

TERMS OF REFERENCE FOR A CONSULTANT TO ASSESS AND IDENTIFY GAPS IN REVENUE COLLECTION AND ADMINISTRATION BY THE COUNTIES

1.0 Background

The Constitution of Kenya, 2010 obligates the national government to provide capacity building and technical assistance to counties. This mandate is elaborated in Section 121 (1) of the County Government Act, 2012 which stipulates that "The ministry or government department responsible for matters relating to intergovernmental relations shall provide support to County Governments to enable them perform their functions." The Ministry of Devolution and ASAL (MoDA) is responsible for this function.

The Government of Kenya, together with Development Partners, developed a National Capacity Building Framework (NCBF) in 2013 to guide efforts to build capacity around the new devolved governance arrangements. The NCBF covers both national and county capacity needs. The government also developed a Medium-Term Implementation plan in 2015 to implement the NCBF, and is providing support to county governments in Kenya in terms of capacity building and performance-based funding for development investments over a period of 5 years starting from January 2016 under **Kenya Devolution Support Program (KSDP)**, supported by the World Bank.

The Kenya Devolution Support Program, is a \$287 million program, implemented by the Government of Kenya, to support county capacity in Public Finance Management, Human Resource Management, Planning & Monitoring and Evaluation, Civic Education and Investment management. The main components of the Program are; National government executed capacity building (implemented by MoDA, National Treasury and Planning, Ministry of Public Service, Youth and Gender Affairs, and the Kenya School of Government). It provides Performance based grants to counties that meet access conditions, to be used for capacity building and for multi-sector investments.

On the other hand, it includes, the introduction of a Capacity & Performance-Based Grants to counties to provide additional incentives for improved county performance in five core results areas:

- 1) Public Financial Management (PFM),
- 2) Human Resource Management (HRM),
- 3) Planning, and M&E/Accountability,
- 4) Civic education and participation and
- 5) Investment and social/environmental management

National Results

The national activities supported by the program will include improved county audits, assessments of county capacity, and enhanced provision of policies, systems, guidelines, training modules, and technical assistance that counties require to strengthen their PFM, HRM, Planning and M&E, and Citizen Engagement and Public participation systems mechanisms

2.0 Objectives of the Assignment

The need for County Governments to have reliable revenue is a key principle of Kenya Devolution as contemplated in Art. 175 (b). The Devolution structure also features political and administrative devolution as well as fiscal decentralization. The downward trend of revenue collection by the Counties is a matter of concern to the authorities. This consultancy therefore seeks to establish existing gaps in county revenue collection and administration and suggest ways of breaching these gaps for efficiency, effectiveness and transparency.

3.0 Scope of work and duration

The assessment will be done for duration of one hundred and twenty days (120) days and will cover the 47 Counties.

4.0 Tasks

- Assess revenue collected from July 2015 to June 2018, with the aim of assessing the trends in revenue collected
- Identify the methodology used to collect the revenue and its impact on amount of collections
- Assess revenue collections in relation to the sources
- Examine the constraints which counties are facing in revenue collection
- Strategies if any that counties have in place for enhancing future revenue collections

- Measures established to minimise pilferage of revenue and suggest interventions
- Document best practices and those practices which need to improve for each of the Counties in regard to revenue collection, generation, and administration.
- Recommend use of a fool proof automated revenue collection, mobilization and administration system.

5.0 Qualifications and Experience of the Consultants

The Lead Team shall include Financial Experts and Economists. The Counties will be divided into six clusters averaging at eight Counties per cluster. Each cluster will be handled by a lead Consultant, and two other consultants.

Only candidates who meet above 70% will be contacted		
Criteria	Weight	Maximum points
<p>1. Qualification for the lead and support team</p> <p>Lead Team</p> <ul style="list-style-type: none"> • Master’s degree in Finance, Economics, or Commerce any other relevant Social Science degree, with solid extensive experience in working with County Governments in similar assignments • Membership to a professional body <p>Support team</p> <ul style="list-style-type: none"> • Degree in Finance, Economics, Procurement, Commerce or any other relevant Social Science degree, 	25%	25%

<p>2. Experience Experience of minimum of 10 and 5 years for the lead and support team, respectively in the following fields:</p> <ul style="list-style-type: none"> • Intergovernmental fiscal relations • Capacity building and technical assistance • Public financial management, certified Public Accountant or similar • Procurement • Monitoring and Evaluation • Human Resource and Performance Management 	35%	35%
<p>3. Good knowledge of Government of Kenya operations and devolution policies and financial management system, in-depth understanding of Kenya Vision 2030, the Medium Term Plans NCBF and Capacity Building Plans.</p>	20%	20%
<ul style="list-style-type: none"> • Team Leader experience in large projects • Excellent analytical skills • Report writing skills • Other Consultants should have extensive experience , working decentralized systems of 	20%	20%

<p>government, especially in areas of local finance, tax administration, and revenue mobilization</p> <ul style="list-style-type: none"> • Experience in fiscal decentralization will be an added advantage 		
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6.0 Methodology

- Meeting of consultant and KDSP secretariat to explain the context of the assessment, particular issues to be looked at, challenges, expected outcomes, agreement of scope of work.
- Hold stakeholders workshop
- Develop a check list and questionnaire to collect data
- Pre test the check list and questionnaire in 4 Counties
- Collect data on County revenue from the years 2015 - 2018
- Establish sources of County revenue
- Review revenue mobilization procedures
- Finalize the questionnaire for conducting the study and conduct one workshop for field based teams
- Document best practices and those practices which need to improve for each of the Counties in regard to revenue collection, generation, and administration.
- Recommend use of a fool proof automated revenue collection, mobilization and administration system.

7.0 Deliverables/Milestones

The Consultant shall report to the Principal Secretary and provide weekly status to the Secretariat. The reports shall be presented in a formal meeting with the Secretariat and will be scheduled as below:

- Inception report, 15 days after the initial meeting with the Secretariat;
- Interim report, after 60 days
- Draft final report, after 90 days
- Final report , after 120 days

