development. The KNBS is expected to play a critical role in the development of statistics at both the National and County levels and is responsible, inter alia, for: planning, authorizing, coordinating and supervising all official statistical programs undertaken within the NSS; and establishing standards and promoting the use of best practices and methods in the production and dissemination of statistical information across the NSS.

43. **Institutional arrangements for Program coordination.** For the purpose of providing oversight to the Program, the Government of Kenya shall establish, by no later than three months after the effectiveness date, and maintain thereafter, a Program Steering Committee (PSC) to be chaired by the Principal Secretary of the State Department responsible for Planning, and comprising the Principal Secretary of The National Treasury, the Director General of the KNBS or any other members who may be co-opted by the PSC. The PSC shall be vested with the responsibility of overseeing the progress and effectiveness of the Program; monitoring the achievement of results; ensuring adequate budget provision for the full duration of the Program; and providing policy direction. The KNBS will be the secretariat to the PSC which will meet semi-annually or more frequently if need arises.

44. **The National Treasury will appoint a Program focal point.** The National Treasury will appoint a Program focal point before the first PSC meeting is convened. The focal point will help ensure that adequate budget provisions are reflected in the annual Government of Kenya printed budget estimates; will serve as the Program liaison person between The National Treasury; the State Department responsible for Planning; the KNBS and Development Partners supporting the Program; and help address any emerging cross-cutting issues related to the implementation of the Program.

45. **A KNBS staff member was appointed as Program coordinator in the Office of the KNBS Director General.** The Bank team reviewed and provided guidance on the KNBS prepared terms of reference and job description for the Program Coordinator as specified in the Program Action Plan (PAP). The Program Coordinator will be responsible for facilitating, managing and monitoring Program implementation. These responsibilities will include facilitating supervision missions and engagement with KNBS staff responsible for and working on delivering various program areas. Responsibilities will also include coordinating the multi-development partner Technical Assistance program and organizing quarterly development partner sector working group meetings and keeping minutes. The Program Coordinator will also assist the Director General with the preparation of Program reporting documents including those related to the M&E arrangements, the DLI verification protocol and financial statements.

B. Results Monitoring and Evaluation

46. **The Program’s reporting arrangements will rely on existing M&E systems and procedures complemented by annual progress reports prepared by KNBS.** Because the present M&E framework does not cover all of the information required for effective implementation and monitoring of the Program (e.g., SDDS and SCI progress are not routinely monitored), the KNBS will prepare an annual Program progress report (timed with milestones in the Government’s budget cycle) which will include the following (based on agreed templates to be developed before effectiveness as outlined in the Program Action Plan):

- Progress on the Results Framework, DLIs and PAPs;
- Annual audited Program financial statements; and
- Progress reports submitted to the Ethics and Anti-Corruption Commission (EACC).

In addition to reporting annually, two extraordinary financial and programmatic reports will be prepared to coincide with, respectively, the Program midterm review and the Program completion review.

47. **The DLIs and the PAP include actions that will strengthen the M&E capacity of the KNBS.** The DLI under the capacity building and management strengthening intermediate results areas includes updating of the Chart of Accounts (CoA) in the Fiduciary Management Information Systems (FMIS). This will facilitate programmatic budgeting and separate reporting of program and Program expenditures. The procurement audit of KNBS by the Public Procurement Oversight Authority (PPOA) will identify further areas that will contribute to strengthening the M&E systems. Based on the assessment that was conducted during preparation, KNBS will adjust its M&E framework to include all Program indicators and will design standardized tools and templates that will be used across Directorates for monitoring purposes. This will include preparing templates for annual reporting of progress on the results framework, the DLIs and the PAPs.

C. Disbursement Arrangements and Verification Protocols

48. **Disbursements under the Program will be made on the basis of verified results, as measured by Disbursement Linked Indicators (DLIs).** The DLI targets are organized along an indicative annualized timeframe (see Annex 3). Up to 20 percent of the Program proceeds are earmarked for disbursement upon effectiveness (“prior results financing”) against prior results scheduled to be achieved between the dates of the Concept Note review (May 2014) and the date of signing the legal agreement. Confirmation that a DLI is achieved will be based on agreed verification protocols. Once the achievement of an indicator is verified, the Government can make a disbursement request. Disbursements against selected DLIs are scalable. The KNBS will have to demonstrate through annually prepared financial statements that Program expenditures were equal to or in excess of the volume of Bank financing by the end of the operation. The Program financial statements will be audited annually by the Office of the Auditor General (OAG).

49. **Verification protocols:** In order to conduct the verification protocol, the KNBS will be responsible for compiling all data, information and evidence of achieving the DLIs and delivering this to the Bank and the Internal Auditor General (IAG) for verification. For DLI 7, one of the

milestones will be verified by the EACC and another by a team of Certified Information Systems Auditors (CISA) from the ICT Authority (ICTA). The contents and quality of verification will have to be satisfactory to IDA. Any costs related to the verification process or necessary audits of the various milestones identified under each DLI will be covered through the Program budget.

50. **Additional arrangements:** Up to 25 percent of the total credit value can be requested as advance(s) against amounts allocated to certain DLIs, that have not yet been achieved. The Bank records an amount of the advance as "disbursed for an achieved DLI" ("recovered") after it has notified the Borrower of its acceptance of the evidence of achievement of the DLI for which the advance was provided. The amount so reclassified becomes available for further advances. The Disbursement Deadline Date for the Program will be six months after the closing date of the operation, with respect to DLIs achieved prior to the closing date.

IV. ASSESSMENT SUMMARY

A. Technical

Strategic Relevance

51. **The KNBS Strategic Plan and the KSPforR are highly relevant and timely.** Three recent developments underscore the importance and relevance of investing in a solid and reliable statistical system capable of producing periodic, timely, and high-quality data: (a) Kenya's emergence as a lower middle-income economy and its interest in reducing the cost of credit from international capital markets; (b) the sharpened focus, both of the Bank and the Government, on improving living standards for all Kenyans and reducing poverty; and (c) the ongoing implementation of the Constitutionally mandated devolution of power and resources from central Government to the Counties. These are three of the key drivers underlying the growing user demand for new, better quality and more accessible data and statistical products. The Government, as reflected in the MTP-2, has recognized the urgent need to support the KNBS to meet this demand.

Technical Soundness

52. **The Program has been purposefully designed to support the areas of the program with the highest potential impacts and will focus on three key areas:** (a) implement integrated survey programs to fill existing data gaps; (b) improve the quality of key official statistical products and processes; and (c) strengthen dissemination practices and improve access to data and statistical products. Together with commensurate levels of technical assistance, attention to hands-on capacity building and carrying out systems strengthening efforts, the activities identified in these three key areas of the program, if well-implemented, are adequate to reach the Program's objectives.

53. **To ensure the Program's activities are technically sound, the Program will adhere to international best practice and established principles.** More specifically, the Program's activities will be guided by the recommendations of the IMF's Special Data Dissemination Standards (SDDS) and the World Bank's Statistical Capacity Indicators (SCI). The SDDS provide guidelines to subscribing countries on how to provide their economic and financial data to the

public. The SDDS only refers to macro-data, and focuses on data coverage, periodicity and timeliness, access to data by the public, integrity of data, and quality of data.¹¹ SDDS subscription is particularly relevant for countries that wish to access international capital markets and provide officially-sanctioned data to potential investors to reduce perceived risks and borrowing costs.¹² The World Bank's SCI is a composite score assessing the capacity of a country's national statistical system on three dimensions: statistical methodology, source data, and periodicity and timeliness. The SCI puts more emphasis on poverty, demographic and social data and is as such a good complement to SDDS. Though attainment of SDDS or increasing the SCI score is not an explicit goal of the Program, both frameworks are widely accepted as indicators of statistical quality, which makes them a good benchmark for designing and implementing activities under the Program.

Expenditure Framework

54. **In recent years the KNBS annual budget process has not been well-aligned with the Medium Term Expenditure Framework (MTEF).** This raises the risk that the March 2015 KNBS program based budget MTEF submission may not be fully financed by the Government of Kenya. This in turn would imply the Program could not deliver the envisaged results and would not achieve the PDO. During the four years spanning FY2010/11 to FY2013/14, the growing KNBS budget needs (submissions to the National Treasury) and declining actual Government allocations received resulted in a substantial resource deficit. This gap widened and amounted to a shortfall of US\$19 million in FY2013/14. The gap was on track to grow larger in FY2014/15, but the deteriorating trend was curbed in January 2015 when the National Treasury allocated an additional US\$5.5 million to finance commencement of Kenya Integrated Household Budget Survey (KIHBS) 2015/16 implementation through the supplemental budget process.

55. **To mitigate against this risk the Government of Kenya has committed adequate budget for the KNBS for the implementation of the KSPforR.** The March 2015 KNBS Program based budget submission US\$82.6 million has been reflected in the printed estimates and the MTEF as per the agreed FY15/16 – FY17/18 three-year program based budget submission. The budget estimates for the Program during FY18/19 – FY19/20 amounts to US\$55.8 million. Provision of the latter are covered under an annually recurring legal covenant.

56. **The KSPforR will provide US\$50 million in financing, an additional US\$3 million is provided by SIDA, and the Government of Kenya's net contribution will be US\$85 million to fully finance the Program during FY16-FY20.** During the five years spanning FY10/11 to FY14/15 the KNBS received a cumulative US\$63 million from the Government of Kenya and US\$15 million from Development Partner funding amounting to a total of US\$78 million. The five year total Program budget for FY15/16-FY19/20 totals US\$138 million (see Table 9). Table 10 shows the budgeted distribution of resources across the program strategic focus areas. Almost 75 percent of the resources are needed to address data gaps. Improving the quality and scaling up of key statistical products and processes will require 15 percent of the resource envelope. The remainder of the resources are allocated to improve data access and dissemination practices (about 8 percent) and strengthening core governance and management infrastructure and processes (about 4 percent). It is important to note that the resources allocated to capacity building exceed those

¹¹ See <http://dsbbppd/images/pdfs/sddsguide.pdf>.

¹² Research shows that SDDS subscription can reduce countries' borrowing costs by up to 55 basis points.

explicitly listed under IRA-2 and IRA-4, each one of the surveys and censuses planned under IRA-1 include TA budget provisions (typically between 5 and 10 percent of the survey budget).
57.

Table 9: Program Expenditure Framework

Sources of Funding (US\$ millions)	Fiscal Year						% of total program
	FY15/16	FY16/17	FY17/8	FY18/19*	FY19/20*	Total	
Government	6.8	17.4	17.4	18.9	24.9	85.4	62%
World Bank PforR	19.5	9.5	9	9	3	50	36%
Other development partners	1	1	1	0	0	3	2%
Total	27.3	27.9	27.4	27.9	27.9	138.4	
Share of PforR**	71%	33%	34%	32%	11%	36%	
Salaries and Wages**	29%	29%	30%	30%	30%	30%	
Other Recurrent Expenditure**	14%	16%	18%	18%	18%	17%	
Technical Assistance**	6%	5%	5%	5%	4%	5%	
Other Capital Expenditures**	51%	51%	48%	48%	49%	49%	

Source: KNBS program based budget 3-year MTEF submission (March 2015)

Notes: (*) Based on forward budget projections (excluding 2019 decennial population census expenditures)

(**) Computed as a share of total annual expenditures

Table 10: Program budget requirements by strategic focus areas and objectives

INTERMEDIATE RESULT AREAS AND OBJECTIVES	% of expenditures
IRA-1: Data gaps filled and capacity strengthened through the implementation of integrated survey programs	74%
Design and implement a program of surveys to fill various data gaps	64%
Design and implement benchmark censuses to fill various data gaps	3%
Promote collaboration and integration among producers and users	2%
Expand and update administrative statistical database	4%
IRA-2: Quality of key official statistical products and processes improved	15%
Improve timeliness of socioeconomic statistical products	3%
Build capacity to improve production of statistics	2%
Enhance the use of standards and methods	8%
Develop and implement data quality assessment framework (DQAF)	1%
Enhance the use of modern data capture and processing technology	1%
IRA-3: Dissemination practices strengthened and access to data improved	8%
Market statistical products	3%
Develop a framework for dissemination and access of statistics	4%
Other activities	1%
IRA-4: Management systems strengthened	4%
Enhance the use of quality management processes	1%
Modernize internal systems and processes	2%
Strengthen and implement integrity policies and program	1%
Revamp the audit and risk management functions	<1%
Enhance corporate governance	<1%
Ensure monitoring and evaluation of KNBS program activities	<1%

Source: KNBS Strategic Plan 2013-17

Program M&E / M&E Capacity

58. **An M&E needs assessment was conducted during project preparation.** The KNBS Strategic Plan comes with a comprehensive results framework (called an implementation matrix) which monitors the key outputs that will be produced by the activities outlined in the SP. The SP

is operationalized through annual work plans that specify on a quarterly basis which activities will be undertaken and what outputs will be produced by each Directorate towards meeting Board-endorsed objectives. The Strategy and Development Directorate of KNBS is responsible for monitoring the overall implementation progress of the SP. The M&E system generates quarterly and annual progress reports which are discussed at the senior management team and Board meetings to monitor progress. The SP also stipulates that independent mid-term and final evaluations of the SP will be undertaken.

59. **Based on a review of work plans produced during the past 3 years, the M&E assessment concluded that the current practices are adequate for monitoring progress towards strategic objectives at the Board level.** Monitoring plans for individual surveys were also reviewed and were found to be of good quality, in the sense that they are capable of closely monitoring the progress of the survey in the field and flag any particular roadblocks that may jeopardize the timely implementation of the survey.

60. **M&E practices and templates however differ across the different KNBS Directorates, which complicates the compilation of reports to monitor the aggregate progress across all key KNBS activities.** Because the integrated survey programs supported by the Program will be implemented by different Directorates of KNBS, it will be beneficial to have standardized templates to monitor overall progress on the survey programs. The KNBS is in the process of designing the standardized templates that will facilitate monitoring of the Program’s activities. Also, the present M&E framework does not cover all of the information required for effective implementation and monitoring of the Program (e.g., SDDS and SCI progress are not routinely monitored). As a result, KNBS will adjust its M&E framework to be able to report on all Program indicators. Adjusting the M&E framework and developing the standardized templates to monitor the integrated survey programs are incorporated in the Program Action Plan (PAP).

61. **Progress towards the PDO will be monitored through ten indicators which, together, provide a coherent framework to measure increased capacity of KNBS to generate better and more accessible data to inform policy-making.** The results framework comprises a total of 10 indicators: four at the PDO-level, two at the level of the first Intermediate Results Area (IRA-1: “Data gaps filled and capacity strengthened through the implementation of integrated survey programs”); two at the second Intermediate Results Area (IRA-2: “Quality of key official statistical products and processes improved”); one for the third Intermediate Results Area (IRA-3: “Dissemination practices strengthened and access to data improved”); and one for the fourth Intermediate Results Area (IRA-4: “Management systems strengthened”). A detailed description is provided in the earlier section II-C (Program key results and DLIs), in Annex 4 and in the Technical Assessment.

62. **The DLIs embedded in the Intermediate result areas are supplemented in the results framework by two well-established internationally comparable multi-dimensional proxy measures of statistical capacity:** (a) The International Monetary Fund’s (IMF) [Special Data Dissemination Standard \(SDDS\)](#); and (b) The World Bank’s [Statistical Capacity Indicator \(SCI\)](#). The former provides a good indicator to monitor improvements in quality of economic statistics and the latter provides a proxy for measuring progress in addressing data gaps and reporting. Due to their complex and multi-dimensional nature, these were not selected as DLIs or PDO-level

indicators. However, including these internationally comparable indicators does provide the important added benefit of being able to benchmark progress in Kenya against that made by other countries and vis-à-vis different country groupings.

Rationale for Public Provisioning

63. **Public investment in statistics has a strong economic rationale.** The process of planning, policy-making, and monitoring and evaluation of government policies require a wide variety of development, social, and economic statistics, which only the public sector has an incentive to provide. While the private sector can and does collect specific statistics, they are unlikely to invest in a complete statistical system. Left to the market there would likely be significant underinvestment in statistics, hereby foregoing the benefits of better statistics. In addition, statistics are a public good. Once produced, statistics can be used by different levels of government, citizens, and businesses to facilitate evidence-based decisions in their spheres of interest. Public investment in statistics thus creates positive externalities.

World Bank Value Added

64. **The World Bank is particularly well positioned to add value by supporting KNBS to meet the demand for new, better quality and more accessible statistics.** The World Bank has accumulated substantial knowledge of statistical systems in many countries through its long support for the development of national statistical systems. The World Bank leads efforts to develop statistics that meet international quality standards (e.g. the World Development Indicators) and supports PARIS 21 which produces NSDS guidelines. Through the design, implementation and review of the previous credit to support statistical development in Kenya (STATCAP), the World Bank has accumulated knowledge about what works, what does not and what it will take to successfully support the KNBS strategic plan. The World Bank has comparative advantages as an established global leader in the design and implementation of integrated household surveys and in the measurement, analysis and dissemination of key indicators, including poverty, which comprises a key pillar of the KNBS SP and the Program.

Economic Analysis

65. **By addressing Kenya's data challenge, the Program is expected to have significant economic impacts.** Research substantiates that quality, transparent, and timely disseminated macroeconomic and financial data reduce sovereign borrowing costs on international capital markets.¹³ In particular, adherence to SDDS—which the Program will substantially help achieving—is found to lower borrowing costs by 50 basis points, by reassuring international investors on the reliability and serviceability of a country's economic and financial data.¹⁴ If Kenya had been an SDDS subscriber at the issuance of the Eurobond in July 2014, savings due to interest rate discounts could have amounted to US\$10 million per year, resulting in total savings of US\$87.5 million over the lifetime of the bond. This would already outweigh the total cost of the Program. Considering other sovereign bonds the Government of Kenya intends to issue in 2015/16,

¹³ Glennester, R. and Shin, Y. (2008). "Does Transparency pay?" IMF Staff Papers 55(1). The International Monetary Fund.

¹⁴ Cady, J. (2005). "Does SDDS Subscription Reduce Borrowing Costs for Emerging Market Economies?" IMF Staff Paper 52(3). The International Monetary Fund.

total savings of SDDS subscription are simulated to amount to US\$162.5 million, more than three times the cost of the Program.

66. **Access to better and more regular poverty and socio-economic indicators will also result in better informed targeting of safety net programs and revenue allocation formula's governing the distribution of resources between Counties.** In Kenya, cash transfers are increasingly becoming an important tool to fight poverty.¹⁵ Targeting of transfers is however based on old data, and updating the targeting procedure with new data, specifically the proxy mean test weights used to assess whether candidate households are eligible for cash transfers or not, will improve the accuracy of the targeting and therefore increase the number of poor families benefiting from the program.¹⁶ The 2010 Constitution stipulates that the 47 County governments collectively receive a minimum of 15 percent of national revenues of the last audited financial year. In the 2014/15 fiscal year, Counties were allocated Ksh 226 billion (US\$2.5 billion), amounting to 3.9 percent of GDP. The total amount is shared across Counties based on a formula that incorporates County population, poverty, land size, and fiscal responsibility, next to an equal share allocation. Population and poverty determine 65 percent of a County's allocation.¹⁷ The use of outdated data in the sharing of resources implies substantial misallocation of resources, which is problematic given the sheer amount of resources involved (to give an idea of magnitude, the amount transferred to Counties is only marginally smaller than total net development assistance for Kenya). The Program, by supporting the production of relevant, timely and recent data at County-levels, can be expected to have positive impacts on the efficiency.

B. Fiduciary

67. **Financial Management:** In terms of planning and budgeting, the review found that the KNBS budget process is currently not well aligned with the Medium Term Expenditure Framework (MTEF). This raises the risk that the allocated budget for the program may be inadequate. The Program Action Plan (PAP) includes a legal covenant to ensure that the Government of Kenya allocates adequate budget to KNBS to execute the Program. The PAP, through a legal covenant, will likewise address delays in releases of funds by the exchequer for recurrent and development expenditure. The approval and finalization of the draft audit manual is seen as crucial as this is central to the proper functioning of the audit department. The PAP proposes the Chart of Accounts (CoA) be updated to include fund and project segments as well as be sufficiently flexible to accommodate KNBS SP activities. In terms of external auditing arrangements, the review found that the audit reports were up to date with no significant audit issues.

68. **Procurement:** The KNBS Procurement Unit has the requisite capacity to implement the program, having been strengthened in the past two years. Through the PPOA and its Regulations, procuring entities have established the requisite administrative organs and procedures which the

¹⁵ Kenya's cash transfer programs provide about US\$23 per month to around 515,000 households.

¹⁶ In monetary terms, one might value the return on improved targeting as the dollar value of the cash transfers that would be redistributed from non-poor to poor households if households were reclassified using updated targeting procedures enabled by new data. If current exclusion errors outweigh inclusion errors, then targeting accuracy would improve by 10 percent thanks to new data. The value of the new data would be in the order of US\$1.2 million in relation to cash transfers alone (and more if targeting accuracy would improve more).

¹⁷ Kenya Commission on Revenue Allocation (KCRA): Annual Report and Financial Statements 2013-2014.

KNBS has complied with. However, a corruption risk assessment by EACC commissioned by the World Bank team, showed that KNBS' compliance with the law, remains a challenge in a number of areas including selection of procurement methods, lack of proper due diligence, instances when evaluation criteria are not quantifiable, variation of prices beyond recommended variation list, and preferences and reservations for Kenyan citizens and vulnerable groups. Filing and records management was found to be a particular challenge with no dedicated officer to keep procurement records and limited provisions for bulk and long term storage of records. External to the agency, structural weaknesses in the law need to be urgently addressed some of which are proposed in the draft procurement Bill under discussion (e.g. separation of policy formulation from oversight and extending minimum tender preparation periods). In addition to this, while the role of the PPOA in oversight is clear and provides guidance and oversight to various aspects of procurement (and has done commendably well in certain aspects e.g. a complete listing of standard tender documents and manuals for use by procuring entities and suppliers), it suffers from human and financial capacity constraints evidenced by the fact that inter-alia, it has not conducted regular procurement reviews of entities, the last review of KNBS being in 2007.

69. **Fraud and Corruption:** The assessment reviewed the legal framework, institutional arrangements and capacity to manage fraud and corruption cases both at: (i) the national level and within the implementing agency and (ii) the capacity of KNBS to implement the program in accordance with the World Bank's Guidelines on Preventing Fraud and Corruption (ACGs). As part of the Fiduciary Systems Assessment (FSA) and the integrated risk assessment for the KSPforR, the Ethics and Anti-Corruption Commission (EACC) was commissioned to undertake a Corruption Risk Assessment (CRA) of KNBS, with special focus on financial management and procurement. The CRA flagged a number of lapses in financial management and procurement systems and processes in KNBS with potential risks to fraud and corruption including: noncompliance with parts of the PFM Act and financial regulations on payment of imprest and failure to audit the FM information system, Pastel, since 2009. A DLI and PAP are proposed to address these weaknesses identified by the CRA as part of the KSPforR program. A DLI will address the implementation of recommendations of the CRA as part of the FSA and integrated risk assessment. The KNBS will also work with the EACC to implement the recommendations as part of the KSPforR Program. A number of the recommendations of the CRA and FSA are also included in the PAP for the KSPforR program to mitigate fraud and corruption risks.

70. **To further address the fraud and corruption risks associated with KSPforR, the Program will be implemented in accordance with the World Bank Anti-Corruption Guidelines for P-for-R Operations**¹⁸, which consist of three basic elements: (i) sharing information on fraud and corruption (F&C) complaints received with the Bank; (ii) ensuring that no firms or individuals which have been debarred or suspended by the World Bank bid on procurement under the Program; and (iii) allowing the World Bank's Integrity Vice Presidency (INT) to investigate any F&C allegations against the program. The EACC has already signed an MOU with the INT that will facilitate cooperation in investigations and reporting on fraud and corruption regarding World Bank-Funded projects and also help to strengthen support EACC in investigations and reporting. Within the KNBS and EACC there adequate systems and arrangements to receive and record complaints on fraud and corruption.

¹⁸ Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing", dated February 1, 2012 and revised July 10, 2015.

C. Environmental and Social Effects

71. **Environmental and social risks are assessed as low.** Only the core principle on general principles of environmental and social management is applicable to the Program. Among the six core principles, the activities of the Program do not affect the natural habitats and physical cultural resources, public and worker safety, land acquisition, vulnerable people and social conflict. The environmental impacts of activities under the KSPforR are ranked as low due to the fact that the quantities of electronic equipment that will be procured to implement the Program are not sufficiently large to present any significant or severe impacts to the environment.

72. **Kenya has adequate procedures and legal framework for management of E-waste** which includes the Environmental Management and Coordination Act (EMCA), Waste Management Regulations, E-Waste Management guidelines and draft E-waste regulations all which present an adequate framework for managing and mitigating the impacts associated with E-waste.

73. **Through the Program Action Plan, the capacity of KNBS to manage the E-waste generated by the Program will be strengthened** by providing awareness and sensitization and training for the staff on E-waste management practices. All E-waste generated by the Program will be disposed through a “Take Back Scheme” via an E-waste recycling facility that operates in compliance with international health, safety and environmental standards. The Environmental and Social Systems Assessment (ESSA) identified that at least one such qualified facility is operating in Kenya (the East African Recycling Compliant Recycling Company Limited) which recycles at no cost and has the capacity to properly dispose of all E-waste generated by the Program.

74. **The Program is anticipated to have indirect positive social impacts through enhancing dissemination practices and improving access to data and statistical products.** These in turn will facilitate the use of data to inform and monitor evidence-based development program and policies. The socio-economic data and statistical products in particular can generate indirect positive social impacts when, as is the current KNBS practice, these data are disaggregated by gender, geography and other dimensions.

75. **Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the WB’s Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

D. Integrated Risk Assessment Summary

76. **The overall risk rating is substantial (Table 11) and the key risk areas in the program are technical and fiduciary.** Technical risks include the risks associated with (a) human resource challenges; (b) potential disruptions to fieldwork affecting the sequencing of the integrated survey programs; and (c) the implementation of innovative and cutting-edge approaches to data gap filling. Fiduciary risks include those associated with: (a) human resource capacity of key staff at KNBS; (b) delays in releases of exchequer funds; (c) independence of internal audit function; (d) accuracy of financial reporting; (e) linkages of planning to budgeting (MTEF); and (f) procurement aspects including controls, oversight and filing and records management. Implementation of the Program through the DLI 7 and the PAP are designed to help mitigate against these risks.

Table 11: Integrated Risk Assessment Summary

Risk	Rating
Technical	Substantial
Fiduciary	Substantial
Environmental and Social	Low
Disbursement Linked Indicator	Moderate
Other (Development Partner Coordination)	Low
Overall Risk	Substantial

E. Program Action Plan (PAP)

77. **The PAP is formulated based on the results of technical, fiduciary, environmental and social systems, and the integrated risk assessments (see Annex 8).** The PAP is designed both with a view to mitigating identified risks as well as with the objective of complementing DLI 7 formulated to support the capacity building and management systems intermediate results area. These actions include two legal covenants to ensure adequate budgeting and flow of funds. Other capacity building actions include: align procurement planning with the budget process; improve contract management and the physical filling of records.

78. **The PAP also includes actions to facilitate the management of Program implementation, development partner coordination and the development of a Technical Assistance plan.** The National Treasury will appoint a Program focal point and the State Department in charge of Planning will establish and chair a Program Steering Committee. The KNBS will appoint a Program Coordinator in the Office of the Director General to help facilitate, manage and monitor the implementation of the Program. Certain activities under the Program will require external technical assistance. Some Development Partners have already committed TA, but the Program will benefit from institutionalizing coordination mechanism (e.g., quarterly sector working group meetings) to help ensure these (and potential additional) resources will be used effectively towards successfully implementing the Program.

79. **The PAP includes an important action for KNBS to enhance the M&E framework to include all Program indicators and design a standardized template for monitoring the implementation of integrated survey programs.** Since the integrated survey programs supported

by the Program will be implemented jointly by different Directorates of KNBS, it will be beneficial to have standardized templates to monitor overall progress on the survey programs. Also, the present M&E framework does not cover all of the information required for effective implementation and monitoring of the Program (e.g., SDDS and SCI progress are not routinely monitored). As a result, KNBS will adjust its M&E framework to be able to report on all Program indicators and it will prepare templates for annual reporting of progress on the results framework, the DLIs and the PAPs.

Annex 1: Detailed Program Description

A. The Government Program

The KNBS strategic plan covers the period 2013-2017 and was endorsed by the KNBS Board in December 2014. The strategic plan (SP) is the third generation in the history of strategic planning at KNBS and is fully aligned with Vision 2030, Kenya's long term development plan, and the second Medium Term Plan (MTP, 2013-2017).

The main objective of the SP is to halt and reverse the declining trend in Kenya's statistical capacity over the past five years. Overall statistical capacity in Kenya dropped sharply since 2011, in tandem with dwindling funding. While KNBS budget needs to fill data gaps increased in recent years, Government budget allocations for KNBS have been declining since 2011. The funding constraints have prevented KNBS from implementing critical surveys that were planned during the period. Kenya's score on the World Bank's Statistical Capacity Indicators (SCI) has declined from 62 in 2009, when it was on par with Uganda and Tanzania, to 52 in 2014, on par with Yemen and Congo. Kenya currently ranks 117th on the SCI.

The 2013-2017 SP was informed by in-depth analysis of past and present challenges facing KNBS. Development of statistics is faced by glaring statistical discrepancies arising from surveys and censuses that have not been carried out. As a result, there is lack of statistics baseline data in some key indicators of national development. Where statistics baseline figures exist, many are outdated and do not reflect the current situation in economic, social and political development. In addition to data gaps, issues related to quality of statistical information produced by KNBS remain, mainly caused by inadequate quality assurance frameworks, poor compliance to international fundamental principles of statistics and lack of application of modern technology in data processing and sound statistical methodologies. Other challenges that are operational in nature include value leakages through inadequate communication, dissemination and access, systems inefficiencies, organizational structural gaps and inadequate human capital within KNBS.

The KNBS SP is framed around six strategic pillars and aims to address the above challenges. The six strategic pillars are: (1) addressing data gaps, (2) improving the quality of statistical information, (3) mainstreaming statistics in Ministries, departments and Agencies and County Governments, (4) expanding communication, dissemination, and access to statistical information, (5) strengthening human and physical capital, and (6) undertaking institutional reforms and good governance. The programs and sub-programs are summarized in Table 1.1.

(1) Addressing data gaps

Under this strategic pillar, KNBS aims to regularize the production of statistics that meet user requirements. This will consist of designing and conducting priority censuses and surveys to meet critical data gaps, promoting collaboration, networks, partnerships and integration among producers and users of statistics, and expand and update the administrative statistical information base. Data gaps are particularly acute in following areas: Agriculture and livestock, real estate, services, the informal sector, poverty and household living standards, the private sector, and the industrial, environmental and social sectors. The goal is to set up a systematic program of data collection that will adequately respond to informational needs of users.

Annex Table 1.1: Strategic pillars and sub-programs of the KNBS strategic plan

	STRATEGIC FOCUS AREAS AND OBJECTIVES
1	ADDRESS DATA GAPS
1.1	Design and implement a program of surveys to fill various data gaps
1.2	Design and implement benchmark censuses to fill various data gaps
1.3	Promote collaboration and integration among producers and users
1.4	Expand and update administrative statistical database
2	IMPROVE THE QUALITY OF DATA AND STATISTICAL PROCESSES
2.1	Improve timeliness of socioeconomic statistical products
2.2	Build capacity to improve production of statistics
2.3	Enhance the use of standards and methods
2.4	Develop and implement data quality assessment framework (DQAF)
2.5	Enhance the use of modern data capture and processing technology
3	IMPROVE DISSEMINATION OF STATISTICS AND DATA ACCESS
3.1	Formulate a communication strategy
3.2	Implement a communication plan for all other statistical outputs
3.3	Market statistical products
3.4	Develop a framework for dissemination and access of statistics
3.5	Improve user friendliness of the data access and dissemination systems.
4	MAINSTREAM STATISTICS IN MDAs AND COUNTY GOVERNMENTS
4.1	Develop a National Strategy on Development of Statistics (NSDS)
4.2	Co-ordinate the implementation of NSDS
5	STRENGTHEN HUMAN RESOURCE MANAGEMENT
5.1	Develop and implement robust performance management systems
5.2	Continuously improving work environment
5.3	Institutionalize organizational change programs
5.4	Creating equity in the workplace
5.5	Review job evaluation, harmonization and organizational structure
5.6	Develop a professional team that is competitively remunerated
5.7	Develop and institute a KNBS succession planning
5.8	Employee resourcing and demand focusing on manpower requirement
5.9	Expand the skills base and expertise
6	ENHANCE INFRASTRUCTURE, MANAGEMENT AND GOVERNANCE
6.1	Acquire office space for KNBS under one roof at headquarters and 47 counties
6.2	Upgrade of ICT infrastructure
6.3	Enhance the use of quality management processes
6.4	Review activities, value creation, appropriation and change analysis framework
6.5	Initiate efficiency reforms in finance, procurement, ICT and logistics systems
6.6	Enhance efficient utilization of resources
6.7	Modernize internal systems and processes
6.8	Enhance corporate image
6.9	Mobilize adequate funds to enable KNBS to achieve its mandate
6.10	Strengthen and implement integrity policies and program
6.11	Revamp the audit and risk management functions
6.12	Enhance corporate governance
6.13	Promote and profile effective leadership, management and decision-making
6.14	Ensure monitoring and evaluation of KNBS program activities
6.15	Ensure continuous research and development for improvement

(2) *Improving the quality of statistical information*

This strategic focus area aims to improve the quality of data throughout the statistical production process through a number of identified specific objectives such as building capacity to improve production of statistics, enhancing the use of quality management processes, developing data quality assessment frameworks (DQAF) and enhancing the use of modern data capture and processing technology.

(3) *Mainstreaming statistics in Ministries, departments and Agencies and County Governments*

The key strategic objective in this particular strategic focus is to develop and coordinate production of statistics among the producers, suppliers and users of statistical information. Underlying this strategic objective are specific strategies with key among them, the formulation of a National Strategy for the Development of Statistics (NSDS) and the co-ordination of its implementation.

(4) *Expanding communication, dissemination, and access to statistical information*

The key strategic objective of this focus area is to increase awareness, access and use of statistical information for timely and evidence-based decision making. Specific strategies to drive this objective will include incorporating and implementing a communication plan for every survey, census and all other statistical activities, marketing the Bureau's statistical products and services, crafting a framework for access of statistics, and improving user friendliness of the data access and dissemination systems.

(5) *Strengthening human resource management*

The Bureau recognizes the central role played by both human and physical capital in realization of its mandate of production of quality statistics. To this end, two strategic objectives will be pursued with a view to strengthening and improving human capital. They are, first, to develop a suitable and sustainable human capital and, second, continuously improve physical infrastructure work environment. To achieve these strategic objectives, several specific strategies have been identified and key among them will include creating equity in the work place, reviewing job evaluation and harmonization with appropriate organization structure and employee resourcing and demand forecasting on manpower requirement. Furthermore, expanding the skills base and expertise, retaining a competitive and attractively-remunerated team, instituting succession planning and acquisition of office space both at the headquarters and counties are among other specific objectives under this strategic pillar.

(6) *Undertaking institutional reforms and good governance*

The strategic objectives for this strategic theme are to review the 2006 Statistics Act, enhance efficiency, reduce wastage, rebrand the Bureau, and institute good governance. Specific strategies to pursue the strategic objective will include reviewing of the KNBS name and logo, lobbying for more funds from the government and development partners, and revamping the Bureau's integrity program. Moreover, staff will be trained in leadership, management and corporate governance, and audit controls and risk management functions will be strengthened.

B. Definition of Program Boundaries

The Program supports a subset of the Government’s own program articulated in the KNBS strategic plan. The boundaries of the Program are determined based on strategic relevance, government demand, Bank value-added, coordination with support provided by other development partners, and technical soundness. The boundaries of the Program are detailed in Annex Table 1.2.

(1) Addressing data gaps

The Program will support this strategic pillar in its entirety (all sub-programs). The rationale for supporting this strategic pillar is clear: systematic and reliable data production is the core business of every NSO; without the production of data, an NSO is irrelevant. This strategic area is also of critical importance in achieving the PDO: KNBS cannot meet data demands if critical data are missing. The Bank has comparative advantages to support this strategic pillar leveraging long experience in supporting the design of high quality surveys and censuses in many countries. The data generated under this pillar will monitor Kenya’s progress towards the twin goals.

The sub-programs that will be supported under this pillar are: (1) The design and implementation of a program of surveys to fill various data gaps, (2) the design and implementation of benchmark censuses to fill various data gaps, (3) promote collaboration and integration among data producers and users, and (4) expand and update administrative statistical databases.

(2) Improving the quality of data and statistical processes

The Program will support this strategic pillar in its entirety (all sub-programs). The rationale for supporting this strategic pillar is clear: only good quality data can inspire effective policy-making. Bad quality data is useless at best and dangerous at worst. This strategic area is also of critical importance in achieving the PDO. Given the Bank’s long history in supporting the establishment of quality statistical systems, the Bank is also well-placed to add value in this strategic pillar. The Bank’s expertise in survey technology Computer Assisted Personal Interviews (CAPI) will also come in handy to support the implementation of activities under this pillar.

The sub-programs that will be supported under this pillar are: (1) improve timeliness of socioeconomic statistical products, (2) build capacity to improve production of statistics, (3) enhance the use of standards and methods, (4) develop and implement data quality assurance frameworks (DQAF), and (5) enhance the use of modern data capture and processing technology.

(3) Improve dissemination of statistics and data access

The Program will support this strategic pillar in its entirety (all sub-programs). The rationale for supporting this strategic pillar is clear: Having quality and relevant data is only useful if it is disseminated widely and can be accessed easily by the public. Data is a public good, and making it easily available can create positive externalities that go far beyond the data’s original purpose. Data access is an integral part of the PDO, and the Bank is well-placed to support this pillar given the Bank’s own drive towards transparency and open data and its involvement in conducting Open Data Readiness Assessments (ODRA) in many countries in the world.

Annex Table 1.2: Overview of the program (KNBS SP) and boundaries of the Program (KSPforR)

	STRATEGIC FOCUS AREAS AND OBJECTIVES	Supported by the KSPforR
1	ADDRESS DATA GAPS	
1.1	Design and implement a program of surveys to fill various data gaps	<input checked="" type="checkbox"/>
1.2	Design and implement benchmark censuses to fill various data gaps	<input checked="" type="checkbox"/>
1.3	Promote collaboration and integration among producers and users	<input checked="" type="checkbox"/>
1.4	Expand and update administrative statistical database	<input checked="" type="checkbox"/>
2	IMPROVE THE QUALITY OF DATA AND STATISTICAL PROCESSES	
2.1	Improve timeliness of socioeconomic statistical products	<input checked="" type="checkbox"/>
2.2	Build capacity to improve production of statistics	<input checked="" type="checkbox"/>
2.3	Enhance the use of standards and methods	<input checked="" type="checkbox"/>
2.4	Develop and implement data quality assessment framework (DQAF)	<input checked="" type="checkbox"/>
2.5	Enhance the use of modern data capture and processing technology	<input checked="" type="checkbox"/>
3	IMPROVE DISSEMINATION OF STATISTICS AND DATA ACCESS	
3.1	Formulate a communication strategy	<input checked="" type="checkbox"/>
3.2	Implement a communication plan for all other statistical outputs	<input checked="" type="checkbox"/>
3.3	Market statistical products	<input checked="" type="checkbox"/>
3.4	Develop a framework for dissemination and access of statistics	<input checked="" type="checkbox"/>
3.5	Improve user friendliness of the data access and dissemination systems.	<input checked="" type="checkbox"/>
4	MAINSTREAM STATISTICS IN MDAs AND COUNTY GOVERNMENTS	
4.1	Develop a National Strategy on Development of Statistics (NSDS)	<input type="checkbox"/>
4.2	Co-ordinate the implementation of NSDS	<input type="checkbox"/>
5	STRENGTHEN HUMAN RESOURCE MANAGEMENT	
5.1	Develop and implement robust performance management systems	<input type="checkbox"/>
5.2	Continuously improving work environment	<input type="checkbox"/>
5.3	Institutionalize organizational change programs	<input type="checkbox"/>
5.4	Creating equity in the workplace	<input type="checkbox"/>
5.5	Review job evaluation, harmonization and organizational structure	<input type="checkbox"/>
5.6	Develop a professional team that is competitively remunerated	<input type="checkbox"/>
5.7	Develop and institute a KNBS succession planning	<input type="checkbox"/>
5.8	Employee resourcing and demand focusing on manpower requirement	<input type="checkbox"/>
5.9	Expand the skills base and expertise	<input type="checkbox"/>
6	ENHANCE INFRASTRUCTURE, MANAGEMENT AND GOVERNANCE	
6.1	Acquire office space for KNBS under one roof at headquarters and 47	<input type="checkbox"/>
6.2	Upgrade of ICT infrastructure	<input type="checkbox"/>
6.3	Enhance the use of quality management processes	<input checked="" type="checkbox"/>
6.4	Review activities, value creation, appropriation and change analysis	<input type="checkbox"/>
6.5	Initiate efficiency reforms in finance, procurement, ICT and logistics	<input type="checkbox"/>
6.6	Enhance efficient utilization of resources	<input type="checkbox"/>
6.7	Modernize internal systems and processes	<input checked="" type="checkbox"/>
6.8	Enhance corporate image	<input type="checkbox"/>
6.9	Mobilize adequate funds to enable KNBS to achieve its mandate	<input type="checkbox"/>
6.10	Strengthen and implement integrity policies and program	<input checked="" type="checkbox"/>
6.11	Revamp the audit and risk management functions	<input checked="" type="checkbox"/>
6.12	Enhance corporate governance	<input checked="" type="checkbox"/>
6.13	Promote and profile effective leadership, management and decision-	<input type="checkbox"/>
6.14	Ensure monitoring and evaluation of KNBS program activities	<input checked="" type="checkbox"/>
6.15	Ensure continuous research and development for improvement	<input type="checkbox"/>

Source: KNBS Strategic Plan 2013-17.

The sub-programs that will be supported under this pillar are: (1) formulate a communication strategy, (2) implement a communication plan for all statistical outputs, (3) market statistical products, (4) develop a framework for dissemination and access to statistics, and (5) improve the user-friendliness of the data access and dissemination systems.

(6) Enhance infrastructure, management and governance

Under this strategic pillar, the Program will support a selection of sub-programs that aim to improve management systems within KNBS. The activities in the sub-programs aim to increase the capacity of KNBS to successfully implement the Program, and, importantly, increase M&E capacity that is currently deemed weak.

The sub-programs that will be supported under this pillar are (see Annex Table 1.2): (6.3) enhance the use of quality management processes, (6.7) modernize internal systems and processes, (6.10) strengthen and implement integrity policies and program, (6.11) revamp the audit and risk management functions, (6.12) enhance corporate governance, and (6.14) ensure monitoring and evaluation of KNBS program activities.

Annex 2: Results Framework

Annex Table 2.1: Results Framework Matrix

Program Development Objective (PDO): To support the Kenya National Bureau of Statistics to generate better and more accessible data to inform policy-makers and contribute to strengthening its capacity.												
PDO Level Results Indicators	Core	DLI	Unit of Measure	Baseline	Target Values					Frequency	Data Source/ Method	Responsibility for Data Collection
					June 2016	June 2017	June 2018	June 2019	June 2020			
Inform development strategies, policies and poverty reduction programs of the Government of Kenya	<input type="checkbox"/>	<input type="checkbox"/>	Yes/No	Outdated poverty statistics and household survey data (2005/06) being used to inform poverty reduction targeting and resource allocations			KIHBS 2015/16 data used to update proxy-means cash transfer targeting formulas used by the National Safety Net Program-for-Results	Benchmark poverty and labor force indicators and better real sector economic used to inform the third Medium-Term Plan (MTP-3)	Poverty monitoring statistics used in third revenue sharing formula by the Kenya Commission on Revenue Allocation (KCRA)	Annual	Program Progress Report	KNBS
Produce regular poverty monitoring data and statistics	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Yes/No	Poverty statistics are outdated (2005/06) and insufficient capacity to monitor poverty at least once every 3 years	Kenya Integrated Household Budget Survey KIHBS 2015/16 partly conducted and progress report produced and available online	Updated benchmark (2015/16) poverty measures produced and disseminated	Poverty monitoring data collected by Kenya Continuous Household Survey (KCHS)	KCHS poverty estimates produced and disseminated	Kenya Integrated Household Budget Survey KIHBS 2020/21 fieldwork started	Annual	Program Progress Report	KNBS
Produce better real and external sector economic data	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Yes/No	Insufficient capacity to meet SDDS criteria in all real and external sector data categories	Foreign Investment Survey (FIS) conducted and report produced and available on-line	Business register upgraded and updated	Rebased Consumer Price Index (CPI) series produced and available on-line	Rebased Producer Price Index (PPI) series produced and available on-line	Rebased National Accounts produced and report available on-line	Annual	Program Progress Report/ SDDS expert	KNBS
Improve access to official survey microdata	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Yes/No	Microdata files not available on-line and not freely obtainable	Revised microdata dissemination policy produced, adopted and published	Micro and Small Enterprise (MSE) survey microdata available on-line	Kenya Integrated Household Budget Survey (KIHBS 2015/16) microdata available on-line	KCHS 2017 microdata available on-line	KCHS 2018 microdata available on-line	Annual	Program Progress Report	KNBS

Annex Table 2.1: Results Framework Matrix (Cont.)

Results Indicators	Core	DLI	Unit of Measure	Baseline	Target Values					Frequency	Data Source/ Method	Responsibility for Data Collection
					June 2016	June 2017	June 2018	June 2019	June 2020			
Intermediate Results Area 1: Data gaps filled and capacity strengthened through the implementation of integrated survey programs												
Implement an integrated program of economic surveys to fill National Accounts source data gaps	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Yes/No	National Accounts source data incomplete and partly outdated	Micro and small enterprises (MSE) survey conducted, report produced and available on-line	Establishment Census conducted, report produced and available on-line	Integrated Survey of Services (ISS) conducted, report produced and available on-line	2018 Survey of Industrial Production (SIP) conducted, report produced and available on-line		Annual	Program Progress Report	KNBS
Improve Overall Statistical Capacity Score (SCI)	<input type="checkbox"/>	<input type="checkbox"/>	%	54	57	60	63	66	69	Annual	Program Progress Report/ World Bank SCI	KNBS
Intermediate Results Area 2: Quality of key official statistical products and processes improved												
Compile the IMF Data Quality Assessment Framework (DQAF) for five macro-economic datasets	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Yes/No	DQAF not compiled for any of the seven macro-economic datasets	DQAF compiled and published for 1 macro-economic dataset	DQAF compiled and published for 2 macro-economic datasets	DQAF compiled and published for 3 macro-economic datasets	DQAF compiled and published for 4 macro-economic datasets	DQAF compiled and published for 5 macro-economic datasets	Annual	Program Progress Report/ IMF DQAF	KNBS
Proportion of Special Data Dissemination Standard (SDDS) requirements met or partially met	<input type="checkbox"/>	<input type="checkbox"/>	%	Met 20 Partially met 52 Not Met 28	20 52 28		36 60 4		64 36 0	Biennial	Program Progress Report/ IMF SDDS	KNBS

Annex Table 2.1: Results Framework Matrix (Cont.)

Results Indicators	Core	DLI	Unit of Measure	Baseline	Target Values					Frequency	Data Source/ Method	Responsibility for Data Collection
					June 2016	June 2017	June 2018	June 2019	June 2020			
Intermediate Results Area 3: Dissemination practices strengthened and access to data improved												
Develop an Advance Release Calendar (ARC) and scale-up data coverage	<input type="checkbox"/>	<input checked="" type="checkbox"/>		ARC not used	Develop and publish an ARC covering 2 data categories of the Special Data Dissemination Standard (SDDS)	Publish an ARC covering 4 data categories of the Special Data Dissemination Standard (SDDS)	Publish an ARC covering 6 data categories of the Special Data Dissemination Standard (SDDS)	Publish an ARC covering 8 data categories of the Special Data Dissemination Standard (SDDS)	Publish an ARC covering 10 data categories of the Special Data Dissemination Standard (SDDS)	Annual	Program Progress Report	KNBS
Intermediate Results Area 4: Management systems strengthened												
Implement the Corruption Risk Assessment (CRA) action plan and strengthen financial and records management systems	<input type="checkbox"/>	<input checked="" type="checkbox"/>		CRA conducted and endorsed action plan prepared by KNBS and fully implemented	Design and operationalize a FMIS with multi-dimensional chart of accounts and capability to generate key reports	Establish an ISO 15489 certified Record Management (RM) system				Annual	Program Progress Report	KNBS

Annex 3: Disbursement Linked Indicators, Disbursement Arrangements and Verification Protocols

Annex Table 3.1: Disbursement Linked Indicator Matrix

	<i>Total Financing Allocated to DLI</i>	<i>As % of Total Financing Amount</i>	<i>DLI Baseline</i>	<i>Indicative timeline for DLI achievement</i>					
				<i>Year 0*</i> <i>Jul 14 – Jun 15</i>	<i>Year 1</i> <i>Jul 15 – Jun 16</i>	<i>Year 2</i> <i>Jul 16 – Jun 17</i>	<i>Year 3</i> <i>Jul 17 – Jun 18</i>	<i>Year 4</i> <i>Jul 18 – Jun 19</i>	<i>Year 5</i> <i>Jul 19 – Jun 20</i>
IRA-1: Data gaps filled and capacity strengthened through the implementation of integrated survey programs									
DLI 1: Implement an integrated program of economic surveys to fill National Accounts source data gaps			National Accounts source data incomplete and partly outdated		Micro and small enterprises (MSE) survey conducted, report produced and available on-line	Establishment Census conducted, report produced and available on-line	Integrated Survey of Services (ISS) conducted, report produced and available on-line	2018 Survey of Industrial Production (SIP) conducted, report produced and available on-line	
	US\$14m	28 %			US\$3.5m	US\$3.5m	US\$3.5m	US\$3.5m	
DLI 2: Implement an integrated program of household surveys to fill key poverty, labor and socio-economic data gaps			Labor force, poverty and other key socio-economic data outdated	Design the 2015/16 KIHBS instruments, conduct pilot, and start fieldwork by September 2015	KIHBS 2015/16 fieldwork partly conducted and progress report produced and available on-line	KIHBS 2015/16 poverty report and labor indicators reports produced and available on-line	KCHS 2017 fieldwork conducted and quarterly labor indicators report produced and available on-line	KCHS 2018 fieldwork conducted and County poverty report produced and available on-line	
	US\$16m	32 %		US\$6m*	US\$2.5m	US\$2.5m	US\$2.5m	US\$2.5m	
IRA-2: Quality of key official statistical products and processes improved									
DLI 3: Produce better real and external sector economic data			Insufficient capacity to meet SDDS criteria in all real and external sector data categories	Produce and publish revised National Accounts with base year updated to 2009	Foreign Investment Survey (FIS) conducted and report produced and available on-line	Business register upgraded and updated	Rebased Consumer Price Index (CPI) series produced and available on-line	Rebased Producer Price Index (PPI) series produced and available on-line	
	US\$7m	14 %		US\$1m*	US\$1.5m	US\$1.5m	US\$1.5m	US\$1.5m	
DLI 4: Compile the IMF Data Quality Assessment Framework (DQAF) for five macro-economic datasets			DQAF not compiled for any of the seven macro-economic datasets		DQAF compiled and published for 1 macro-economic dataset	DQAF compiled and published for 2 macro-economic datasets	DQAF compiled and published for 3 macro-economic datasets	DQAF compiled and published for 4 macro-economic datasets	DQAF compiled and published for 5 macro-economic datasets
	US\$3m	6 %			US\$0.5m	US\$0.5m	US\$0.5m	US\$0.5m	US\$1m

Annex Table 3.1: Disbursement Linked Indicator Matrix (Cont.)

	Total Financing Allocated to DLI	As % of Total Financing Amount	DLI Baseline	Indicative timeline for DLI achievement					
				Year 0* Jul 14 – Jun 15	Year 1 Jul 15 – Jun 16	Year 2 Jul 16 – Jun 17	Year 3 Jul 17 – Jun 18	Year 4 Jul 18 – Jun 19	Year 5 Jul 19 – Jun 20
IRA-3: Dissemination practices strengthened and access to data improved									
DLI 5: Develop an Advance Release Calendar (ARC) and scale-up data coverage			ARC not used and Economic Surveys not digitized and not freely available	All past Economic Survey Reports digitized and made freely available on-line	Develop and publish an ARC covering 2 data categories of the Special Data Dissemination Standard (SDDS)	Publish an ARC covering 4 data categories of the Special Data Dissemination Standard (SDDS)	Publish an ARC covering 6 data categories of the Special Data Dissemination Standard (SDDS)	Publish an ARC covering 8 data categories of the Special Data Dissemination Standard (SDDS)	Publish an ARC covering 10 data categories of the Special Data Dissemination Standard (SDDS)
	US\$4.5m	9 %		US\$1m *	US\$0.5m	US\$0.5m	US\$0.5m	US\$0.5m	US\$1.5m
DLI 6: Improve access to official survey microdata			Microdata files not available on-line and not freely obtainable	Launch the Kenya National Data Archive (KeNADA) with microdata from at least 30 surveys	Revised microdata dissemination policy produced, adopted and published	Micro and Small Enterprise (MSE) survey microdata available on-line	Kenya Integrated Household Budget Survey (KIHBS 2015/16) microdata available on-line	KCHS 2017 microdata available on-line	KCHS 2018 microdata available on-line
	US\$3.5m	7 %		US\$1m *	US\$0.5m	US\$0.5m	US\$0.5m	US\$0.5m	US\$0.5m
IRA-4: Management systems strengthened									
DLI 7: Implement the Corruption Risk Assessment (CRA) action plan and strengthen financial and records management systems				CRA conducted and endorsed action plan prepared by KNBS and fully implemented	Design and operationalize a FMIS with multi-dimensional chart of accounts and capability to generate key reports	Establish an ISO 15489 certified Record Management (RM) system			
	US\$2m	4 %		US\$1m *	US\$0.5m	US\$0.5m			
TOTAL	US\$50m			US\$10m *	US\$9.5m	US\$9.5m	US\$9m	US\$9m	US\$3m

Notes: * Indicates DLIs linked to prior results

Annex Table 3.2: DLI Verification Protocol Table

#	DLI	Definition/ Description of achievement	Scalability	Protocol to evaluate achievement of the DLI and data/result verification		
				Data source/a agency	Verification Entity	Procedure
1	DLI 1: Implement an integrated program of economic surveys to fill National Accounts source data gaps	To achieve each survey or census milestone [1.1 - 1.4] in the program, the KNBS needs to have completed: (i) the fieldwork; (ii) the data entry and required analysis; and (iii) the on-line publication of the report. Milestones: [1.1] Micro and Small Enterprise (MSE) survey [1.2] Establishment Census [1.3] Integrated Survey of Services (ISS) [1.4] Survey of Industrial Production (SIP)	Yes	KNBS	Internal Auditor General Department, National Treasury	Following the on-line publication of each survey or census report in the program, the KNBS will address an official letter following a template agreed during negotiations to the PS of Treasury and the Bank attesting achievement of the milestone. The relevant report will be annexed to the letter. The PS will request the Internal Auditor General Department (IAG) of National Treasury to verify whether the report is on-line and can be downloaded from KNBS' website.
2	DLI 2: Implement an integrated program of household surveys to fill key poverty, labor and socio-economic data gaps	To achieve each milestone, KNBS needs to have completed: (i) the fieldwork for the surveys—except for milestone [2.0], which requires that KIHBS 2015/16 fieldwork has started, and milestone [2.1], which requires that KIHBS 2015/16 fieldwork is at least 50 percent completed; (ii) data entry and required analysis; and (iii) the on-line publication of the report which will include, to the extent possible, gender and County-level disaggregated indicators. Milestones: [2.0] KIHBS 2015/16 instruments designed, pilot conducted, and fieldwork started (prior result); [2.1] KIHBS 2015/16 fieldwork partly conducted (at least 50 percent) and progress report produced; [2.2] Final KIHBS 2015/16 poverty report and labor indicators report; [2.3] KCHS 2017 survey and quarterly labor indicators report; [2.4] KCHS 2018 survey and County poverty report;	Yes	KNBS	Internal Auditor General Department, National Treasury	Following the on-line publication of each survey report in the program—milestones [2.2, 2.3 and 2.4]—the KNBS will address an official letter following a template agreed during negotiations to the PS of Treasury and the Bank attesting achievement of the milestone. The relevant report will be annexed to the letter. The PS will request IAG to verify whether the report is on-line and can be downloaded from KNBS' website. For verification of milestone 2.0 (prior result) and milestone 2.1, the KNBS will produce and make available online progress reports documenting the implementation status of the KIHBS 2015/16 survey. The progress report will be annexed to the letter sent by KNBS to the PS of Treasury. The PS will then request IAD to verify whether the progress report is on-line and whether the implementation status of the KIHBS 2015/16 has attained or surpassed the target specified in the milestone.

Annex Table 3.2: DLI Verification Protocol Table (Cont.)

#	DLI	Definition/ Description of achievement	Scalability	Protocol to evaluate achievement of the DLI and data/result verification		
				Data source/a agency	Verification Entity	Procedure
3	DLI 3: Produce better real and external sector economic data	<p>To achieve each milestone, KNBS needs to have completed: (i) the production of the real or external sector economic aggregate or report; and (ii) the on-line publication of the report. For milestone [3.2], which is confidential data, a metadata report will be produced and published.</p> <p>Milestones: [3.0] National Accounts with base year updated to 2009 (prior result) [3.1] Foreign Investment Survey [3.2] Revamped and updated business register [3.3] Rebased Consumer Price Index [3.4] Rebased Producer Price Index [3.5] Rebased National Accounts</p>	Yes	KNBS	Internal Auditor General Department, National Treasury	Upon publication of the economic aggregate or report, the KNBS will address an official letter following a template agreed during negotiations to the PS of Treasury and the Bank attesting achievement of the milestone. The relevant survey or census report will be annexed to the letter. The PS will request IAG to verify whether the survey/census report is on-line and can be downloaded from KNBS' website. For the Year 2 milestone, verification will be based on a metadata report explaining how/in what way the business register system was upgraded and how it has been updated with the latest business data. For all milestones the IAG will verify whether the report is on-line and can be downloaded from the KNBS website.
4	DLI 4: Compile the IMF Data Quality Assessment Framework (DQAF) for five macro-economic datasets	<p>The indicator is the cumulative number of macro-economic datasets for which the DQAF has been compiled and published online</p> <p>Milestones: [4.1] DQAF compiled and published for 1 macro-economic dataset [4.2] DQAF compiled and published for 2 macro-economic datasets [4.3] DQAF compiled and published for 3 macro-economic datasets [4.4] DQAF compiled and published for 4 macro-economic datasets [4.5] DQAF compiled and published for 5 macro-economic datasets</p>	Yes	KNBS	Internal Auditor General Department, National Treasury	Following the on-line publication of each DQAF, the KNBS will address an official letter following a template agreed during negotiations to the PS of Treasury and the Bank attesting achievement of the milestone. The relevant DQAF will be annexed to the letter. The PS will request IAG to verify whether the DQAF is on-line and can be downloaded from KNBS' website.

Annex Table 3.2: DLI Verification Protocol Table (Cont.)

#	DLI	Definition/ Description of achievement	Scalability	Protocol to evaluate achievement of the DLI and data/result verification		
				Data source/ agency	Verification Entity	Procedure
5	DLI 5: Develop an Advance Release Calendar (ARC) and scale-up data coverage	<p>The indicator is the cumulative number of SDDS data categories (population and poverty included) for which an ARC is developed and published. The final target is 10 at an indicative increment of 2 additional SDDS data categories per year. As a prior result, KNBS will digitize all past economic surveys and make them available online free of charge.</p> <p>Milestones: [5.0] All past Economic Survey Reports digitized and made freely available on-line (prior result) [5.1] Develop and publish an ARC covering 2 data categories of the SDDS [5.2] Publish an ARC covering 4 SDDS data categories [5.3] Publish an ARC covering 6 SDDS data categories [5.4] Publish an ARC covering 8 SDDS data categories [5.5] Publish an ARC covering 10 SDDS data categories</p>	Yes	KNBS	Internal Auditor General Department, National Treasury	Following the on-line publication of the ARC, KNBS will address an official letter following a template agreed during negotiations to the PS of Treasury and the Bank attesting achievement of the milestone. The ARC will be annexed to the letter. The PS will request IAG to verify whether the ARC is on-line on the KNBS website. For the verification of the prior result, KNBS will address an official letter to the PS of Treasury and the Bank attesting that all past economic surveys have been digitized and made available online. The hard copies of the five most recent economic surveys will be annexed to the letter. The PS will request IAG to verify whether the economic surveys are available free of charge on the KNBS website.
6	DLI 6: Improve access to official survey micro-data	<p>To achieve the milestone, KNBS needs to have (i) produced and published a revised and approved micro-data dissemination policy (year 1), and (2) made available on KeNADA the micro-data files of selected high-value surveys (subsequent years).</p> <p>Milestones: [6.0] At least 30 micro-data files on KeNADA (prior result) [6.1] Revised and approved micro-data dissemination policy [6.2] MSE data available [6.3] 2015/16 KIHBS data available [6.4] 2017 CHSP data available [6.5] 2018 CHSP data available</p>	Yes	KNBS	Internal Audit Department, National Treasury	Following the launch of KeNADA and the on-line publication of at least 30 micro-data files (year 0 – prior result), the online publication of the micro-data dissemination policy (year 1), or the online publication of the specified micro-data files (years 2-5), KNBS will address an official letter following a template agreed during negotiations to the PS of Treasury and the Bank attesting achievement of the milestone. The PS will request IAG to verify whether at least 30 micro-data files are available for download online (prior result), whether the micro-data dissemination policy is on-line and can be downloaded from KNBS’ website (Year 1), or whether the selected micro-data file can be downloaded from KeNADA (Years 2-5).

Annex Table 3.2: DLI Verification Protocol Table (Cont.)

#	DLI	Definition/ Description of achievement	Scalability	Protocol to evaluate achievement of the DLI and data/result verification		
7	DLI 7: Implement the Corruption Risk Assessment (CRA) action plan and strengthen financial management, filing and procurement systems	<p>To achieve the milestone, KNBS needs to have:</p> <p>Milestones: [7.0] CRA action plan fully implemented (prior result); [7.1] Designed and operationalized a FMIS with multi-dimensional chart of accounts and capability to generate key reports; [7.2] Established an ISO 15489 certified Record Management (RM) system</p>	Yes	KNBS	Ethics and Anti-Corruption Commission (EACC); Internal Audit Department, National Treasury; ICT Authority, Certified Information Systems Auditors (CISA);	Following the establishment and operationalization of the FMIS, KNBS will address an official letter following a template agreed during negotiations to the PS of Treasury and the Bank attesting achievement of the milestone. The PS will request that the ICT Authority provides a team of Certified Information Systems Auditors (CISA) to verify the achievement of the milestone. Following the ISO certification of the records management system, KNBS will address an official letter following a template agreed during negotiations to the PS of Treasury and the Bank attesting achievement of the milestone, annexing a copy of the ISO 15489 certificate. The PS will request IAD to verify whether KNBS records management system has been ISO certified. For the prior result, KNBS will address an official letter to the PS of Treasury and the Bank attesting achievement of the milestone. The PS will then request the EACC to verify whether all of the 32 actions (as identified by the Corruption Risk Assessment already conducted by EACC) have been implemented.

Annex Table 3.3: Bank Disbursement Table

#	DLI	Bank financing allocated to the DLI	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of Bank Financing	Maximum DLI value(s) expected to be achieved for Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
1	DLI 1: Implement an integrated program of economic surveys to fill National Accounts source data gaps	14.0	12/31/2020	1	4	Disbursement of US\$3.5 million against achievement of each DLI milestone
2	DLI 2: Implement an integrated program of household surveys to fill key poverty, labor and socio-economic data gaps	16.0	12/31/2020	1	4	Disbursement of US\$6 million against achievement of DLI milestone (2.0) and disbursement of US\$2.5 million against achievement of each of the remaining four milestone (2.1 to 2.4)
3	DLI 3: Strengthen capacity to produce better real sector economic data	7.0	12/31/2020	1	5	Disbursement of US\$1 million against achievement of DLI milestone (3.0) and disbursement of US\$1.5 million against achievement of each of the remaining four milestones (3.1 to 3.4)
4	DLI 4: Compile the IMF Data Quality Assessment Framework (DQAF) for five macro-economic datasets	3.0	12/31/2020	1	5	Disbursement of US\$1 million against achievement of the last DLI milestone (4.5) and disbursement of US\$0.5 million against achievement of each of the first four milestones (4.1 to 4.4)
5	DLI 5: Develop an Advance Release Calendar (ARC) and scale-up data coverage	4.5	12/31/2020	1	10	Disbursement of US\$1 against achievement of DLI milestone (5.0); disbursement of US\$0.5 million against achievement of each of the subsequent four milestones (5.1 to 5.4); and disbursement of US\$1.5 against achievement of the last DLI milestone (5.5)
6	DLI 6: Improve access to official household survey micro-data	3.5	12/31/2020	1	5	Disbursement of US\$1 million against achievement of DLI milestone (6.0) and disbursement of US\$0.5 million against achievement of each of the remaining five milestone (6.1 to 6.5)
7	DLI 7: Implement the Corruption Risk Assessment (CRA) action plan and strengthen financial management, filing and procurement systems	2.0	12/31/2020	1	3	Disbursement of US\$1 million against achievement of DLI milestone (7.0) and disbursement of US\$0.5 million against achievement of each of the remaining two milestones (7.1 and 7.2)

Annex 4: Technical Assessment

Strategic Relevance

The KNBS strategic plan and the Program are highly strategically relevant and come at the right time. Three recent evolutions underscore the importance and relevance of investing in a solid and reliable statistical system capable of producing periodic, timely, and high-quality data: Kenya's emergence as a middle-income economy, the renewed focus, both of the Bank and the GoK, on improving living standards for all Kenyans and reducing poverty, and the ongoing devolution of power and resources from central Government to the Counties.

As a growing and emerging lower middle-income economy, the potential economic returns and timing are right for a big-push investment in statistical capacity and results. Now that Kenya has crossed the lower middle-income country threshold, macroeconomic data quality, dissemination standards and transparency become increasingly more important to facilitate access to international capital markets and reduce borrowing costs. Better quality economic statistics—e.g., meeting the IMFs Special Data Dissemination Standard (SDDS)—could substantially lower the cost of raising capital on international markets to finance Kenya's economic and development policy agenda.¹⁹

Next to potential savings on borrowing costs, better and more frequent data will be required to inspire and formulate effective poverty reduction policies. Accelerated poverty reduction and widely shared improvements in living conditions of Kenyans are priorities of the Government of Kenya and the Bank, though poverty data is archaic. The last comprehensive survey on poverty and household consumption was conducted ten years ago, in 2005, hampering the formulation of poverty reduction policies and the monitoring and evaluation of past and current policies. New and regularly updated data is sorely needed to enable evidence-based policy-making in the socioeconomic realm.

Finally, the progressive devolution of resources and power from central Government to Counties has created the need for representative County-level statistics. These statistics are currently inexistent or wildly outdated. The importance of having credible County-level statistics is obvious: Financial flows from central government to Counties amounted to almost 4 percent of GDP in 2014/15 (almost the same as net overseas development assistance for Kenya), and the resources are shared across Counties based on a formula incorporating population and poverty figures, among others. The poverty figures in particular are outdated (the population census dates from 2009), affecting the amount of resources going to the Counties.

Technical Soundness

The Program has been purposefully designed to support the areas of the program with the highest potential impacts. By addressing strategic data gaps, improving the quality of data, and improving dissemination practices and data access and transparency, the Program is expected to

¹⁹ The successful and oversubscribed US\$2 billion Eurobond issue in June 2014 demonstrates Kenya's potential to raise resources to finance development. Meeting the SDDS could have reduced the yield on this Eurobond issue by as much as 50 basis points resulting in borrowing cost savings of about US\$10 million per year. Meeting the SDDS can also attract higher levels of Foreign Direct Investment (FDI). See section IV for more background on the economic rationale.

facilitate Kenya's access to international capital markets and reduce borrowing costs – highly relevant for a fast growing middle-income country in need of financing, enable the formulation of informed poverty reduction strategies and improve the targeting of social benefits-highly relevant given the high prevalence of extreme poverty in the country, and provide the data foundations for a fair and evidence-based distribution of resources/revenues from central Government to the 47 newly created Counties. If successful and well-implemented, the Program can achieve high impact for relatively low cost.

To efficiently achieve the targeted results and the PDO, the Program will focus on four key intermediate result areas: (a) Fill data gaps and strengthen capacity through the implementation of integrated survey programs; (b) improve the quality of key official statistical products and processes; (c) strengthen dissemination practices and improve access to data; and (d) strengthen management systems. Together, activities in these three key areas, if well-implemented, are adequate to reach the Program's objectives.

To ensure the Program's activities are technically sound, the Program will adhere to international best practice and established principles. More specifically, the Program's activities will be guided by the recommendations of the IMF's Special Data Dissemination Standards (SDDS) and the World Bank's Statistical Capacity Indicators (SCI). The SDDS provide guidelines to subscribing countries on how to provide their economic and financial data to the public. The SDDS only refers to macro-data, and focus on data coverage, periodicity and timeliness, access to data by the public, integrity of data, and quality of data.²⁰ SDDS subscription is particularly relevant for countries that wish to access international capital markets and provide officially-sanctioned data to potential investors in order to reduce perceived risks and borrowing costs.²¹ The World Bank's SCI is a composite score assessing the capacity of a country's national statistical system on three dimensions: statistical methodology, source data, and periodicity and timeliness. SCI puts more emphasis on poverty, demographic and social data and is as such a good complement to SDDS. Though attainment of SDDS or increasing the SCI score is not an explicit goal of the Program, both frameworks are widely accepted as indicators of statistical quality, which makes them a good benchmark for designing and implementing quality activities under the Program.

(a) Implement integrated and scalable survey programs to fill existing data gaps

Kenya's recent poor performance on the World Bank's Statistical Capacity Indicators can largely be explained by missing data. Data on poverty and households' living standards are archaic, with the most recent survey dating ten years ago. Though the majority of Kenyans still depend on agriculture for a living, data on agricultural production and practices that are necessary for effective agricultural policy formulation are unavailable. There is no industrial production index, no import and export price indexes, school enrolment data are not reported to UNESCO, etc. In these circumstances, a key objective of both the Government program and the Program is to fill priority data gaps.

Under the first focus area, the Program will support the design and implementation of a data collection program geared towards filling the most pressing gaps for evidence-based policy-

²⁰ See <http://dsbbppd/images/pdfs/sddsguide.pdf>.

²¹ Research shows that SDDS subscription can reduce countries' borrowing costs by up to 55 basis points.

making. The Program will support surveys in several domains, notably: Enterprise surveys, industrial production surveys, foreign investment surveys, informal cross-border trade surveys, poverty and consumption surveys (the implementation of the second Kenya Integrated Household Budget Survey) and the establishment of an innovative “continuous household survey program” that will provide quarterly poverty and labor data on the national level and annual data on the County level. The surveys are not supposed to be one-off undertakings though rather establish the basis for a systematic program of regular and reliable data collection in various priority areas.

Technical quality of the surveys will be guaranteed as much as possible through adherence to international best practice. All surveys and data collection exercises that will be supported by the Program will adopt a best-practice design and will benefit from specialized and tailored technical assistance from both the Bank, through a separate non-lending technical assistance component, and other development partners. Expertise from the IMF will be brought in to support data collection in the fiscal and financial realm as well as upgrading of the system of national accounts, while Bank staff will provide expertise on the design and implementation of the Kenya Continuous Household Survey (KCHS) program.

Next to data quality, technical soundness of the survey program will be promoted through appropriate sequencing. For instance, the program of enterprise surveys supported by the proposed operation seeks to close data gaps in the real sector, by first conducting a census of business establishments (in year 2), that will provide the basis for downstream implementation of the Enterprise Survey (year 3) and the Integrated Services Survey (year 4). Although this is just one example, all data collection themes supported by the Program are sequenced in a logical way to progressively undertake more complex data collection exercises.

(b) Improve the quality and scale-up key official statistical products and processes

Next to the actual data gaps, the performance of Kenya’s statistical system has suffered from issues related to timeliness of data and data quality. An IMF review in the framework of Kenya’s intent to subscribe to the SDDS identified several timeliness and quality issues, mainly related to national accounts, the industrial production index, and agricultural statistics. The identified shortcomings will have to be addressed, in tandem with the data gaps, to upgrade the credibility and capacity of Kenya’s statistical system.

Under this focus area, the Program will support improvements in timeliness and quality of data through capacity building and the adherence to internationally-accepted data quality assurance frameworks. The Program will support KNBS in progressively adhering to the IMF’s Data Quality Assurance Framework for macroeconomic data and in developing acceptable quality standards for national statistical surveys. The Program will support the adoption of internationally-recommended methods, guidelines and classifications, tailored to the Kenyan context. The progressive adoption of international standards of quality and timeliness is expected to lead to a gradual and sustainable improvement in the quality of official statistics.

Adoption of international quality frameworks will be accompanied by hands-on capacity building for KNBS staff. Several development partners are currently providing technical and organizational advice to KNBS, in particular SIDA through the secondment of two seasoned Swedish statisticians to KNBS, and also the IMF and the World Bank will continue to provide technical advice on data quality in the realm of macro and social statistics, respectively.

To improve quality and timeliness of data, the Program will also support the introduction of modern data collection and processing technology. In particular, the planned Kenya Continuous Household Survey Program will use Computer-Assisted Personal Interviewing (CAPI) to produce timely (quarterly) poverty and labor market indicators. As there is no separate data-entry phase when using CAPI, data can be processed and analyzed immediately following data collection, resulting in timely results. In addition, research has shown CAPI to be superior in producing data quality than traditional pen and paper interviews.²²

(c) Strengthen dissemination practices and improve access to data and statistical products

As highlighted by the Government’s strategic plan, communication and dissemination of statistical products is currently inadequate and ineffective. Past economic surveys have not been digitized, hard copies are not available free of charge, and micro-data files are not available online nor freely obtainable. Weak dissemination of and access to data and statistical products jeopardizes the very purpose of statistical activity: data are useless if they are not being actively used and accessed by relevant parties to make decisions or formulate policies.

Under this results area, the Program will support the proactive dissemination and communication of micro-data and statistical products. In a first step, all past Economic Survey reports will be digitized and made freely available online. At the same time, micro-data from at least 30 past surveys and census will be made available on the Kenya National Data Archive (KeNADA) free of charge, for everyone to download and work with the data. This quick win will already greatly facilitate the public’s access to statistical data.

In line with international recommendations, the Program will support-in subsequent years-the introduction of advance release calendars and their progressive execution. Advance release calendars (ARC) will specify, at the start of each FY, which kinds of data and statistical products will be released at what date, and are required as a good practice by the SDDS. To make new data and statistical products systematically available on KeNADA, a revised microdata dissemination policy will be drafted in year 2 of the Program.

Program Expenditure Framework

In recent years the Medium Term Expenditure Framework (MTEF) process has not been well-aligned with the KNBS annual budget process. This raises the risk that the March 2015 KNBS program based budget MTEF submission may not be fully financed by the Government of Kenya. This in turn would imply the Program could not deliver the envisaged results and would not achieve the PDO. During the four years spanning FY2010/11 to FY2013/14, the growing KNBS budget needs (submissions to the National Treasury) and declining actual Government allocations received result in a substantial resource deficit. This gap widened and amounted to a shortfall of US\$19 million in FY2013/14. The gap was on track to grow larger in FY2014/15, but the deteriorating trend was curbed in January 2015 when the National Treasury allocated an additional US\$5.5 million to finance commencement of KIHBS 2015/16 implementation through the supplemental budget process.

²² Caeyers, Chalmers, and De Weerd (2012).

To mitigate against this risk the Government of Kenya has committed adequate budget for the KNBS for the implementation of the KSPforR. The March 2015 agreed US\$82.6 million KNBS Program based budget submission has been reflected in the printed estimates and the MTEF as per the agreed FY16 – FY18 three-year program based budget submission. The budget estimates for the Program during FY19 – FY20 amounts to US\$55.8 million. Provision of the latter are covered under an annually recurring legal covenant.

Annex Table 4.1: Program Expenditure Framework

Sources of Funding (US\$ millions)	Fiscal Year						Share of total program (%)
	FY15/16	FY16/17	FY17/8	FY18/19*	FY19/20*	Total	
Government	6.8	17.4	17.4	18.9	24.9	85.4	62%
World Bank PforR	19	9.5	9.5	9	3	50	36%
Other development partners	1	1	1	0	0	3	2%
Total	27.3	27.9	27.4	27.9	27.9	138.4	
Share of PforR**	71%	33%	34%	32%	11%	36%	
Salaries and Wages**	29%	29%	30%	30%	30%	30%	
Other Recurrent Expenditure**	14%	16%	18%	18%	18%	17%	
Technical Assistance**	6%	5%	5%	5%	4%	5%	
Other Capital Expenditures**	51%	51%	48%	48%	49%	49%	

Source: KNBS program based budget 3-year MTEF submission (March 2015)

Notes: (*) Based on forward budget projections (excluding 2019 decennial population census expenditures)

(**) Computed as a share of total annual expenditures

The KSPforR will provide US\$50 million in financing, an additional US\$3 million is provided by SIDA, and the National Treasury’s net contribution will be US\$85 million to fully finance the Program during FY16-FY20. During the five years spanning FY11 to FY15 the KNBS received a cumulative US\$63 million from the National Treasury and US\$15 million from Development Partner funding amounting to a total of US\$78 million. The five year total Program budget for FY16-FY20 totals US\$138 million. The program expenditure framework is summarized in Annex Table 4.1.

The bulk of the Program resources are required to implement integrated and scalable survey programs to fill critical existing data gaps. Annex Table 4.2 shows the budgeted distribution of resources across the program strategic focus areas. Almost 75 percent of the resources are needed to address data gaps. Improving the quality and scaling up of key statistical products and processes will require 15 percent of the resource envelope. The remainder of the resources are allocated to improve data access and dissemination practices (about 8 percent) and strengthening core governance and management infrastructure and processes (about 4 percent).

Annex Table 4.2: Program budget requirements by strategic focus areas and objectives

INTERMEDIATE RESULT AREAS AND OBJECTIVES	Share of budgeted expenditures
IRA 1: Data gaps filled and capacity strengthened through the implementation of integrated survey programs	74%
Design and implement a program of surveys to fill various data gaps	64%
Design and implement benchmark censuses to fill various data gaps	3%
Promote collaboration and integration among producers and users	2%
Expand and update administrative statistical database	4%
IRA 2: Quality of key official statistical products and processes improved	15%
Improve timeliness of socioeconomic statistical products	3%
Build capacity to improve production of statistics	2%
Enhance the use of standards and methods	8%
Develop and implement data quality assessment framework (DQAF)	1%
Enhance the use of modern data capture and processing technology	1%
IRA 3: Dissemination practices strengthened and access to data improved	8%
Formulate a communication strategy	0%
Implement a communication plan for all other statistical outputs	0%
Market statistical products	3%
Develop a framework for dissemination and access of statistics	4%
Improve user friendliness of the data access and dissemination systems.	0%
IRA 4: Management systems strengthened	4%
Enhance the use of quality management processes	1%
Modernize internal systems and processes	2%
Strengthen and implement integrity policies and program	1%
Revamp the audit and risk management functions	<1%
Enhance corporate governance	<1%
Ensure monitoring and evaluation of KNBS program activities	<1%

Source: KNBS Strategic Plan 2013-17

Assessment of Program Implementing Agency's M&E System

An M&E needs assessment was conducted during project preparation. The KNBS Strategic Plan comes with a comprehensive results framework (called an implementation matrix) which monitors the key outputs that will be produced by the activities outlined in the SP. The SP is operationalized through annual work plans that specify on a quarterly basis which activities will be undertaken and what outputs will be produced by each Directorate towards meeting Board-endorsed objectives. The Strategy and Development Directorate of KNBS is responsible for monitoring the overall implementation progress of the SP through quarterly, bi-annual, and annual progress reports, and reports back to management and stakeholders on a regular basis to inspire any corrective measures if necessary. The SP also stipulates that an independent mid-term and final evaluation of the SP will be undertaken.

Based on a review of work plans produced during the past 3 years, the M&E assessment concluded that the current practices are adequate for monitoring progress towards strategic objectives at the Board level. Monitoring plans for individual surveys were also reviewed and were found to be of good quality, in the sense that they are capable of closely monitoring the progress of the survey in the field and flag any particular roadblocks that may jeopardize the timely implementation of the survey.

M&E practices and templates however differ across the different KNBS Directorates, which complicates the monitoring of aggregate progress, that is, progress across all of the activities of KNBS. Since the integrated survey programs supported by the Program will be implemented by different Directorates of KNBS, it will be beneficial to have standardized templates to monitor overall progress on the survey programs. The KNBS is in the process of designing the standardized templates that will facilitate monitoring of the Program’s activities. Also, the present M&E framework does not cover all of the information required for effective implementation and monitoring of the Program (e.g., SDDS and SCI progress are not routinely monitored). As a result, KNBS will adjust its M&E framework to be able to report on all Program indicators. Adjusting the M&E framework and developing the standardized templates to monitor the integrated survey programs are incorporated in the Program Action Plan (PAP).

Program’s Result Framework

The Program results framework is presented in Annex Table 2.1. The results framework comprises a total of 10 indicators: four at the PDO-level, two at the level of the first results area (“Data gaps filled and capacity strengthened through the implementation of integrated survey programs”); two at the second results area (“Quality of key official statistical products and processes improved”); one for the third results area (“Dissemination practices strengthened and access to data improved”) and; one for the fourth results area (“Management systems strengthened”).

Progress towards the PDO will be monitored through four PDO-level indicators which, together, provide a coherent framework to measure increased capacity of KNBS to generate better and more accessible data to inform policy-making. Increased capacity is a necessary requirement—an “input”—in the production of better and more accessible data—the “outputs”—to inform policy-making—the “outcome”. Capacity strengthening is implicitly measured by two of the four PDO-level indicators: if KNBS succeeds in producing regular poverty monitoring statistics and better real sector economic data, then capacity of KNBS must have been strengthened. In particular, achieving the latter will demonstrate the capacity of KNBS to implement integrated survey programs. The objectives to improve accessibility and inform policy-making are explicitly measured at the PDO-level through, respectively, the availability of key household survey microdata files on-line and key specific Government of Kenya programs and policies that will be informed by the improved data generated (in accordance with legal provisions in the Constitution of Kenya 2010, relevant Acts of Parliament and relevant program requirements). Accordingly the four PDO-level indicators are:

- **PDO-level Indicator 1:** Inform development strategies, policies and poverty reduction programs of the Government of Kenya

- **PDO-level Indicator 2:** Produce regular poverty monitoring data and statistics
- **PDO-level Indicator 3:** Produce better real and external sector economic data
- **PDO-level Indicator 4:** Improve access to official household survey microdata

The DLIs under the intermediate result areas are supplemented in the results framework by two well-established internationally comparable multi-dimensional proxy measures of statistical capacity: (a) The International Monetary Fund’s (IMF) [Special Data Dissemination Standard \(SDDS\)](#); and (b) The World Bank’s [Statistical Capacity Indicator \(SCI\)](#). The former provides a good indicator to monitor improvements in quality of economic statistics and the latter provides a proxy for measuring progress in addressing data gaps and reporting. Due to their complex and multi-dimensional nature, these were not selected as DLIs or PDO-level indicators. However, including these internationally comparable indicators does provide the important added benefit of being able to benchmark progress in Kenya against that made by other countries and vis-à-vis different country groupings.

Disbursement Linked Indicators

The program is built around seven disbursement linked indicators (DLIs). The DLIs were selected to represent one or both of the following criteria: (a) DLIs signal and monitor a milestone along the results chain without which the PDO cannot be achieved and/or (b) DLIs signal incentives for rewarding performance to encourage the practice of managing for results. The DLIs are presented in Annex Table 4.3.

Annex Table 4.3: Summary of DLIs

Program Indicator	Type	DLI
IRA 1: Data gaps filled and capacity strengthened through the implementation of integrated survey programs		
Implement an integrated program of economic surveys to fill National Accounts source data gaps	Output, intermediate outcome	DLI-1
Implement an integrated program of household surveys to fill key poverty, labor socio-economic data gaps	Output, intermediate outcome	DLI-2
IRA 2: Quality of key official statistical products and processes improved		
Strengthen capacity to produce better real sector economic data	Output, intermediate outcome	DLI-3
Compile the IMF Data Quality Assessment Framework (DQAF) for five macro-economic datasets	Output	DLI-4
IRA 3: Dissemination practices strengthened and access to data improved		
Develop an Advanced Release Calendar (ARC) and scale-up data coverage	Output, intermediate outcome	DLI-5
Improve access to official household survey microdata	Output, intermediate outcome	DLI-6
IRA 4: Management systems strengthened		
Implement the Corruption Risk Assessment (CRA) action plan and strengthen financial management, filing and procurement systems	Process indicator, intermediate outcome	DLI-7

Verification Protocol

In order to conduct the verification protocol, the KNBS will be responsible for compiling all data, information and evidence of achieving the DLIs and delivering this to the Bank and the Internal Auditor General (IAG) for verification. For DLI 7, one of the milestones will be verified by the EACC and another by a team of Certified Information Systems Auditors (CISA) from the ICT Authority (ICTA). The contents and quality of verification will have to be satisfactory to IDA. Any costs related to the verification process or necessary audits of the various milestones identified under each DLI will be covered through the Program budget.

Program Economic Evaluation

Public investment in statistics has a strong economic rationale. The process of planning, policy-making, and monitoring and evaluation of government policies require a wide variety of development, social, and economic statistics, which only the public sector has an incentive to provide. While the private sector can and does collect specific statistics, they are unlikely to invest in a complete statistical system. Left to the market there would likely be significant underinvestment in statistics, hereby foregoing the benefits of better statistics. In addition, statistics are a public good. Once produced, statistics can be used by different levels of government, citizens, and businesses to facilitate evidence-based decisions in their spheres of interest. Public investment in statistics thus creates positive externalities.

By addressing Kenya’s data challenge, the Program is expected to have significant economic impacts. First, research has shown that quality, transparent, and timely disseminated macroeconomic and financial data reduce sovereign borrowing costs on international capital markets.²³ In particular, adherence to SDDS—which the Program will substantially help achieving—is found to lower borrowing costs by 50 basis points, by reassuring international investors on the reliability and serviceability of a country’s economic and financial data.²⁴ If Kenya had been an SDDS subscriber at the issuance of the Eurobond in July 2014, savings due to interest rate discounts could have amounted to US\$10 million per year, resulting in total savings of US\$87.5 million over the lifetime of the bond. This would already outweigh the total cost of the Program. Considering other sovereign bonds the GoK intends to issue in 2015/16, total savings of SDDS subscription are simulated to amount to US\$162.5 million, more than three times the cost of the Program.

Annex Table 4.4: Simulated savings from discounts achieved through SDDS subscription

	SDDS Subscription (0.5% discount)	Total Interest Savings (over the lifetime of the bond)
Eurobond 2014 (US\$2 billion)	US\$10 million per year	US\$87.5 million
Other bonds (US\$1.5 billion)	US\$7.5 million per year	US\$75 million
Total		US\$162.5 million

Notes: Table shows savings that could have been realized if Kenya had been/would be an SDDS subscriber at the time of issuing the bonds. For “other bonds”, GoK intends to issue US\$1.5 billion in sovereign debt in 2015/16.

²³ Glennester, R. and Shin, Y. (2008). “Does Transparency pay?” IMF Staff Papers 55(1). The International Monetary Fund.

²⁴ Cady, J. (2005). “Does SDDS Subscription Reduce Borrowing Costs for Emerging Market Economies?” IMF Staff Paper 52(3). The International Monetary Fund.

Having more regular and reliable poverty data would also result in efficiency gains in social programs. In Kenya, cash transfers are increasingly becoming an important tool to fight poverty. Kenya's cash transfer programs provide about US\$23 per month to around 515,000 households. Targeting of transfers is however based on old data, and updating the targeting procedure with new data, specifically the proxy mean test weights used to assess whether candidate households are eligible for cash transfers or not, will improve the accuracy of the targeting and therefore increase the number of poor families benefiting from the program. In monetary terms, one might value the return on improved targeting as the dollar value of the cash transfers that would be redistributed from non-poor to poor households if households were reclassified using updated targeting procedures enabled by new data. If targeting accuracy would improve by 10 percent thanks to new data, the value of the new data would be in the order of US\$1.2 million in relation to cash transfers alone (and more if targeting accuracy would improve more).

Finally, the production of County-level data is of paramount importance for the revenue allocation from central Government to Counties. The 2010 Constitution stipulates that the 47 County governments collectively receive a minimum of 15 percent of national revenues of the last audited financial year. In the 2014/15 fiscal year, Counties were allocated Ksh 226 billion (US\$2.5 billion), amounting to 3.9 percent of GDP. The total amount is shared across Counties based on a formula that incorporates County population, poverty, land size, and fiscal responsibility, next to an equal share allocation. Population and poverty determine 65 percent of a County's allocation.²⁵ The use of outdated data in the sharing of resources implies substantial misallocation of resources, which is problematic given the sheer amount of resources involved (to give an idea of magnitude, the amount transferred to Counties is only marginally smaller than total net development assistance for Kenya). The Program, by supporting the production of relevant, timely and recent data at County-levels, can be expected to have positive impacts on the efficiency and fairness of resource allocation.

World Bank Value Added

The World Bank is particularly well positioned to add value by supporting KNBS to meet the demand for new, better quality and more accessible statistics. The World Bank has accumulated substantial knowledge of statistical systems in many countries through its long support for the development of national statistical systems. The World Bank leads efforts to develop statistics that meet international quality standards (e.g. the World Development Indicators) and supports PARIS 21 which produces NSDS guidelines. Through the design, implementation and review of the previous credit to support statistical development in Kenya (STATCAP), the World Bank has accumulated knowledge about what works, what does not and what it will take to successfully support the KNBS strategic plan. The World Bank has comparative advantages as an established global leader in the design and implementation of integrated household surveys and in the measurement, analysis and dissemination of key indicators, including poverty, which comprises a key pillar of the KNBS SP and the Program.

²⁵ Kenya Commission on Revenue Allocation (KCRA): Annual Report and Financial Statements 2013-2014.

Inputs to the Program Action Plan

The PAP is formulated based on the results of technical, fiduciary, environmental and social systems, and the integrated risk assessments (see Annex 8). The PAP is designed both with a view to mitigating identified risks as well as with the objective of complementing DLI 7 formulated to support the capacity building and management systems intermediate results area. These actions include two legal covenants to ensure adequate budgeting and flow of funds. Other capacity building actions include: align procurement planning with the budget process; improve contract management and the physical filling of records.

The PAP also includes actions to facilitate the management of Program implementation, development partner coordination and the development of a Technical Assistance plan. The KNBS will appoint a Program Coordinator in the Office of the Director General to help facilitate, manage and monitor the implementation of the Program. Certain activities under the Program will require external technical assistance. Some Development Partners have already committed TA, but the Program will benefit from institutionalizing coordination mechanism (e.g., quarterly sector working group meetings) to help ensure these (and potential additional) resources will be used effectively towards successfully implementing the Program.

The PAP includes an important action for KNBS to enhance the M&E framework to include all Program indicators and design a standardized template for monitoring the implementation of integrated survey programs. Since the integrated survey programs supported by the Program will be implemented jointly by different Directorates of KNBS, it will be beneficial to have standardized templates to monitor overall progress on the survey programs. Also, the present M&E framework does not cover all of the information required for effective implementation and monitoring of the Program (e.g., SDDS and SCI progress are not routinely monitored). As a result, KNBS will adjust its M&E framework to be able to report on all Program indicators preparing templates for annual reporting progress of on the results framework, the DLIs and the PAPs.

Technical Risk Rating

The technical risk rating of the Program is substantial. The level of ambition of the strategic plan and, by consequence, the Program is such that KNBS will need to dramatically scale up performance relative to the recent period of decline to attain the plans' and Program's objectives. Though the Program is ambitious, it is not unrealistic: KNBS' substandard performance over the past years was strongly linked to dwindling financing, and GoK has committed to appropriately fund KNBS in the coming years with support from the Program. Nevertheless, KNBS will need to substantially increase its implementation capacity to be able to run several large surveys or censuses simultaneously, while continuing to produce routine economic data in a timely fashion. Key risks are insufficient staffing levels. KNBS has an aging workforce with substantive numbers scheduled to retire in coming years and is plagued by high staff turn-over rates in certain Departments (e.g., accountants once trained seek opportunities elsewhere, including with other Semi-Autonomous Government Agencies that are able to offer better pay packages).

Annex 5: Summary Fiduciary Systems Assessment

The fiduciary assessment for the Kenya Statistics PforR followed the Draft Guidance Notes on PforR Operation and requirements of OP/BP 9.00. It was carried out taking into account meetings and discussions with key stakeholders including the implementing agency (KNBS) and oversight and accountability institutions such as the Ethics and Anti-Corruption Commission (EACC) and the Office of the Auditor-General. The assessment also included desk reviews of reports, manuals and legislation, and also incorporated the main findings of a Corruption Risk Assessment (CRA) of KNBS carried out by the EACC (at the request of the World Bank). Following the assessment and the recommendations of the CRA, a DLI is proposed and a number of the recommendations are included in the PAP.

The fiduciary assessment entailed a review of the following:

- (a) **Financial management:** planning and budgeting, accounting and financial reporting, treasury management and funds flows, internal controls (internal audit, bank reconciliations, imprest management, payment approval and authorization channels) and external audit arrangements systems and processes in place vis-à-vis the requirements of legislation and the clear FM objectives of the PforR Program.
- (b) **Procurement:** existing procurement legal, institutional and regulatory framework, and weaknesses/challenges in adhering to this framework (e.g. selection methods, advertising requirements, evaluation criteria) and the capacity of the implementing and oversight institutions to comply with some of the proposed changes as contained in the revised draft Bill (under discussion). The assessment also evaluated compliance of KNBS with procurement planning, the efficacy of existing controls/integrity mechanisms in place and reviewed the in-house procurement system and Human Resource (HR) capacities. The review looked at the capacity of the PPOA to carrying out its key oversight functions, the existing KNBS complaints handling system, its adequacy in handling complaints under the PforR program and how it linked to the overall complaints handling and reporting framework which includes the EACC.
- (c) **Fraud and Corruption:** legal framework, institutional arrangements and capacity to manage fraud and corruption cases both at: (i) the national level and within the implementing agency and (ii) the capacity of KNBS to implement the program in accordance with the World Bank's Guidelines on Preventing Fraud and Corruption (ACGs). The assessment also examined the arrangements for receiving, recording and responding to complaints from internal and external sources in both the EACC and KNBS. As part of the FSA and integrated risk assessment for the KSPforR, the EACC was also commissioned to undertake a CRA of KNBS, with special focus on financial management and procurement.

Summary of Findings

Human Resources in Financial Management: At the time when the 2014/2015 budget estimates were submitted to the National Treasury, the Finance Department at KNBS had 17 accountants, one senior manager finance, and Director Finance and Administration and a total of 98 field staff (encompassing Finance, Human Resource and Administration functions). The internal audit

department, however, only had three staff members (all with the requisite qualifications but in need of participating more in professional development programs).

Planning and budget preparation: The Medium Term Expenditure Framework (MTEF) process is not aligned with the annual budget process and this raises the risk that the allocated budget for the program may be inadequate. It is strongly recommended that the program action plan (PAP) includes a provision for the National Treasury to ensure adequate budget is provided for KNBS.

Cash Management and Funds Flow: Releases for FY 12/13 and FY 13/14 were delayed by up to 85 days. It is proposed that the issue is mitigated by including a corresponding provision in the PAP to ensure timely releases by the exchequer.

Internal Audit: While the independence of the internal audit function is reinforced through internal audit committee reports sent directly to the Board in 2013/2014, there was no oversight by the Board as the new Board's audit committee was not in place. The approval and finalization of the draft audit manual is integral for the proper functioning of the department. The use of software such as Audit Command Language (ACL) was limited (licenses had expired in 2010 and the outstanding bill is KShs 1.9 million).

Financial Reporting: In line with previous reports on budget and expenditure reviews at KNBS, the review proposes that the Chart of Accounts (CoA) is updated to include fund and project segments and is made sufficiently flexible to accommodate strategic plan economic activities. KNBS uses PASTEL 2007 accounting software, but they do not use its budgetary module. KNBS intended to replace PASTEL with Syspro software. However, Syspro was partially implemented before the KNBS server room burnt down. Value for money issues relating to replacement of the Syspro infrastructure/system (after being destroyed in a fire) need to also be addressed as 80% of the cost had been paid. The expansion of the codes available in the current version of Pastel Partner or upgraded to Evolution Version of Pastel that has a provision of an ERP. Given the critical importance to mitigate these risks, the KSPforR should consider incorporating the strengthening of the Financial Information System as a DLI.

External Audit: Audit reports prepared by the Office of the Auditor General were up to date with the last KNBS financial year report being issued with a qualified audit opinion (an except for) due to delayed outstanding imprest.

Procurement: The KNBS Procurement Unit has the requisite capacity to implement the program, having been **substantially** and successfully strengthened in the past two years. Through the Public Procurement and Disposal Act (PPDA) and its associated regulations, KNBS has established the requisite administrative organs and procedures to comply with the law. However, in practice challenges remain in a number of areas including: selection of procurement methods; lack of proper diligence (instances where evaluation criteria are not quantifiable or variation of prices beyond statutory provisions); and preferences and reservations for Kenyan citizens and vulnerable groups. Challenges also exist in other areas including compliance with the law on procurement planning where it was found that while KNBS was in compliance with the law, in practice this was treated as a one-off 'ticking the box' exercise that did not include segregated operational cost expenses and time-lines for delivery.

KNBS also maintains a comprehensive procurement and stores management manual and a register of suppliers, contractors etc. which is updated every two years. The process of solicitation of quotations was found to be satisfactory. However, filing and records management was found to be a particular challenge. In the case of the latter, the review showed that there is no dedicated officer to keep procurement records and that bulk and long term storage of records was also limited.

External to the agency, structural weaknesses in the law need to be urgently addressed, including those proposed in the draft procurement Bill under discussion (e.g. separation of policy formulation from oversight and extending minimum tender preparation periods). In addition to this, while the role of the PPOA in oversight is clear and provides guidance and oversight to various aspects of procurement (doing commendably well in certain aspects e.g. a complete listing of standard tender documents and manuals for use by procuring entities and suppliers), it suffers from human and financial capacity constraints evidenced by the fact that inter-alia, it has not conducted regular procurement reviews of entities, the last review of KNBS being in 2007.

Fraud and Corruption: The Constitution and legal framework have reasonably strong provisions on combating fraud and corruption, giving significant and independent powers to the Office of the Director of Public Prosecution (ODPP), National Police Service Commission (NPSC) and EACC to exercise their relevant mandates. The responsibility for investigating Fraud and Corruption is shared between the Criminal Investigations Department (CID) of the NPSC and the EACC, while prosecution is the sole mandate of the ODPP (with provision to delegated powers).

The capacities of key institutions such as the EACC and ODPP have been greatly enhanced since the coming into force of the Constitution 2010. However, capacity still falls below optimal levels particularly in light of devolution and complaints received- in 2012/2013, the EACC received 3,355 reports at its headquarters and regional offices, while in 2013/2014 the ODPP received a total of 56,214 cases. Despite capacity challenges, synergies between the ODPP and the EACC in relation to fraud and corruption, have significantly improved with 100% concurrence rate between the ODPP and the EACC on all corruption cases recommended for prosecution. This also includes a dedicated division of the ODPP dealing specifically with fraud and corruption cases which amount to 6.75% of all cases handled by the ODPP.

Issues of backlog of complaints are a challenge but being addressed by the EACC. The ODPP has identified a case management system as a top priority to help properly track cases and monitor performance. The Integrated Public Complaints Reporting Mechanism (IPCRM) is working well and has enhanced outreach of the EACC. The IPCRM will be soon expanded to accommodate more institutions including the ODPP and CID.

In the last few years, the EACC has received complaints against the KNBS relating to procurement irregularities, embezzlement of public funds, fraud and unethical conduct, which has implications for the implementation of the KSPforR program. The CRA undertaken by the EACC also indicated a number of lapses in financial management and procurement systems and processes in KNBS (e.g. noncompliance with parts of the PFM Act and financial regulations on payment of imprest, failure to audit the FM information system since 2009), which will have to be addressed as part of the KSPforR program. As a result of ineligible expenditure in 2012 the KNBS/National Treasury had to refund about US\$135,000 to the World Bank under the Statistics Capacity

Building Project. However, as noted in the section on procurement, there have been significant improvement in KNBS with regards to procurement in the past couple years, including new staffing. Mitigation measures have been proposed in DLIs and PAPs to deal with identified weaknesses.

The assessment also reviewed the capacity and commitment of the Government to apply the World Bank's anti-corruption guidelines in the program. The Bank's Integrity Vice Presidency (INT) has a good working relationship with the EACC as part of a Memorandum of Understanding (MoU) signed between them on the 1st February 2012. The MoU provides a framework for cooperation and sharing information, where appropriate taking into consideration the legal and policy framework and mandate of each organization. The guidelines consist of three basic elements:

(a) *Sharing of information on fraud and corruption allegations:* The implementing agency (KNBS) management and staff are required by law to forward any allegations of fraud and corruption to the EACC. The EACC will share such information with the World Bank promptly on all allegations of fraud and corruption received from the public and the complaints system. This is necessary to demonstrate commitment to transparency and openness in the program to the ACGs.

(b) *Use of World Bank list of debarred firms and individuals for the Program:* KNBS as a procurement entity will continuously monitor and use the World Bank's [debarment and suspension list](#) and ensure that these firms and individuals are not awarded any contracts or benefit from a contract either as a sub-contractor, consultant, supplier or service provider of an otherwise eligible firm under the Program during the period of debarment or suspension. Though Kenya's procurement law does not automatically debar firms on the World Bank list from participating in public procurement, the application of the ACGs agreed to by the Government will require the use of the World Bank list of debarred and suspended firms and individuals for this program. The Internal Audit Department (IAD) will check compliance and report to the World Bank every six months as part of the reporting requirements of the Program.

(c) *Investigation of Fraud and Corruption Allegations:* The EACC have the legal mandate to investigate any allegations of fraud and corruption and the Office of the Director of Public Prosecution (ODPP) to prosecute such cases. As a result, all allegations of fraud and corruption will be investigated by the EACC and those found to be credible will be forwarded to the ODPP for prosecution. The World Bank's Institutional Integrity Vice Presidency (INT) may also investigate any fraud and corruption allegations made against the entire program or part of the program. Thus there are two possible tracks to investigation, depending on the circumstances: (i) The EACC may undertake their own independent investigations of fraud and corruption allegations that may arise from complaints or sharing of information under the above paragraph; and (ii) INT may undertake its own fraud and corruption investigations related to the PforR operation. In all such cases the Director General KNBS and EACC will collaborate with INT to acquire all records and documentation that INT may reasonably request from the operation regarding the use of the Program financing.

Within the KNBS and EACC there are adequate systems and arrangement to receive and record complaints on fraud and corruption.

Annex 6: Summary Environmental and Social Systems Assessment

Summary

An Environmental and Social Systems Assessment (ESSA) was undertaken by the Bank team for the Program-for-Results (PforR) operation as per the requirement of the Bank's Operational Policy OP 9.00. The aim of the ESSA was to review the capacity of KNBS to plan and implement effective measures for environmental and social impact management and to determine if any measures would be required to strengthen them.

Approach and Methodology: The assessment team used various approaches to review the environment and social systems that are relevant to the proposed PforR operation (Program). This included an analysis of information and government data on the KNBS, the Program and consultations with key program stakeholders. One of the key purposes of the consultations was to seek information and views on past and current experiences from the key relevant stakeholders.

Applicability of Core principles of ESSA: The six core principles that guide the ESSA analysis are presented in the Program-for-Results financing guidelines as follows:

Core Principle 1: General Principle of Environmental and Social Management

Core Principle 2: Natural Habitats and Physical Cultural Resources

Core Principle 3: Public and Worker Safety

Core Principle 4: Land Acquisition

Core Principle 5: Indigenous Peoples and Vulnerable Groups

Core Principle 6: Social Conflict

Among the six core principles, the activities of the Program do not affect the natural habitats and physical cultural resources, public and worker safety, land acquisition, vulnerable people and social conflict. Only the core principle on general principles of environmental and social management is applicable to the Program.

Environmental and social risks are assessed as low. Only the core principle on general principles of environmental and social management is applicable to the Program. Among the six core principles, the activities of the Program do not affect the natural habitats and physical cultural resources, public and worker safety, land acquisition, vulnerable people and social conflict. The environmental impacts of activities under the KSPforR are ranked as low due to the fact that the quantities of electronic equipment that will be procured to implement the Program are not sufficiently large to present any significant or severe impacts to the environment.

Kenya has adequate procedures and legal framework for management of E-waste which includes the Environmental Management and Coordination Act (EMCA), Waste Management Regulations, E-Waste Management guidelines and draft E-waste regulations. This provides an adequate framework for managing and mitigating the impacts associated with E-waste.

Through the Program Action Plan, the capacity of KNBS to manage the E-waste generated by the Program will be strengthened by building awareness and sensitization, and providing

training for the staff on E-waste management practices. All E-waste generated by the Program will be disposed through a “Take Back Scheme” via an E-waste recycling facility that operates in compliance with international health, safety and environmental standards. The Environmental and Social Systems Assessment (ESSA) identified that at least one such qualified facility is operating in Kenya (the East African Recycling Compliant Recycling Company Limited) which recycles at no cost and has the capacity to properly dispose of all E-waste generated by the Program.

The Program is anticipated to have indirect positive social impacts through enhancing dissemination practices and improving access to data and statistical products. These in turn will facilitate the use of data to inform and monitor evidence-based development program and policies. The socio-economic data and statistical products in particular can generate indirect positive social impacts when, as is the current KNBS practice, these data are disaggregated by gender, geography and other dimensions.

Monitoring: Implementation will be monitored through the PAP and routine annual program reporting.

Annex 7: Integrated Risk Assessment

The integrated risk assessment is based on the Interim Guidance Note to Staff on Integrated Risk Assessment. The assessment framework aims to identify key risk areas that affect the achievements of the PDO and the related DLIs. The program risks are organized into: (1.1) technical risk; (1.2) fiduciary risk; (1.3) social and environmental risk; (1.4) DLI risk; and (1.5) other risk (optional). The overall risk rating of the KSPforR operation is substantial. The overall risk rating is derived from the risk ratings of the operating environment risks, which are moderate and the program risks which are substantial as summarized below in Annex Table 7.1. Detailed descriptions of risks and risk management measures are explained in Annex Table 7.2.

Annex Table 7.1: Summary Risk Rating

Overall Risk Rating: Substantial	
Program Risks:	Substantial
1.1 Technical Risk:	Substantial
1.2 Fiduciary Risk:	Substantial
1.3 Environment and Social Risk:	Low
1.4 DLI Risk:	Moderate
1.5 Other Risks:	Low

Annex Table 7.2: Integrated Risk Assessment

1. PROGRAM RISKS				
1.1 Technical Risk		Rating: Substantial		
<p>Description: Scale and complexity of the survey programs. This risk is assessed as high. The KNBS SP is ambitious and aims to substantially increase the number and frequency of economic and household surveys. The KNBS will need to build capacity during the Program to simultaneously implement some large-scale and/or continuous surveys while at the same time produce routine economic statistics of higher quality.</p> <p>Description: The organizational structure, quantity and quality of human resources. This risk is assessed as substantial. These areas will need to be addressed and strengthened in line with the increased and more demanding workload. Government hiring freezes could constrain these efforts, as is the ability by institutions competing for skilled staff (e.g., the Central Bank of Kenya, KIPPRA and other SAGAs) to “poach” trained KNBS staff.</p>	<p>Risk Management: A commensurate program of Technical Assistance (TA) will be provided for the duration of the Program by Development Partners including the IMF, SIDA and the World Bank. KNBS needs to appoint an officer responsible for coordinating the Program implementation including Development Partners and the TA program.</p>			
	<p>Responsibility: KNBS</p>	<p>Stage: All stages</p>	<p>Due Date: Continuous</p>	<p>Status: Ongoing</p>
<p>Description: Planning and Budgeting Arrangements. This risk is assessed as high. Due to immense competition, allocation of resources within sectors and sub-sectors has led to insufficient allocations to KNBS in both 2013/2014 and 2014/2015. The past Medium-Term Expenditure Framework was not aligned to the KNBS budget process.</p> <p>Description: Accounting and Reporting. This risk is assessed as substantial. The KNBS Chart of Accounts (CoA) does not include funding and program/project segments and the PASTEL accounting system version currently used by KNBS does not have an operational budget module.</p> <p>Description: Treasury Management and Funds Flow. This risk is assessed as substantial. Funds from National Treasury using the exchequer system to the KNBS line Ministry (Ministry of Devolution and Planning) have been delayed over a quarter in the last two financial years.</p>	<p>Risk Management: The KNBS has formulated a strategy to strengthen and increase human capital, adjust the organizational structure and revisit remuneration packages.</p>			
	<p>Responsibility: KNBS</p>	<p>Stage: All stages</p>	<p>Due Date: Continuous</p>	<p>Status: Ongoing</p>
1.2 Fiduciary Risk		Rating: Substantial		
<p>Description: Planning and Budgeting Arrangements. This risk is assessed as high. Due to immense competition, allocation of resources within sectors and sub-sectors has led to insufficient allocations to KNBS in both 2013/2014 and 2014/2015. The past Medium-Term Expenditure Framework was not aligned to the KNBS budget process.</p> <p>Description: Accounting and Reporting. This risk is assessed as substantial. The KNBS Chart of Accounts (CoA) does not include funding and program/project segments and the PASTEL accounting system version currently used by KNBS does not have an operational budget module.</p> <p>Description: Treasury Management and Funds Flow. This risk is assessed as substantial. Funds from National Treasury using the exchequer system to the KNBS line Ministry (Ministry of Devolution and Planning) have been delayed over a quarter in the last two financial years.</p>	<p>Risk Management: The Program Action Plan (PAP) includes a covenant for adequate provision of budget for the KNBS for the implementation of the KSPforR. The National Treasury has committed to reflect the required program resources in the MTEF as per the agreed FY2015/16 – FY2017/18 KNBS program based budget submission. This covenant was satisfactorily completed prior negotiations.</p>			
	<p>Responsibility: KNBS and The National Treasury</p>	<p>Stage: Preparation</p>	<p>Due Date: Prior to negotiations</p>	<p>Status: Completed</p>
<p>Description: Accounting and Reporting. This risk is assessed as substantial. The KNBS Chart of Accounts (CoA) does not include funding and program/project segments and the PASTEL accounting system version currently used by KNBS does not have an operational budget module.</p> <p>Description: Treasury Management and Funds Flow. This risk is assessed as substantial. Funds from National Treasury using the exchequer system to the KNBS line Ministry (Ministry of Devolution and Planning) have been delayed over a quarter in the last two financial years.</p>	<p>Risk Management: The Program has a DLI that includes designing and operationalizing a Financial Management Information System (FMIS) with a multi-dimensional CoA and operational budget module.</p>			
	<p>Responsibility: KNBS</p>	<p>Stage: All stages</p>	<p>Due Date: June 2016</p>	<p>Status: Ongoing</p>
<p>Description: Treasury Management and Funds Flow. This risk is assessed as substantial. Funds from National Treasury using the exchequer system to the KNBS line Ministry (Ministry of Devolution and Planning) have been delayed over a quarter in the last two financial years.</p>	<p>Risk Management: The PAP includes a covenant to improve and monitor the timeliness of exchequer releases.</p>			
	<p>Resp: Accountant General, The National Treasury</p>	<p>Stage: All stages</p>	<p>Due Date: Bi-annually</p>	<p>Status: Ongoing</p>

Annex Table 7.2: Integrated Risk Assessment (Cont.)

<p>Description: Internal Controls. This risk is assessed as substantial. The Corruption Risk Assessment (CRA) undertaken by EACC as part of the Program preparation identified weaknesses in internal controls, FM and procurement, including inconsistent compliance with procurement and FM regulations.</p>	<p>Risk Management: The DLI on implementation of CRA action plan includes measures that will fully address current internal control risks. Implementation is ongoing and on-track to be achieved as action under the prior results financing arrangements.</p>			
	<p>Responsibility: KNBS</p>	<p>Stage: All stages</p>	<p>Due Date: Continuous</p>	<p>Status: Ongoing</p>
<p>Description: External audit arrangements. The risk is assessed as moderate. The experience of the Office of the Auditor General (OAG) in conducting performance (non-financial) audits is limited.</p>	<p>Risk Management: OAG is increasing its capacity in auditing performance information to be able to undertake verification of the assigned DLIs.</p>			
	<p>Responsibility: OAG</p>	<p>Stage: All stages</p>	<p>Due Date: Continuous</p>	<p>Status: Ongoing</p>
<p>Description: Procurement planning, contract management and oversight. The risk is assessed as substantial. Absence of regular procurement reviews by the PPOA (since 2009), procurement planning not fully implemented, weak contract management, lack of compliance with the PPDA 2005 and associated Regulations of 2006 (processes, controls and integrity, filing and records management; etc.).</p>	<p>Risk Management: The PAP includes the implementation of procurement action plan on PPOA procurement review report findings of KNBS and implementation of CRA action plan includes addressing procurement risks.</p>			
	<p>Responsibility: KNBS/PPOA</p>	<p>Stage: All stages</p>	<p>Due Date: Continuous</p>	<p>Status: Ongoing</p>
<p>1.3 Environmental and Social Risk</p>	<p>Rating: Low</p>			
<p>Description: The Program involves no physical activities but might generate some E-waste which needs to be disposed of in accordance with international health, safety and environmental standards.</p>	<p>Risk Management: All E-waste generated will be disposed via an appropriate E-waste recycling facility and this will be monitored through the PAP and routine annual progress reports prepared by the KNBS.</p>			
	<p>Responsibility: KNBS</p>	<p>Stage: All stages</p>	<p>Due Date: Continuous</p>	<p>Status: Ongoing</p>
<p>1.4 Disbursement linked indicator risks</p>	<p>Rating: Moderate</p>			
<p>Description: Some DLIs are structured in such a way that achievement of milestone in later years will depend on achievement of milestones in previous years. As such, if a DLI milestone in a particular year is not achieved (or delayed), it has immediate repercussions for the achievement of the DLIs in subsequent years.</p>	<p>Risk Management: The Bank will make sure that temporally-linked DLIs are reduced to a minimum, so as to de-link achievement of the DLI in year(t) from achievement of the DLI in year(t+1). For the DLIs that remain temporally linked, KNBS and the Bank will incorporate indicators into the Program Results Framework to provide actionable early warning signals whether planned progress towards meeting these DLIs is on-track. Mitigating actions during implementation would then include front-loading or injecting additional TA.</p>			
	<p>Responsibility: KNBS/WB</p>	<p>Stage: All stages</p>	<p>Due Date: During Appraisal</p>	<p>Status: Completed</p>
<p>1.5 Other Risks (Optional)</p>	<p>Rating: Low</p>			
<p>Description: KNBS needs to take measures to enhance development partner coordination. The Program was formulated in consultation with the IMF and SIDA, but with other development partners largely unengaged.</p>	<p>Risk Management: The KNBS needs to resume the practice of organizing a quarterly sector working group meeting with development partners to enhance coordination.</p>			
	<p>Responsibility: KNBS</p>	<p>Stage: All stages</p>	<p>Due Date: Continuous</p>	<p>Status: Ongoing</p>
<p>OVERALL RISK RATING</p>	<p>Rating: Substantial</p>			

Annex 8: Program Action Plan

Action Description	Criteria*	DLI	Covenant	Due Date	Responsible Party	Completion Measurement
Institutional arrangements for Program coordination for the purpose of providing oversight to the Program: the Government of Kenya shall establish, by no later than three months after the effectiveness date, and maintain thereafter, a Program Steering Committee (PSC) to be chaired by the Principal Secretary of the State Department responsible for Planning, and comprising the Principal Secretary of The National Treasury, the Director General of the KNBS or any other members who may be co-opted by the PSC.	2,3	1-7	<input type="checkbox"/>	Within 3 months following effectiveness	Ministry of Devolution and Planning	PSC established and meetings convened on a bi-annual basis
Appoint a National Treasury Program focal point to: help ensure that adequate budget provisions are reflected in the annual Government of Kenya printed budget estimates; serve as the Program liaison person between The National Treasury; State Department responsible for Planning; KNBS and Development Partners supporting the Program; and help address any emerging cross-cutting issues related to Program implementation.	2,3	1-7	<input type="checkbox"/>	Before the first PSC meeting is convened	The National Treasury	Focal point appointed
Appoint a Program Coordinator: KNBS will appoint a Program Coordinator in the Office of the Director General to help facilitate, manage and monitor the implementation of the Program.	2	1-7	<input type="checkbox"/>	Before appraisal	KNBS	Program Coordinator appointed
Strengthen M&E practices: Based on the assessment that was conducted during preparation, KNBS will adjust its M&E framework to include all Program indicators and will design standardized tools and templates that will be used across Directorates for monitoring purposes. This will include preparing templates for annual reporting progress of on the results framework, the DLIs and the PAPs.	2	7	<input type="checkbox"/>	Prepared during appraisal and reported annually thereafter (May)	KNBS/WB	KNBS M&E framework includes all Program indicators. Standardized M&E tools developed and used. Annual reports generated per agreed templates and submitted to the Bank on time.
Establish a technical working group with development partner participation to facilitate effective coordination of TA activities: Certain activities under the Program will require external technical assistance. Some Development Partners have already committed TA but there is no operational technical level development partner working group to ensure good coordination and efficient use of TA resources.	2,3	1-6	<input type="checkbox"/>	First meeting convened during appraisal and quarterly thereafter	KNBS	KNBS organized and convened the first meeting during appraisal and will continue to convene these on a quarterly basis thereafter during the lifespan of the Program

Annex 8: Program Action Plan (Cont.)

Action Description	Criteria *	DLI	Covenant	Due Date	Responsible Party	Completion Measurement
Planning and Budgeting: Align the KNBS annual budgeting process to the MTEF to ensure adequate funds for the program	2,3	7	<input checked="" type="checkbox"/>	Prior to negotiation and annually thereafter	The National Treasury, Ministry of Devolution and Planning, KNBS	Government of Kenya printed budget estimates and MTEF reflect the agreed KNBS program based budget submissions
Treasury Management and Funds Flow: Improve adequacy and timeliness of exchequer releases	2,3	7	<input checked="" type="checkbox"/>	Bi-annually	The National Treasury, Ministry of Devolution and Planning, KNBS	The funds in the printed budget estimates are released at agreed timelines and in the full amount applied for in each exchequer request
Improve procurement practices: Following the procurement audit by PPOA (to take place during the operation's lifespan), KNBS will prepare an action plan documenting compliance with PPOA review findings	2,3	7	<input type="checkbox"/>	Within 6 months following PPOA audit	KNBS, PPOA	Action plan documenting compliance with PPOA review findings prepared
Procurement Planning: Procurement planning integrated and aligned to the budgeting process	2	7	<input type="checkbox"/>	Annually	KNBS	Consolidated Procurement Plan prepared
Contract Management: (a) Prepare Contracts Management Plan/Manual (CMP) outlining clear responsibilities, procedures and guidelines for contracts management; and (b) integrate contract management and monitoring with FMIS	2	7	<input type="checkbox"/>	April 2016	KNBS	Contracts Management Manual/Plan developed; Contracts management and monitoring module obtained and integrated with FMIS
Operating Environment: Provide adequate storage space with restricted access to procurement records to ensure records are maintained in a safe and secure environment	2	7	<input type="checkbox"/>	April 2016	KNBS	Sufficient and secure storage space provided
E-waste Management: All E-waste will be disposed via an approved recycling facility. Awareness and sensitization training for all managerial and director level KNBS staff on E-waste management practices will be conducted.	3	7	<input type="checkbox"/>	April 2016	KNBS	E-waste disposal plan and recycling facility approved and training conducted.
Auditing Arrangements: For the purposes of the Program, the KNBS will enhance its OAG engagement letter to include an Information Systems audit	2, 3	7		April 2016	KNBS, OAG	Certification by the OAG of the operational financial information management system

Notes: * Designates the applicable PAP actions inclusion criteria: (1) Changes to the technical dimensions of the Program and to the formal rules and procedures governing the organization and management of the systems used to implement the Program; (2) Actions to enhance the capacity and performance of the agencies involved; and (3) Risk-mitigating measures to increase the potential for the Program to achieve its results and to address fiduciary, social, and environmental concerns.

Annex 9: Implementation Support Plan

1. **Both the Bank and other development partners will provide support to the implementation of the Program.** The Bank will, through regular implementation support missions, (a) review progress towards the DLIs and the results areas and progress on the implementation of the PAP, (b) provide support for emerging Program implementation issues and institutional capacity building, (c) monitor systems' performance to ensure their continuing adequacy through Program monitoring reports, audit reports, as well as field visits, and (d) monitoring changes in risks to the Program and compliance with legal agreements.

2. **The Kenya Statistics PforR operation will require substantial Technical Assistance (TA) throughout implementation.** The Program plans for the introduction of new and more complex data collection exercises, which will benefit from high quality technical assistance from both the Bank and other development partners. The integrated program of household surveys planned by the Program will be supported by a separate non-lending technical assistance project that will provide technical support for the design, implementation and analysis of the household poverty surveys (KIHBS and KCHS). The integrated program of economic surveys planned by the Program will be supported by the Swedish International Development Agency (SIDA) through a four-year cooperation project (September 2014-September 2018) between Statistics Sweden (SCB) and KNBS, during which two senior economic statistics staffs of SCB will be seconded to KNBS. Next to economic surveys and statistics, the SIDA project will support KNBS in statistical methodology, agricultural statistics, environmental statistics, and gender statistics.

3. **Key to providing effective implementation and TA support will be regular engagement in the field.** The fact that the WBG Task Team Leader (TTL) of this operation is based in country will facilitate this engagement. The TTL is already liaising and supporting KNBS on a weekly basis, and any Program implementation issues that may come up can be addressed quickly. The first Implementation support mission will be conducted soon after effectiveness to support the design of KNBS' monitoring system and review progress on the PAP.

Annex Table 9.1: Main focus of Implementation Support

Period	Focus	Skills Needed	Resource Estimate	Partners
First 12 months	Provide implementation support including with: executing verification protocols; processing withdrawal applications; updating of the Program coordination manual; and assessing progress against the Results Framework, DLIs and the PAP. Provide TA support towards DLI achievement.	Task Team Leader, Financial Management Specialist, Procurement Specialist, Environmental Specialist, Micro-Economist, Macro-Economist, Statistician, Operations Officer/Advisor, and Finance Officer.	Implementation support (20 WBG staff weeks) TA support (26 WBG staff weeks + 2 fulltime resident SIDA statistics advisors)	KNBS, SIDA, IMF

Annex Table 9.1: Main focus of Implementation Support (Cont.)

Period	Focus	Skills Needed	Resource Estimate	Partners
12-60 months	Provide implementation support including with: executing verification protocols; processing withdrawal applications; updating of the Program coordination manual; and assessing progress against the Results Framework, DLIs and the PAP. Provide TA support towards DLI achievement.	Task Team Leader, Financial Management Specialist, Procurement Specialist, Environmental Specialist, Micro-Economist, Macro-Economist, Statistician, Operations Officer/Advisor, and Finance Officer.	Implementation support (20 WBG staff weeks per FY) TA support (26 WBG staff weeks per FY + 2 fulltime resident SIDA statistics advisors for 2 years)	KNBS, SIDA, IMF
Other	Participation in quarterly technical working group meetings with development partner participation to facilitate effective coordination of TA activities	Task Team Leader, Statistician Micro-Economist, and Macro-Economist.		SIDA, IMF, KNBS, others

Annex Table 9.2: Task Team Skills Mix Requirements for Implementation Support

Skills Needed	Number of Staff Weeks *	Number of Trips *	Comments
Task Team Leader	20	0	Based in country
Financial Management Specialist	3	0	Based in country
Procurement Specialist	3	0	Based in country
Environmental Specialist	1	0	Based in country
Micro-Economist	4	2	TA missions
Macro-Economist	4	2	TA missions
Statistician	6	2	TA missions
Operations Officer/Advisor	4	2	Implementation support mission
Finance Officer	1	0	Based in country

Notes: * denotes estimated number of staff weeks and number of trips per year.

Annex Table 9.3: Role of Partners in Program Implementation

Institution	Role
SIDA	Provide two statistical advisors seconded from SCB and resident in KNBS to provide hands-on TA and facilitate additional TA missions through the SIDA cooperation project. TA focus areas will include economic surveys, statistical methodology, agricultural statistics, environmental statistics and gender statistics.
East AFRITAC / IMF	Provide TA on National Accounts, Balance of Payments and other macro-economic statistics, as well as DQAF components and assessing SDDS preparedness.