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External Grant Committee Meeting 27 October 2015
Agenda Item no.:

1. Title:	**Kenya Country Programme 2016-2020**
2. Partners:	20 partners from Government, private sector, multilateral organisations and civil society
3. Amount:	DKK 970,5 million
4. Duration:	2016 – 2020 (4½ years)
5. Presentation to the Programme Committee:	18 September 2014
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10. Desk officer:	DHoM Lars Bredal
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13. Summary:

The Kenya Country Programme 2016-2020 *is based on the vision of the Denmark-Kenya Partnership Policy 2015-2020 and will support the objective of Kenya's Vision 2030 "Contributing to a globally competitive and prosperous nation with a high quality of life by 2030". The Country Programme consists of three thematic programmes:*

Governance *with DKK 225 million will support the constitutional reforms with essential change processes in three intervention areas: (i) Democratic practices; (ii) Public sector effectiveness; and (iii) Peace, security and stability.*

Green Growth and Employment *with DKK 500 million will support transition to a greener growth path through support in two intervention areas: (i) Sustainable growth and jobs from investment and trade; and (ii) Sustainable use of natural resources and community resilience.*

Health *with DKK 245.5 million will support provision of equitable access to quality health care through two intervention areas, namely: (i) Support to the devolved health sector in the form of operational support for primary health care facilities and for health systems strengthening at county and national government levels; and (ii) support for sexual and reproductive health and rights.*

Denmark – Kenya Country Programme 2016 - 2020

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List of acronyms

ACT	Act, Change, Transform
ASAL	Arid and Semi- Arid Land
BAF	Business Advocacy Fund
BMO	Business Membership Organisation
CAG	Controller and Auditor General
CIDP	County Integrated Development Plan
COMMS	Community Based Monitoring and Management System
CBO	Community Based Organisation
CP	Country Programme
CSO	Civil Society Organisation
DAC	OECD Development Assistance Committee
Danida	Danish International Development Assistance
DE	Development Engagements
DFID	Department For International Development (UK)
DKK	Danish Kroner
DP	Development Partner
DPHK	Development Partners in Health in Kenya working group
EAC	East African Community
EISA	Electoral Institute for Sustainable Democracy in Africa
EPI	Environmental Performance Index
EU	European Union
FIDA	International Federation of Women Lawyers
GBV	Gender Based Violence
GGE	Green Growth and Employment
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (Germany)
GoK	Government of Kenya
GVRC	Gender Violence Recovery Centre
HIV / AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
HRBA	Human Rights Based Approach
IDA	International Development Association
IDLO	International Development Law Organisation
IEBC	Independent Electoral Boundaries Commission
IFMIS	Integrated Financial Management Information System
IIAG	Mo Ibrahim Index for African Governance
JICA	Japan International Cooperation Agency
KADP	Kenya Accountable Devolution Programme
KAM	Kenya Association of Manufacturers
KCIC	Kenya Climate Innovation Centre
KEMSA	Kenya Medical Supplies Authority
KEPSA	Kenyan Private Sector Alliance
KES	Kenyan Shillings
KHSSP	Kenya Health Sector Strategic and Investment Plan
KNCHR	Kenya National Commission on Human Rights
M&E	Monitoring and Evaluation
MDA	Ministries, Departments, and Agencies
MENR	Ministry of Environment and Natural Resources
MESPT	Micro Enterprise Support Project Trust
MoDP	Ministry of Devolution and Planning
MoH	Ministry of Health
MSME	Micro, Small and Medium Enterprises
MTP	Medium Term Plan

MTR	Mid-Term Review
NEMA	National Environmental Management Authority
NGEC	National Gender and Equality Commission
NGO	Non-Governmental Organisation
NRT	Northern Rangelands Trust
OPD	Outpatient department
PEFA	Public Expenditure Framework Assessment
PFM	Public Financial Management
PFMR	Public Financial Management Reform
PI	Performance Indicator
PPF	Policy, Planning and Health Care Financing
RMNCAH	Reproductive, Maternal, Newborn, Child and Adolescent Health
SC	Steering Committee
SRHR	Sexual & Reproductive Health and Rights
TA	Technical Assistance
tbd	To be decided
TMEA	Trademark East Africa
ToC	Theory of Change
ToR	Terms of Reference
TP	Thematic Programme
UHC	Universal Health Coverage
UNFPA	United Nations Population Fund
UPR	Universal Periodic Review
URAIA	Citizen in Swahili
USAID	United States Agency for International Development
WB	The World Bank
WSTF	Water Services Trust Fund

1. Introduction

Kenya is the largest and most developed economy in Eastern Africa, a regional hub for investments and innovation, and plays an important role in regional stability and development. Placed in a volatile region Kenya's security situation is influenced by a refugee population of half a million and multiple conflict dynamics including terror attacks and radicalisation. In 2012 Kenya reached the threshold for a lower middle income country and has the potential of becoming a newly industrialising, middle-income country by 2030. Kenya's considerable economic growth over the last decade is highly natural resources dependent and risk undermining opportunities for future generations. Kenya is at an important crossroads where the choice of a greener growth path can ensure sustainability and unlock a potential for even higher economic growth and much needed employment creation. Among huge challenges are a growing population with very high youth unemployment, alarmingly high maternal mortality, widespread corruption and deeply rooted inequality that results in about 40 % of the population living below the poverty line.

To address these challenges Kenya has introduced major reforms that provide real opportunities for democratic, economic and social change. The 2007-2008 post-election crisis was followed by a genuine participatory process that resulted in a long term development plan for Kenya, the *Vision 2030,* and in the new 2010 Constitution, which establishes a separation of the executive, legislative and judicial powers. A very ambitious devolution reform provides possibilities to end historical marginalisation and to bring democratic decision-making closer to the people. While there are great opportunities in this reform programme there are also big challenges including resistance when seeking to change existing power structures and establish capacity and cooperation between national and county level. The most devolved sector is health where the 47 county governments now play a crucial role in Universal Health Care delivery. This provides an outstanding window of opportunity for real change in health service delivery in Kenya and thereby for making the devolution reform show tangible results.

The Kenya Country Programme 2016-2020, described in the present document, is based on the vision of the Denmark-Kenya Partnership Policy 2015-2020 and will support the objective of Kenya's Vision 2030: "*Contributing to a globally competitive and prosperous nation with a high quality of life by 2030"*.The Country Programme has a total budget of DKK 970.5 million, including 65.5 million from the Danish Climate Envelope, and consists of three thematic programmes (TP):

The Thematic Programme on Governance, the objective of which is "Implementation of the Constitution and consolidation of an accountable, inclusive, and participatory democracy based on increased stability". The TP will support the constitutional reforms with essential change processes in three intervention areas: (i) Democratic practices; (ii) Public sector effectiveness; and (iii) Peace, security and stability.

The Thematic Programme on Green Growth and Employment, with the objective of "*Inclusive greener growth with higher employment*". The TP will focus support on two intervention areas: (i) Sustainable growth and jobs from investment and trade; and (ii) Sustainable use of natural resources and community resilience.

The Thematic Programme on Health, the objective of which is *"Provision of equitable access to quality health care"* in the newly devolved system, and it will be achieved through two intervention areas, namely: (i) Support to the devolved health sector in the form of operational support for primary health care facilities and for health systems strengthening at county and national government levels; (ii) and support for sexual and reproductive health and rights.

The Danish engagement with Kenya is very broad based and the CP is *only one amongst many* Danish instruments including political dialogue, economic diplomacy, strategic sector cooperation within the framework of cooperation between authorities, climate diplomacy, increased private direct investments and bilateral trade, Danida business instruments, Danish Investment Fund for Developing Countries, cultural cooperation, humanitarian aid, military cooperation and a regional stability programme for the Horn of Africa.

2. Country level context

2.1 Policy and strategic objectives

The Kenya CP supports the overall vision of the Denmark-Kenya Partnership Policy 2015-2020 that is fully aligned to the objective of Kenya's Vision 2030 "*contributing to a globally competitive and prosperous nation with a high quality of life by 2030"* and is designed within the framework of the *three strategic focus areas* defined in the **Denmark-Kenya Partnership Policy**:

I. Implementing the Constitution towards a prosperous and equitable Kenya;

II. Inclusive green growth and employment;

III. Promotion of regional cooperation and stability.

The Governance and Health TPs provide support to the Partnership Policy's strategic focus on implementing the Constitution and in particular on ensuring equitable access to public services, including basic health services; the Governance TP also contributes to the strategic focus on regional cooperation and stability and will be carefully coordinated with the "Peace and Stabilisation Programme for the Horn of Africa 2015-2017" funded through the *Danish Peace and Stability Fund*. Poverty eradication is being addressed through strengthening of institutions, through interventions directly supporting the poor, and through programmes supporting duty bearers – including new devolved institutions at county level to lift their new mandate, as well as the population's role as rights holders under the new Constitution.

The Green Growth and Employment (GGE) TP directly supports the Partnership Policy focus area of inclusive green growth and employment, and will be complemented by other engagements such as the *Danida Business Instruments*, the cooperation with Kenya as African lead on the Global Green Growth Forum, the Danida framework agreements with Danish trade unions present in East Africa, and a dedicated programme on arts, culture and creative industries by the *Danish Centre for Culture and Development*. The GGE TP will create synergies with a new strategic sector cooperation initiative in agriculture and environment between Kenyan and Danish authorities. Two growth advisors have been placed at the Danish Embassy to promote green growth and provide inspiration from Danish solutions to environmental and business challenges.

The following section briefly describes the overall country context, as well as providing some contextual analyses of recent developments in the three programme focus areas of governance, green growth and health.

2.2 Context and recent developments

The relatively **stable macro-economic situation** has helped the Kenyan economy grow by an average of 5 % annually over the last decade, and a medium term growth rate 6-7 % is anticipated. Kenya is the fifth largest economy in Sub-Saharan Africa, a regional hub for investments and innovation and plays an important role in regional stability and development. Kenya has made notable progress in the past half century; Kenyans are living two decades longer, fertility and infant mortality has been reduced by half, and school enrolment at primary and secondary level has more than doubled. A vibrant private sector and comparatively well-educated workforce provides Kenya with good opportunities to achieve its vision for 2030 of becoming a "newly industrialized country, placed in the middle-income category with high quality of life for its citizens in a healthy and safe environment". In a 2014 revision by the Kenya National Bureau of Statistics, the estimated size of the economy was 25 % larger than previously predicted, and Kenya had crossed the lower-middle income country threshold in 2012. The most recent figure of GNI per capita is USD 1,160 in 2013. Kenya has generally followed a stability oriented macro-economic policy, keeping budget deficits within manageable limits and limiting inflation through prudent fiscal and monetary policy. The latest budget (June 2015) focused on security, infrastructure and education.

In recent years Kenya has introduced a number of major policy initiatives and reforms aimed at consolidating the democratic process and obtaining an accountable, inclusive and participatory democracy. Following the serious crisis with the 2007-2008 post-election violence came a **democratic reform programme with the 2010 Constitution** that establishes a separation of the executive, legislative and judicial powers. It provides an opportunity to significantly change Kenya politically, economically and socially. The very ambitious devolution reform provides the potential to bring decision-making closer to the people, with an important and much needed focus on accountability, integrity, gender equality and access to information. A new Bill of Rights establishes citizens' rights on political, social, and economic issues, as well as the right to hold Government accountable. The Constitution is safeguarded through a number of constitutionally based independent commissions on integrity, cohesion, police, and civil service, among others.

Kenya Vision 2030 is the long term development programme for the country. It was launched in 2008 after a genuine participatory process involving Kenyans from all parts of the country and it has wide support across different ethnic and political groupings. It aims to transform Kenya into a "*newly industrialising, middle-income country providing a high quality of life to all its citizens in a clean and secure environment*". It is to be implemented through five Medium Term Plans that also serves as the main basis for the alignment and coordination for development partners. The current MTP II 2013-2017 has emphasis on national coherence and reconciliation, and with focus areas defined for Kenya's economic, social, and political development. In accordance with the Constitution, it is expected to be implemented in close cooperation with county governments.

The 47 county governments with independently elected governors and county assemblies constitutionally have the right to receive a minimum of 15 % of national revenue through a combination of block and conditional grants. In addition counties can raise funds through local taxes to support the implementation of devolved functions across all productive sectors, works, transport, environment, and social sectors, including health. The far reaching devolution reforms were originally intended to be phased in over a period of three years to allow for capacity development. However in 2013 the newly elected county governments reacted to very high public expectations and took on the devolved functions earlier than foreseen. Expectations are high, but the challenges are significant, particularly with respect to the functionality of administrative and implementation capacity. Issues of transparency and corruption are also a risk factor at local as well as national level.

The Kenyan government is committed to providing **Universal Health Care** to all Kenyans, and has introduced free maternal health care and consequently increased budget allocations for that purpose. Health is the most devolved of all sectors, and this provides a window of opportunity for real change in health service delivery in Kenya.

Kenya has a well-developed environmental normative framework, which, at least in principle, supports sustainable and **greener growth.** The right of every Kenyan to live in a clean and healthy environment is enshrined in the Constitution, and there is an array of policies and strategies supporting this vision. There is also an increasing awareness, both within the government and in the private sector, of the potential economic benefits of a greener growth path. Investments in renewable energy — the power sub-sector is one of the least carbon intensive in the region, due to hydropower, geothermal and wind investment in recent years — and promotion of resource-efficient and cleaner production are a few areas where progress can be noted. Green technologies have the potential for job creation. They can also offer real benefits to the private sector in terms of cost savings and expanded sales opportunities.

Challenges

Despite significant progress in recent years, Kenya is still characterised by 'high growth, but not for all'. Four in ten Kenyans continue to live in poverty mainly due to high levels of **inequality**. Kenya remains the most unequal in the East African community. Maternal mortality is extremely high on average 400 out of 100,000 live births in 2013. And in the same year 15 marginalised counties accounted for 98 % of the 6,632 women who died of preventable pregnancy causes. Poverty is particularly concentrated in the north, the northeast, arid and semiarid areas and along the Indian Ocean Coast. These areas are characterised by limited physical and social infrastructure investments, and low access to quality education, water, sanitation, and health services. High population growth further exacerbates these problems. These are the same areas that are prone to natural resource degradation, including the negative effects of climate change, and the ensuing conflicts over natural resources and livestock. Furthermore the spill over effects from conflicts in neighbouring countries (Somalia and South Sudan) aggravates security, making the delivery of social services and economic development even more complicated. The allegedly hard handling by the security forces add to the sense of injustice and marginalisation.

Widespread **corruption** continues to hamper Kenya's development; Kenya is ranked 145th out of 175 in the 2014 Transparency International Corruption Perception index. The Government is clearly speaking out against corruption and has taken some initiatives to hold people in high office to account. Worrying signs are that sectors receiving considerable attention as part of the reform process since 2010, such as the National Police Service, Ministry of Lands and the Judiciary, are among the sectors worst affected by corruption, according to the East African Bribery index. Devolution holds potential for democratic reform and greater transparency but there is a serious risk that corruption can undermine these possibilities. There is a need to build strong accountable financial systems also at county levels.

The 2010 Constitution and the accompanying Bill of Rights represents a normative leap forward in terms of potentially improving all aspects of **human rights, democracy, and justice.** While progress is evident, it is also slow, and there are many obstacles. Discrimination continues, not least with regard to women and minority groups, including sexual minorities. New constitutionally based independent commissions have been established to provide checks and balances, with mixed results. Reforms in the justice sector are progressing well, with the judiciary exhibiting its independence in a number of cases. Despite these successes, limited access to justice, impunity, and the prevalence of gender insensitive practices in the justice system persist. Human rights violations, including from security forces, continues to be a challenge according to Kenya's recent Universal Periodic Review (UPR 2015).

Gender inequality persists although the new Constitution has far-reaching provisions to address issues such as affirmative action to raise women's representation in public offices and elimination of gender discrimination in law, customs and practices related to land. Despite some positive trends, women are still under-represented in public institutions, elected assemblies, and in management positions in the labour market. Addressing these inequalities has high Government priority with concrete initiatives to both increase the representation and voice of women as well as tackle the injustices and discrimination they confront at all levels.

Kenya's vibrant **civil society** is key to a successful democratic process. Civil society organisations (CSOs) are active at the policy and community level, where devolution provides opportunities for increasing participation and partnerships with counties in support of local democracy and accountability as well as environmental stewardship. There are in some areas pressure on the space for civil society as manifested by proposed amendments to the Public Benefit Organisations Act. Proposals that could curb media freedom and limit civil rights in relation to terrorism have been countered by the courts. Maintaining a political climate where civil society has ability to operate freely is crucial. At the county administration level, capacity to effectively take on the roles and responsibilities in local democratic processes is limited, and there is a need for significant capacity development in areas such as local planning, management of service delivery, public financial management, and participatory processes.

Kenya is experiencing increasing threats to its **peace and stability** due to a broad variety of conflict dynamics, including crime, ethnicity, land disputes, radicalisation and terrorism. The country remains politically divided along ethnic lines and tensions from national to village level risk escalating to national instability, as seen in the post-election violence in 2007-2008. High levels of crime and an increase in serious acts of terrorism put strong demand on Kenyan leaders to find new ways of addressing these calamities while respecting human rights.

Strengthening **employment and private sector development** is critical, with 800,000 Kenyans entering the labour market each year but with only a minor part of them being absorbed into formal jobs. Job creation among youths is particularly important, particularly within Kenya's expanding urban centres — two-thirds of the population will be below the age of 25 by 2030. While Kenya has a vibrant private sector, and sub-sectors like information, technology, communication, and finance are developing rapidly, the job-intensive, export-oriented and more green growth related sectors like agriculture, manufacturing, and transport are not performing as well.

As already indicated, growth has been steadily increasing over the last decade, and Kenya has the potential to achieve even higher growth rates, needed to advance on job creation and poverty reduction; **eradicating poverty by 2030** will require a doubling of current economic growth rates and reducing by half the inequality. Increased growth carries great risks since the current growth is highly natural resources dependent. Sustainability of high growth rates depends to a large extent on a rational, efficient use of natural resources and effective control of negative externalities such as water and air pollution, land degradation, and waste production. Kenya is currently on a 'brown' growth path, and the country runs a serious risk of undermining the longer-term prospects for growth, employment, social development and the constitutional right for all Kenyan citizens to enjoy a clean and healthy environment, if this pattern is not reversed. Particular issues include unsustainable agricultural practices, over-exploitation of water resources and other natural resources, and climate change impacts.

While Kenya has the required normative framework to ensure more sustainable growth, effective **implementation of existing laws and regulations is difficult** — and since a large part of the environmental management mandate has also been devolved to the counties, this brings new challenges. There is an incipient awareness by some in the private sector of the potential economic benefits of a greener growth path, but this is definitely not yet the norm.

It is estimated that up to **a million Kenyans fall into poverty** or remain poor every year due to lack of appropriate and affordable health services. This is also mentioned as a critical point in Kenya's Universal Periodic Review 2015. Significant improvements are needed in all aspects of health care provision. While the ambition to fully devolve health care is commendable, effective devolution of health services will not be without significant challenges. Success will be highly dependent on adequate funding and capacity at county level to plan and manage health services effectively.

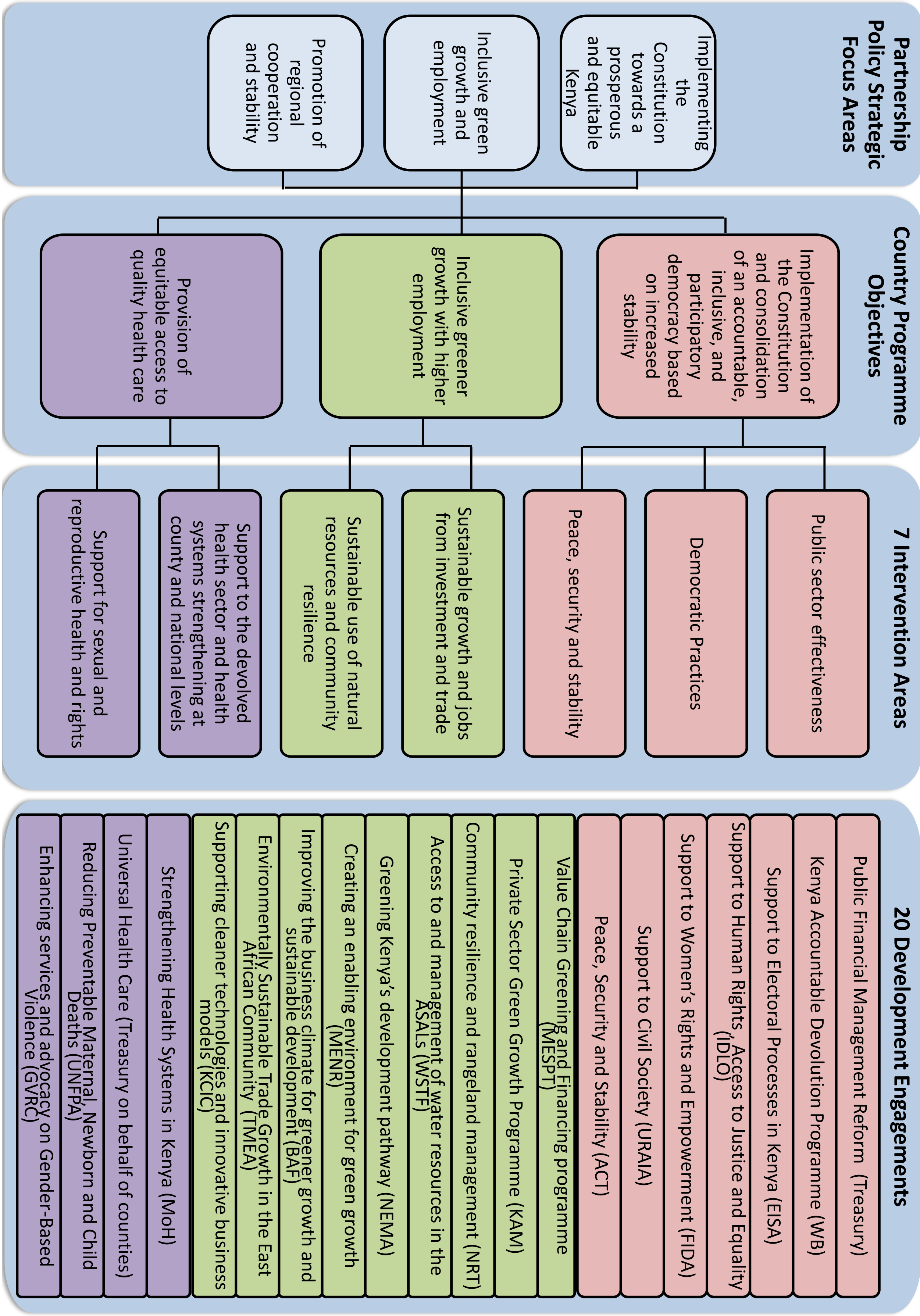
2.3 Strategic considerations and justification

The context, opportunities and challenges described above have guided the CP strategic choices. It is based on extensive consultations with key government and non-government partners, as well as other development actors in Kenya. It draws on the many lessons learned and consolidates results from five decades of Danish development cooperation with Kenya, most recently through four sector programmes in governance, natural resources management, business and health. The Human Rights Based Approach (HRBA) is fully integrated into the three thematic programmes, both through the inclusion of specific results that promote the principles of participation and inclusion, accountability, non-discrimination and transparency, as well as through ensuring that programme partners respect and adopt these principles broadly during implementation.

The CP will focus on securing progress towards achieving the vision of the Partnership Policy to support Kenya in the implementation of Vision 2030. The CP will support the democratic reform process through **three thematic programmes** (see figure 1):

1. The **Governance TP** will provide assistance to key government institutions, and CSOs/CBOs that are crucial to effective implementation of the constitutional reforms. It will also support efforts to ensure peace and stability. The TP will through seven development engagements support essential change processes in *three intervention areas:* (i) Democratic practices; (ii) Public sector effectiveness; and (iii) Peace, security and stability.

Figure 1: Overview of Country Programme Objectives, Intervention areas, and DEs



2. The most devolved function to counties is health service delivery. The success of devolution is dependent on counties' ability as duty bearers to provide quality health services. The **Health TP** will therefore have a *dual purpose*; namely to support effective implementation of devolution through provision of equitable and universal access to health services. It will do that through four development engagements within *two intervention areas*, namely: (i) Support to the devolved health sector in the form of operational support for primary health care facilities and for health systems strengthening at county and national government levels; (ii) and support for sexual and reproductive health and rights.
3. At the same time, recognising that stable growth and employment are crucial to the success of Vision 2030 and the reform process, the **Green Growth and Employment TP** will support and encourage the drivers of positive change — those that can play a role in transforming the 'greening' of Kenya's growth, to ensure that future growth increasingly takes into account the finite and fragile resources upon which much of the growth is based. The TP will through nine development engagements focus support on *two intervention areas*: (i) Sustainable growth and jobs from investment and trade; and (ii) Sustainable use of natural resources and community resilience.

The **choice of 20 engagements** reflects partners and programmes with core mandates and objectives centred on the *intervention* areas. The mix of partners and programmes is chosen so that some address the intervention areas at the level of policy, enabling frameworks, and system-wide capacity development, while others address the intervention areas at the implementation and service delivery level. The mix also includes engagements, which complement the system-wide focus with targeted support to specific problem areas (e.g. maternal deaths) and/or which, even if small in scale, may help catalyse change overall by demonstrating good cases or best practices. The CP scale and complexity is adjusted to ensure that it is manageable and enables the Embassy to spend its resources most productively on follow-up, risk management and dialogue with partners on the strategic issues. There are fewer engagements and partners than in the previous country programme, and a majority of the selected partners are known to Danida and have demonstrated capacity to deliver results.

Four concerns are mainstreamed across the intervention areas and DEs, namely:

- *Reducing inequality:* by combining support at country and system-wide level with targeted support to vulnerable groups concentrated in the poorest and most marginalised counties.
- *Addressing gender issues*: by supporting gender equality as a cross-cutting theme as well as directly via individual DEs.
- *Mitigating conflict and increasing stability:* by addressing the sources of conflict linked to marginalisation, natural resources management, land tenure and access rights, lack of job opportunities, throughout the CP and particularly in the DE addressing peace and stability, complemented by the Danish involvement in regional conflict mitigation through the Peace and Stabilisation Programme for the Horn of Africa 2015-2017.
- *Supporting and aligning with the devolution process, bringing decision-making closer to citizens*: by strengthening the devolution process and central and local level capacities through designated DEs; measures supported via other DEs will always be aligned with devolved responsibilities.

The Human Rights Based Approach is applied in all development engagements. The CP will use opportunities to most effectively support change under each intervention area by strengthening actors and processes from both the demand and supply side. This will be done using the HRBA principles of transparency, accountability, participation, and non-discrimination, to more effectively promote change and strengthen linkages and cooperation among partners. The integration in the overall CP is summarised below and in sections 3-5 as well as more detailed in the individual development engagement documents (DEDs):

- *Direct measures to strengthen human rights, non-discrimination, and equality of women* in Kenya via the focus area of democratic practices, women's rights, access to justice, and equality.

- *Direct measures to strengthen the system-wide capacity of the public sector actors* (duty bearers) for transparent, accountable, and participatory administration at county and central level via the focus area of public sector effectiveness. This will directly improve the conditions for counties to deliver on green growth, health, water, and livelihoods protection.
- *Mainstreaming of HRBA into the social service delivery processes* supported in the CP, including in health and water and protection of livelihoods. Transparency, accountability, and participation at county level are supported via the public effectiveness focus area's strengthening of the duty bearer's capacity to uphold these principles. Demand-side accountability and participation is addressed via the democratic practice focus area's support to civil society participation in governance and building partnerships for peace. This will be reinforced via the integration of the HRBA into the respective DEs in health.
- *Mainstreaming of HRBA into processes to strengthen green growth and job creation* working both with duty bearers to strengthen policy frameworks for green growth and private sector associations to advocate for and hold ministries and counties accountable for adequate, green and business-friendly policy frameworks/systems.

2.4 Country Programme Theory of Change

Kenya is at an important crossroads where the choice of a greener growth path can both ensure sustainability and unlock a potential for even higher economic growth and much needed employment creation. Among huge challenges are a growing population with very high youth unemployment, alarmingly high maternal mortality, widespread corruption and deep rooted inequality that results in about 40 % of the population living below the poverty line. To address this Kenya has in a genuine participatory process adopted a long term development plan *Vision 2030* and with the Constitution from 2010 introduced major reforms that provide real opportunities for democratic, economic and social change.

The overall theory of change (ToC) is that the CP will most effectively support change towards Vision 2030 while engaging in the Partnership Policy's three strategic focus areas - (i) implementing the Constitution towards a prosperous and equitable Kenya, (ii) inclusive green growth and employment and (iii) promoting regional cooperation and stability – by supporting the development of certain, critical preconditions (outputs) in the seven intervention areas (public sector effectiveness, democratisation, peace and stability, sustainable growth, natural resources management, primary health care and sexual and reproductive health and rights). Encouraging specific positive medium to long-term changes through strengthening of these basic preconditions will help Kenya to move along a pathway leading to the desired equity, peace and stability, as stipulated in the Constitution.

The three programme charts as presented in sections 3.1, 4.1, and 5.1 illustrate the expected medium (outcome) and long-term (impact) changes for each TP, as well as the underlying assumptions for these changes to occur. Specific preconditions that the programme will help establish are detailed in the DEDs for each TP.

The CP will most effectively achieve the desired changes by mixing partners, programmes, and processes that have core mandates/objectives within the intervention areas at the level of policy, enabling frameworks, and system-wide capacity development with partners/programmes addressing the focus areas at the level of implementation and service-delivery level, the CP supports the desired change with both immediate results in service delivery and longer-term sustainability.

Finally, by complementing the system level support with issue specific support targeting selected, critical development problems identified as part of the seven intervention areas — maternal mortality and sexual and reproductive health and rights in the poorest counties is one example — the CP will make the most significant contribution to supporting Kenya in achieving Vision 2030. Policy dialogue, economic diplomacy and other Danida instruments will complement the CP implementation.

The **key assumptions** underlying the overall CP theory of change are:

- The government is able and willing to work with national stakeholders and donors on a development agenda consistent with international human rights principles. While political conflicts continue to exist, they do not prevent government and civil society from pursuing democratic and pro-poor development objectives.
- The security and conflict levels permit government, civil society and businesses to operate, although there may be periodic, serious incidents and problems of access, notably in northern and coastal regions of Kenya.
- The implementation of the 2010 Constitution progresses more or less according to plan, and allows for devolution of responsibility and resources to the 47 new counties, who are able and willing to assume their roles in effective and accountable service delivery for all Kenyans.
- The GoK and the public administration is committed to fight corruption and this commitment translates into concrete actions including judicial action to end impunity for corruption

2.5 Aid effectiveness and alignment

Kenya's reliance on development assistance is limited (around 10 % of the state budget) although in certain sectors, such as health, this is as high as 50 %. Development partner (DP) dialogue takes place at the biannual thematic Development Partners Forum, chaired by the Deputy President. A large number of donors and international NGO's are present in Kenya, and coordination is pursued in the Development Partners Group and in technical working groups organised according to the Medium Term Expenditure Framework. The largest development partners are the United States of America, the World Bank/International Development Association, the International Monetary Fund, Japan, the African Development Bank, the United Kingdom, Germany, France, the European Union, Sweden and Denmark. There are limited options to contribute to large-scale, multi-donor support mechanisms. The EU has prepared a Joint-Cooperation Strategy aligned to the MTPII. Denmark is actively engaging in the joint cooperation in ASALs and with regard to water, and has taken on delegated cooperation for the EU in support to the Water Sector Trust Fund (see TP2). Denmark is also lead in a joint EU study and action plan for support to gender equality. In other areas, such as in support to capacity building in counties, Denmark is relying on other DPs to take the lead (the support to the Kenya Accountable Devolution Programme (KADP) with the World Bank under the Governance TP is one example).

The Kenya CP is designed to adhere to the principles of aid effectiveness and the table below provides details of how the programme addresses the principles of the Aid Effectiveness agenda.

Table 1: Aid Effectiveness principles in the CP

Principles	CP design features
Ownership	Kenya's new Constitution, the MTP II, and main policies and reforms of central importance to the CP, in particular regarding devolution, public financial management, business development, gender, green growth, and health, have been developed by Government and express its clear political and strategic priorities. The CP is designed so as to ensure broad-based ownership that includes CSO and private sector actors. At the level of the DE, each partner is working according to strategies and work plans defined by their respective Boards or steering committees.
Alignment	The CP is directly focused on support to implementation of the Constitution. Also, the three TP's each have objectives, which focus directly on the three MTP II areas, covering political, social, and economic development. At the level of the DEs, partners are as a general principle supported with core funding against their strategic plans. By funding UHC directly, the programme is highly aligned to Government policies and systems, especially by using the devolved health system. In cases where the support is through projects/programmes, these are aligned with Government plans in the relevant areas. In case of a number of DEs, Denmark is the only core-funding donor.
Harmonisation	Denmark participates in the relevant coordination frameworks for all of the areas supported. In cases where a joint financing mechanism exists, the Danish support is provided via that mechanism. It should be noted, however, that joint financing mechanisms do not exist for the majority of DEs. Denmark is

	to the largest extent possible using Kenyan systems and procedures and is a frontrunner in this area.
Results	The expected results of the CP support are defined in the results frameworks of the DEs. These will be the principal focus of the Danish monitoring, dialogue, and reporting, but they reflect only a part of the total set of results expected, since each partner or project supported typically works with a wider results framework. The outcomes and outputs listed in DEs and the CP are all based on partner frameworks.
Mutual Accountability	Through steering and dialogue mechanisms, from the overall CP down through the individual DEs, transparency and accountability to each other is inbuilt. Clear and focused results frameworks and monitoring and financial follow-up combined with an integral attention to participation in DE designs allow for accountability to the intended CP beneficiaries as well as to citizens and organisations.

2.6 Country programme level results framework

The overall Kenya CP results framework is shown in Annex 3. The impact level results are linked to the TP objectives, and a series of expected outcomes for each of the DEDs under the TPs as presented in sections 3.3, 4.3 and 5.3.

Impact level indicators have, when available, been selected from national sector plan and strategy indicators. These are generally high-level ambitious indicators related to Kenyan political priorities, whose progress reflects an aggregate of many sources. Information on progress and performance will in those instances be based on the government monitoring schedule. The TP results frameworks have been developed in close consultation with programme partners, and are generally based on data that the partners are able to provide. Achievement of CP objectives will usually be the result of a very broad range of activities and factors that go far beyond the activities supported by Denmark. The results frameworks will undergo further operational refinement during the programme inception phase, with the support of a specialist monitoring and evaluation (M&E) Support Team to be contracted by the Embassy (see section 6.3 for further details).

One overall gender equality indicators has been chosen for the CP. The 'Gender Inequality Index (GII)' of the UNDP Human Development Index (HDI).

2.7 Contextual risks

The key contextual risks associated with the Kenya CP implementation are summarised in the table below, and a complete risk management matrix, including the TP programmatic and institutional risks, are presented in Annex 5. The risks – events or circumstances that would they occur, are assumed to impact negatively on the expected results – are closely linked to the CP assumptions that apply to the effect levels of the results chain. The assumptions represent an expected, but uncertain, opportunity for program implementation and the achievement of results. The positive expectations expressed as an assumption are often mirrored by the future uncertainty of a serious risk factor. For example on the one hand it is assumed that the GoK will show effective commitment to anti-corruption, on the other hand sustained or even increased level of corruption is a serious risk factor that cannot be excluded. All the 20 development engagements have been designed in a robust manner to mitigate the effect from both contextual and programmatic risks. The engagement of a strategic M&E support team will enable the embassy and engagements partners to follow proactively development in risks, assumptions and results with the view to take precautionary action.

Table 2: Contextual risks in the Country Programme

Risk factor	Risk response[1]
Decreased political stability, deteriorating security and increasing conflicts related to land and natural resources and political contestation. The elections in 2017 constitute one particular event that may lead to violent political disputes.	Acceptance and preparedness to act. Political and security situation is closely monitored. Mid-term review in 2018 to take stock of CP relevance and design in relation to current situation.

[1] The Danida Guidelines to risk management risk response categories are: avoidance, mitigation/reduction, sharing or acceptance. Acceptance means accepting the occurrence of and willingness to take the risk. It does not mean accepting actual risk outcome (i.e. accepting 'potential corruption' as risk factor on a contextual level simply means being aware of it and monitoring it. Would an event be detected this leads to immediate action (zero tolerance).

Increase in number and scale of terrorist acts.	Acceptance and preparedness to act. Political and security situation is closely monitored. Programme flexibility enables timely response. Mid-term review in 2018 to take stock of CP relevance and design in relation to current situation.
Significant delays and/ or inadequacy in implementing devolution, due to shortage of resources, inadequate capacity development or conflicts of interest	Acceptance and sharing with other development partners. Regular assessments of the devolution progress will be made. Mid-term review in 2018 to take stock of CP relevance and design in relation to current situation.
Deteriorating relations between Government, civil society and development partners	Mitigation/reduction and sharing with other development partner (through joint cooperation). Open and honest dialogue where positions are presented and views are exchanged. Preparedness to adjust the programme and implementation if needed.
Sustained or even increased level of corruption	Response: On the contextual risk level the Embassy accepts the risk. Whereas for the DEs, preventive measures (audit instruments, M&E support team as Early Warning System) are deployed. Embassy will not accept the risk outcome (zero tolerance). In addition there are mitigation/reduction measures: The Country Programme contains support to public financial management reform and improved governance management on the sub-national level.

2.8 Budget

The table below summarises the budget for the three thematic programmes, while a more detailed budget is presented in section 7.

Country Programme Budget (million DKK)					
Thematic Programme	**Engagements**	**TA & reviews**	**M&E**	**Unallocated**	**Total**
Governance	215	5	5	0	**225**
Green Growth and Employment	454	22.5	10.5	13	**500**
Health	85	16	4.5	140	**245.5**
Total CP	**754**	**43.5**	**20**	**153**	**970.5**

3. Thematic Programme on Governance

3.1 Strategic considerations and justification

This section presents the objectives, opportunities, challenges and strategic considerations for the TP on Governance. It also serves as the narrative for the Theory of Change.

Objectives

The governance TP objective is "Implementation of the Constitution and consolidation of an accountable, inclusive, and participatory democracy based on increased stability". Building on the recent constitutional reforms, three intervention areas providing particular opportunities for supporting essential change processes are targeted:

1. Democratic practices;
2. Public sector effectiveness; and,
3. Peace, security and stability.

Opportunities

Under the first area of *democratic practices*, the Kenyan Constitution of 2010 establishes the framework for a strong democratic society promising inclusion, transparency and accountability, equality and basic human rights for all. While many changes are needed to ensure a successful democratic process, three are enshrined in the Constitution and provide particular opportunities for effective intervention within the framework of this programme: improving access to justice, ensuring the credibility of the electoral process — and the integrity of the elected leaders — and reducing the many forms of discrimination against women that characterises Kenyan society today. The opportunity and capacity of citizens to participate and hold the elected and appointed leaders to account is also important.

An *effective public sector* enabling improved life quality for all Kenyans is an important element of an effective democracy. The devolution of public sector service provision has the potential to rectify longstanding, unequal access to quality public services. Devolution of decision-making authority, complemented by financial resource allocation to elected county governments, can lead to greater transparency and accountability in the use of public funds and more effective service provision, at the same time contributing to more inclusive and participatory processes. Public sector effectiveness at the local level, however, will be dependent on the county level capacity to deliver on expectations. This will necessitate having access to and effectively implementing suitable management tools and instruments. An engaged and active civil society able to hold the government to account is also fundamental to improved public sector effectiveness.

Finally, *peace, security and stability* concerns are reflected in the newly devolved mandate to the 47 counties. Counties have the responsibility to act and react locally on security matters through newly established organs such as the county policing authority and county security committees. New provisions have also been established for increased citizen engagements in security matters. Effectively implementing the new security mandates will require a clear understanding of the nature and cause of conflict and radicalisation and how best to address it, and strong coordination between the various levels of government involved in ensuring security and resolving conflict. Nurturing and supporting those who can best promote and disseminate the message of peace and stability will also be important.

Challenges

Whereas the Kenyan Constitution of 2010 presents an opportunity for improved democratic practices, failing to deliver on promises and expectations in a timely manner might weaken public support for the reform programme and could undermine the government's own commitment. The gap between the aspirations reflected in the Constitution and the reality on the ground may not be underestimated. Discrimination against minority groups, including sexual minorities persists. Human rights violations continues to be a problem as documented in Kenya's recent Universal Periodic Review from 2015. Access to justice is still only a dream for many Kenyans, and the justice system continues to be plagued by impunity and gender insensitive practices.

Successfully implementing devolution within the current political economic context will require strong commitment, patience, and time. Kenya continues to have one of the highest levels of corruption in the world[2], and weak social accountability and impunity means that misuse of public funds continues. Devolution is a process that challenges existing power structures, which can act as a major impediment to effective change. The challenges and risks outlined will be further exacerbated during the initial devolution process, before the adequate capacity has been built, both within and outside of government, when the system will be at its most vulnerable.

While civil society can, in theory, play a 'watchdog' role, there are concerns that the space within which civil society can operate may diminish. A further challenge is government capacity to ensure public participation in governance issues, including public financial management. The duty bearers do not yet live up to the obligations of the constitution and the rights holders are not empowered sufficiently to take advantage of the opportunities provided.

The root causes for political and natural resources conflicts and violent extremism persist, and acts of terrorism are increasing in both frequency and scale. Although the post-election violence seen in 2007–2008 was not repeated during the 2013 general elections, there is no guarantee that future political contests will not generate tensions that may spill over into violence.

Strategic considerations

The context, opportunities and challenges described above provide the framework and guidance for the governance TP strategic choices. The design also reflects and builds on the important relationships developed, experiences gained and lessons learned from the longstanding engagement

[2] Kenya was ranked 136 out of 175 countries in the 2013 Global Corruption Perception Index (http://www.transparency.org/) in 2014 it was 145th, and in 2013, 33 % of Kenyans felt that corruption had increased 2015 as compared to earlier years (www.tikenya.org).

that Denmark has had in the governance sector.

To support improved *democratic practices*, the point of departure has been on operationalising the constitution, with a focus on the three priority issues mentioned above (access to justice, credibility of the electoral process, and reduced gender discrimination), working with both duty bearers and rights holders. The *credibility of the electoral process* will be enhanced through support to the Independent Electoral and Boundaries Commission and the Political Parties Disputes Tribunal (on the duty bearer side) and to the Electoral Observation Group, a citizen observer forum (on the rights holder side). Support to *increase access to justice and human rights* will be channelled to several central actors on the duty bearer side (including the Office of the Chief Justice and the Judiciary Training Institute) and to the civil society-based Institute for Law and Environmental Governance, and the Kenya Human Rights Commission on the rights holder side. Finally, reducing gender discrimination will focus on increasing the profile of women's and girls' rights generally, but also more specifically by strengthening the gender policy framework through support to the Gender Directorate under the Ministry of Devolution and Planning and National Gender and Equality Commission (the duty bearers) and through the provision of access to legal processes for women whose rights have been abused (support to the Federation of Women's Lawyers – FIDA). Gender rights including eradication of harmful practices such as female genital mutilation will continue to be a focus of Danida civil society partners.

Kenya's Constitution recognises indigenous communities as part of marginalised group of persons, to which the state is obligated to guarantee protection, provide for adequate representation in all levels of government, and execute affirmative action on behalf of these groups. The Governance TP will focus on the access to justice for indigenous people who are usually located far from formal courts, are unable to afford legal services and in many instances cannot communicate in the required languages. This support will deepen what Danida has already piloted under alternative dispute mechanisms, in line with the Judiciary's push to increase access to justice for all.

In order to build bridges between *democratic practices* and *public sector effectiveness*, a strategic choice has been made to support, on the one hand, capacity development of devolved administrations and public financial management instruments (improving public sector effectiveness) and on the other hand, support to local CSOs to ensure accountability and transparency of local authorities (i.e. democratic practices).

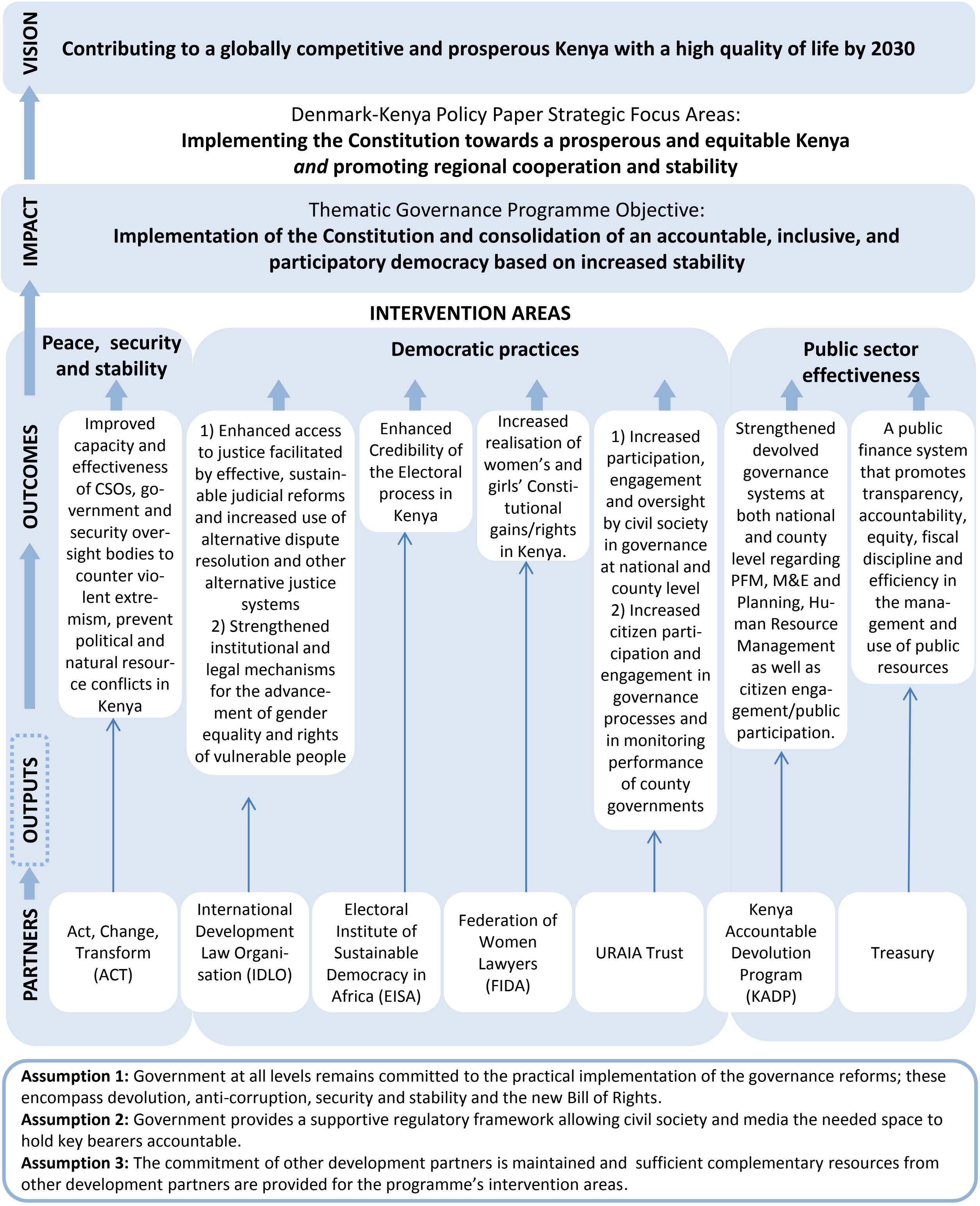
In the area of *peace, security and stability*, the strategic choice has been made to strengthen local level CSO's ability to engage in conflict mediation and collaborate with local level security authorities. Another area of support is to generate a better understanding (through applied research) of local solutions to conflict resolution and on how to improve inter-county cooperation on security issues.

An overriding strategic consideration has been creating synergy between the governance and health and green growth programmes. The governance programme supports important mechanisms and processes (i.e: public financial management and devolved capacities) that are prerequisites for success in the other two programmes.

Development engagements and choice of partners

The TP will operate through seven development engagements in the three intervention areas (See figure 2). A summary of all DEs can be found in Annex 1. The governance TP *national partners* have been chosen based on their centrality to the issues (i.e: the Treasury, the justice sector actors, Federation of Women Lawyers and the national level CSOs) while the international and national partners in more intermediate roles (Electoral Institute for Sustainable Democracy in Africa, Uraia (Swahili for citizenship), Act Change Transform and World Bank) have been selected mainly on the basis of their expertise and track records in Kenya and elsewhere. Most of the partners are already working with Danida and have delivered to the satisfaction of the Embassy, while a few are new. Further details on partner selection are included in the DEDs.

Figure 2: The Governance programme



Key assumptions

A number of important *assumptions* underlie the TP programme design. It is essential that Government at all levels remains committed to the practical implementation of the governance reforms; these encompass devolution, anti-corruption, security and stability and the new Bill of Rights. That the Government of Kenya provides a supportive regulatory framework allowing civil society and media the needed space to hold key duty bearers accountable. Finally, where joint financing is undertaken, it is assumed that the commitment of other development partners will be maintained and that sufficient complementary resources from other development partners are provided for the programme's intervention areas. The assumptions represent opportunities for program implementation and are mirrored by the risks identified in the Governance TP. As an example it is on one hand *assumed* that the GoK provides a supportive regulatory framework allowing civil society space, on the other hand that civil society is given less space as a governance stakeholder is a risk factor that cannot be excluded. Close monitoring, robust design of DEDs and political dialogue will address such issues.

Alignment with policy priorities and aid effectiveness

The Governance TP is aligned with the strategy for Denmark's development cooperation "The Right to a Better Life", and with overall Kenyan policies with its strong emphasis on the 2010 constitution as the means to achieve the TP objectives as well as the Kenya Vision 2030. As for the PFMR and Devolution (democratic practices and public sector effectiveness) the programs supported are aligned as the DEs either support the GoK strategy as such or contribute to a program that aims at supporting fully owned Kenyan government, both national and county level, initiatives. In both cases have joint funding mechanisms been chosen. The Embassy participates in the relevant coordination fora and is a member of the Sector Working Groups Steering Committees for both PFMR and Devolution.

When working with and trough civil society, who in turn in many instances cooperate with the Government, two of the DEs are core funding, as it is for the intergovernmental organisation IDLO (human rights, access to justice and equality). When it comes to harmonisation and coordination Denmark is participating in the available coordination fora, relevant to the composition of the DE portfolio (e.g. the judiciary and conflict groups) and is in particular co-chairing the elections donor group together with Norway.

Table 3: The DAC quality criteria as applied to the Governance TP

DAC criteria	Application in the Governance Thematic Programme
Relevance	The TP is relevant to two of the strategic focus areas (nos. 1 and 3) of 2014 Denmark – Kenya Partnership Policy. The three focus areas are in line with the priorities expressed in the Danish development cooperation strategy "The Right to a Better Life", in particular the HRBA principles of accountability, participation /inclusion, non-discrimination, and transparency. It is relevant in relation to implementation of the 2010 Constitution; a high priority for the Kenyan government as reflected in the overall development strategy "Kenya Vision 2030" and the four-year Medium Term Plan 2013 – 2017. Both the political, civic, social, and economic rights of the Kenyan population will be furthered through the TP, and the TP will support the basis on which the two other TPs of the CP can operate.
Effectiveness	The DEs of the TP will complement and reinforce each other as well as those under the other TPs. Resources from other sources will also complement them, and Denmark will exercise its influence to maximise the effectiveness of the combined efforts. It is at this larger scale that real and rapid impact can be expected. Use of Kenyan systems is envisaged to the extent possible when supporting government institutions, while support to non-public organisations will when possible adopt core funding.
Efficiency	All DEs have been designed and all DE partners chosen with due consideration of alternative options. Maximum alignment with partner systems should ensure implementation efficiency. The Embassy also actively participates in relevant coordination fora in order reduce the risk of duplication between development interventions. A relatively limited number of direct DE partners will allow closer monitoring of partners' efficiency in their use of resources.
Sustainability	The TP supports the core business of its partners and uses their systems. It also has a strong focus on capacity development at all levels. Financial sustainability can generally not be expected within the CP period but joint donor arrangements seek to provide for sound exit strategies.
Impact	The DE portfolio has been guided by how the DE outcomes contribute to the TP objective. All Governance DEDs contain a section committing the Embassy and the Partner to an annual stock-taking and information sharing workshop. This exercise will i.a. examine achievements, challenges and lessons learned and thus inform future implementation in view of achieving the expected long-term effects as well as signal unforeseen negative effects. The external Programme Management and M&E support team shall together with the Danida HQ Real Time Evaluation provide additional management information regarding the likelihood, including risk assessment, of reaching the intended impact.

3.2 Building on results and lessons learnt

Denmark has been active in Kenya since the first year of independence, and has provided support to the governance sector since the late 80's. Human rights and democracy has, over the years, become an integrated and very transparent part of Danida's engagement in development assistance, accompanied by an active policy dialogue. The perception that Danida is an honest broker enables the Embassy to work closely with the national government and county governments, and to engage closely with civil society groups in support of the democratic reform agenda. Among the longest-standing areas of support are: justice sector reform, elections, and gender equality. Civic education, support for accountability, security, and PFM are other areas that have been in the portfolio for a number of years, while specific support for anti-corruption has been in and out of the programme over time. Examples of particular lessons learned over the years, which have influenced the design and approaches of the TP are:

- Danida's support to justice, gender and equality in the public sector has increasingly brought out the need for focusing support for the justice reforms more on the "end user". People have little confidence in laws and institutions when they do not see their practical benefits to their own lives. Hence the need for initiatives focusing on building people's trust in the rule of law through tailoring the reforms to local needs while ensuring their anchorage within the framework of international standards and values;
- Danida's support to five NGO's in the Coastal areas working with anti-radicalisation and mitigation of conflict has fostered a better relationship and cooperation between citizens and the security forces. The Danida model has shown that integrating human rights into security issues benefits both security and citizen's rights.
- Experience in the health sector support since 2013 has highlighted how urgent it is to ensure that the management systems and institutional framework needed for devolved service delivery work. This insight has influenced the decision to continue with the PFM reform support and complement it with support to the Kenya Accountable Devolution Programme (KADP).

3.3 Results framework

The following results framework presents the expected impact and outcomes (7, one for each DE) and associated indicators that will measure the Governance thematic programme objective and outcomes achievement. The outcome indicators represent a selection of the indicators by which progress in the engagements will be monitored. Further outcome indicators as well as outputs and output indicators with targets are found in the results frameworks of the individual DEDs. See Annex 3 for detailed explanation about the indicators.

Thematic Programme objective		**Implementation of the Constitution and consolidation of an accountable, inclusive, and participatory democracy based on increased stability**	
Impact indicator 1		Participation & Human rights indicator from the Ibrahim Index of African Governance (IIAG)	
Baseline	Year	2013	59.3 (on a scale ranging from 0-100, the higher the better)
Target	Year	2020	66
Impact indicator 2		Safety and Rule of Law indicator from the Ibrahim Index of African Governance (IIAG)	
Baseline	Year	2013	53.3 (on a scale ranging from 0-100, the higher the better)
Target	Year	2017	58
Impact indicator 3		Share of Kenyans who are satisfied with the way democracy works in Kenya, gender disaggregated (from Afrobarometer)	
Baseline	Year	2015	- 47 % of Kenyans are fairly (35 %) or very (12 %) satisfied - 42 % of Kenyan women are fairly or very satisfied, 53 % of Kenyan men are fairly or very satisfied
Target	Year	2020	- 60 % of all Kenyans are fairly or very satisfied - No difference between perceptions of men and women
Impact indicator 4		Group Grievance indicator from the Fragile States Index	
Baseline	Year	2014	9.3 (scale of 1-10, the lower the better)
Target	Year	2020	4 (scale of 1-10, the lower the better)

DE Gov. 1		**Public Financial Management Reform (PFMR)**	
Outcome		A public finance system that promotes transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources	
Outcome indicator		Improved Public Expenditure and Financial Accountability (PEFA) Assessment ratings	
Baseline	Year	2012	12 PEFA Performance Indicators (PI) were rated as [C], and 9 PEFA PIs were rated as [D]
Target	Year	2020	All PEFA PIs rated as [C] are rated as [B] or higher,
DE Gov. 2		**Kenya Accountable Devolution Programme (KADP)**	
Outcome		Strengthened devolved governance systems at both national and county level regarding Public Financial Management, Monitoring and Evaluation (M&E) and Planning, Human Resource Management as well as citizen engagement/public participation.	
Outcome indicator		Adherence by counties to fiscal discipline rules and regulations (measured by increased credibility of the budget, e.g. discrepancy between planned and executed budget outturn).	
Baseline	Year	2016	5% improvement in aggregate (compared with 2015)
Target	Year	2017	5% improvement in aggregate (compared with 2016)
DE Gov. 3		**Support for electoral processes in Kenya (EISA)**	
Outcome		Enhanced Credibility of the Electoral process in Kenya	
Outcome indicator		Credibility assessment of the 2017 elections	
Baseline	Year	2013	2013 elections were ranked largely compliant
Target	Year	2017	Elections deemed Fully compliant (FC) or largely compliant, with a score higher than 3, with international standards for credible elections
DE Gov. 4		**Support to human rights, access to justice and equality (IDLO)**	
Outcome 1		Enhanced access to justice facilitated by effective, sustainable judicial reforms and increased use of alternative dispute resolution and other alternative justice systems	
Outcome indicator		Enhanced access to justice and increased use of alternative dispute resolution and other alternative justice systems.	
Baseline	Year	2013	116,754 new cases filed in courts across Kenya and 190,093 cases were determined by the courts, yet 657,670 remained pending.
Target	Year	2020	50% of case backlog determined by the courts and other dispute resolution mechanisms.
Outcome 2		Strengthened institutional and legal mechanisms for the advancement of gender equality and rights of vulnerable people	
Outcome indicator		Number of related initiatives undertaken by MODP Gender Directorate, NGEC and KNCHR	
Baseline	Year	2015	Key policies and legislation on gender equality, protection of rights of vulnerable people and non-discrimination as stipulated by the 2010 constitution not in place (e.g. Legislation on the realisation of the 'not more than two-thirds' gender principle, national equality policy, Law of Succession Act.;
Target	Year	2020	Key Policies and laws on gender equality, protection of rights of vulnerable people and non-discrimination in line with 2010 Constitution in place
DE Gov. 5		**Support for women's rights and empowerment (FIDA)**	
Outcome		Increased realisation of women's and girls' Constitutional gains/rights in Kenya.	
Outcome indicator		Improved implementation of the provisions of the Kenyan Constitution regarding gender legislation	
Baseline	Year	2015	Gender legislation that does not respect the Constitution is passed (threshold example the Matrimonial Property Act 2014)
Target	Year	2020	Enactment of gender responsive laws, policies and practices (includes two-thirds gender principle legislation); Repeal of unconstitutional laws and policies.
DE Gov. 6		**Support to civil society (Uraia)**	
Outcome 1		Increased participation, engagement and oversight by civil society in governance at national and county level	
Outcome indicator		Number of CSOs participating in governance processes (such as county planning and budgeting, bills formulation, submission of memoranda, vetting and public hearings)	
Baseline	Year	2016	To be determined through baseline survey
Target	Year	2020	At least one CSO in each target county.
Outcome 2		Increased citizen participation and engagement in governance processes and in monitoring performance of county governments	
Outcome indicator		Increase in number of local communities participating in county planning and budget making processes (as peer National Democratic Institute All-county surveys)	
Baseline	Year	2014	41 %
Target	Year	2020	60 %
DE Gov. 7		**Peace, stability and security (ACT)**	

Outcome		Improved capacity and effectiveness of CSOs, government and security oversight bodies to counter violent extremism, prevent political and natural resource conflicts in Kenya	
Outcome indicator		Level of CSO effectiveness in addressing issues of peace, stability and countering violence in relation to extremism, politics and natural resources in the selected counties by 2020	
Baseline	Year	2015	To be determined by baseline study
Target	Year	2020	80% of CSOs move at least one level

3.4 Budget

Governance Thematic Programme						
Engagements	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
Public Financial Management Reform	14	11	11	9	0	**45**
Kenya Accountable Devolution Programme	15	0	0	15	0	**30**
Election support (EISA)	8	3	2	2	0	**15**
Access to Justice, Rights and Equality (IDLO)	8	7	5	5	0	**25**
Women's Rights and Empowerment (FIDA)	4	4	4	3	0	**15**
Civil Society Support (Uraia)	10	15	15	15	0	**55**
Peace, Security and Stability (ACT!)	7.5	7.5	7.5	7.5	0	**30**
TA, reviews and audits	0.5	1	2	1	0.5	**5**
Contribution to CP M&E	1	1	1	1	1	**5**
Total Governance TP	**68**	**49.5**	**47.5**	**58.5**	**1.5**	**225**

3.5 Main risks – programmatic and institutional

The contextual programme risks have been outlined in section 2.7. The table below summarises the main programmatic and institutional risks for the Governance thematic programme. More detailed information on risk management, including risk likelihood, background, impact, and risk response, is presented in Annex 5.

Table 4: Programmatic and institutional risks in the Governance TP

Programmatic Risks	
Risk Factor	Risk Response
Waning political and administrative commitment to major parts of the Governance reforms	Acceptance and monitoring in combination with reduction (through intensified dialogue) and sharing of risk with other development partners.
Division of labour and roles and responsibilities are not made clear in relation to the devolution process	Mitigation/Reduction: The Embassy is supporting the devolution process as such. The MTR will take stock of relevance and design and prospects for effectiveness of CP and the TP. The external monitoring team will provide continuous and structured information
Devolution transfer of responsibilities is not matched with transfer of adequate resources, or delay or even non-allocation of resources, as well as it's not coupled with appropriate and adequate capacity development support.	Acceptance: The Embassy accepts the risk factor but will closely monitor the potential risk outcome and will engage the various stakeholders in a dialogue on the best use of Danish, and other, funds. In addition the Danish support contains support to capacity development.
Civil society given less space as a governance stakeholder	Mitigation/Reduction and sharing: Through dialogue with the government jointly with fellow donors.
Misappropriation of funds causing disruption in funding and implementation (Fiduciary risk)	Mitigation/Reduction by regular attention by Embassy to compliance with agreed financial procedures and monitoring of the internal control and steering environment regarding the DE partners through the audit instrument. The external monitoring service will function as an Early Warning System.
Institutional Risks	
Risk Factor	Risk Response
Major setbacks in reform implementation, e.g. financial scandals or radically changed political agenda linked to devolution.	Acceptance (as no preventive measures) and monitoring: allowing quick reaction in terms of cooperation modalities. The MTR will provide an occasion for major adjustments, if need be.
Misappropriation of funds (Fiduciary risk translating into 'reputational risk').	Mitigation/reduction: Monitoring in order to act swiftly in accordance with Danida guidelines. The external monitoring team will function as an Early Warning System.

4. Thematic Programme on Green Growth and Employment

4.1 Strategic considerations and justification

This section presents the thematic programme's objectives and opportunities, challenges and strategic considerations. It also serves as a narrative of the Theory of Change.

Objectives

The Green Growth and Employment TP objective is **"Inclusive greener growth with higher employment"** and will be achieved by focusing support on two intervention areas:

1. Sustainable growth and jobs from investment and trade;
2. Sustainable use of natural resources and community resilience.

Economic growth in Kenya, which has been steadily increasing in recent years, is highly natural resources dependent. Sustainability of this growth, therefore, depends to a large extent on a rational, efficient use of resources (energy, water, land and other resources) and effective control of negative externalities such as water and air pollution, land degradation, and waste production. This is currently not the case in Kenya; the growth model, largely based on outdated technologies and production methods, and relatively uncontrolled exploitation of natural resources, is on a 'brown' trajectory, and the country runs a serious risk of undermining the longer term prospects for growth, employment, social development and the constitutional right for all Kenyan citizens to enjoy a clean and healthy environment, if this pattern is not reversed.

The country is at an important crossroads. Kenya's future possibilities for fostering growth and employment and ensuring a clean and healthy environment will be determined — and restricted — by the choices that are made today in relation to the pattern and quality of growth. Continuing with the present growth pattern risks locking the country into outdated technologies and approaches that will be difficult to reverse the longer they are maintained. By supporting a transition towards a more green economy in Kenya, the thematic programme can help in expanding the set of future choices available for the country, and ultimately contribute towards achieving Kenya's Vision 2030. Fortunately, there is an increasing realisation in Kenya of the need to transition to a greener economy; a transition that provides many opportunities, but also significant challenges. These are outlined briefly below.

Opportunities

The Kenyan normative framework strongly supports sustainable and greener growth. The right of every Kenyan to live in a clean and healthy environment is enshrined in the Constitution, and key policies, strategies, and a regulatory framework establish clear requirements for effective environmental management, energy efficiency and greener growth. There is an *emerging awareness across government agencies* — not only within those responsible for environment — of the need to 'green' the Kenyan growth model, and that the private sector will be an important player in this regard. Effective collaboration between the government and the private sector, to develop realistic policy and strategy targets and implement those targets, will be key. One example is the energy sector, where the government is allocating significantly increased resources to the generation of renewable energy, largely implemented by the private sector. At county level, the devolution process rests on the principle of subsidiarity and thus presents an important opportunity to bring environmental and developmental decisions closer to the people.

The private sector's incipient awareness of and commitment to greener growth, including the use of tools and instruments such as energy/environmental audits (to increase energy efficiency, reduce water use, etc.), increased use of renewable energy, and recycling, provides a foundation for scalable innovation. Many of these innovations also have potential for job creation. Some business membership organisations (BMOs), private companies and individuals (farmers and pastoralists) are beginning to realise the strategic advantages of greener solutions, both in terms of productivity and efficiency gains, improved image (linked to corporate social responsibility), and expanded sales opportunities (i.e: local green product branding, linking into regional and international green products and services value chains). A subset of the same BMOs are even beginning to see environmental and energy regulations as business opportunities (ie: through competitive advantages, cost savings, etc.) rather than the more traditional 'nuisance' to the private sector.

Challenges

The combined effects of climate change, unsustainable exploitation of natural resources, and the brown production model, have already resulted in unprecedented changes to Kenya's ecosystem. Extreme weather conditions, such as droughts and floods, are increasingly affecting agricultural production and food security, and contribute to land degradation, desertification, and increased vulnerability. This is particularly evident in ASALs. These impacts are further exacerbated by human influence — unsustainable grazing patterns, over-extraction of water resources, and, in urban areas, water and air pollution and generation of solid waste.

Kenya has a strong normative framework providing the basis for a greener growth, but it faces many implementation challenges - challenges that are further exacerbated by the devolution of environmental management responsibilities to the counties, where the capacity to effectively implement the framework is almost non-existent.

While some in the private sector are beginning to understand the benefits of the green growth agenda, by and large the approach continues to be 'business as usual'. There is a resistance towards environmental policies and regulations — especially among stakeholders with vested interests in the status quo — and the somewhat limited and imbalanced enforcement of environmental regulation is often met with suspicion and mistrust. Investing in green technology solutions (environmentally friendly and energy saving) is still considered to be a cost burden, and as a result, traditional "brown" technologies are chosen for investments. Examples of successful green business models are few and largely invisible. Limited access to information on green technology options, know-how and financing also impedes the private sector from seriously considering and implementing green solutions. In the short to medium term, the continued emphasis on growth 'of any kind' and the high priority on creating a conducive investment climate means that it will be very difficult to shift from the business as usual/brown economy model, without concerted and very focused efforts.

Strategic considerations

Based on the sector context, opportunities and challenges described above, and the funds available, a number of **strategic choices** have guided the GGE TP design**.**

Two main areas of intervention have been selected: (1) sustainable growth and jobs from investment and trade (with a particular emphasis on women and youth); and, (2) sustainable use of natural resources and community resilience (from both a business and a livelihood perspective). Under these two intervention areas, activities will be implemented around trade facilitation, value chains, renewable and non-renewable energy, investment in natural capital, resource efficiency and cleaner technology, climate change mitigation and adaptation, competitiveness, productivity, advocacy and market access. A cross-cutting theme will be strengthening of the implementation of the normative framework.

Under the first intervention area, the TP will, first and foremost, *seek to stimulate growth, based on green solutions, and to generate employment*. Employment is an important transmission mechanism between growth and poverty reduction, and there are opportunities for generating sustainable employment in the 'greening' of growth. Danida will continue to help Kenya achieve its green growth agenda through reducing poverty and improving livelihoods, through climate mitigation and adaptation of green technologies. Targeted innovative enterprises, both start-ups and existing enterprises will be supported in efforts to uptake green technologies and innovative businesses in agribusiness, water management and renewable energy. This will be done by leveraging funds for investments in clean energy through proof-of-concept funds, seed funds and commercial funds. In this respect, the expected medium term outcomes are sustainable utilisation of natural resources and employment creation.

Support will be provided to partners *working with both the normative framework and the private sector*. This is in recognition of that on the one hand, the public sector alone cannot drive a transition towards a green economy, and on the other hand, the private sector needs a conducive business environment (including the right incentives) from the public sector to consider green investments. The focus will be on working with partners offering innovative solutions and a willingness to meet the challenges of promoting a greener economy and creating employment.

The normative framework support will emphasise implementation of the existing framework rather than the formulation of new policies and strategies. Focus will be on capacity development for implementation (including awareness raising, incentives and enforcement) as well as on interventions to create partnerships and trust between public institutions/authorities and the private sector. This will include support to better integrate sustainable environmental management principles into sector strategies within Ministries, Departments and Agencies (MDAs) and budget processes in MDAs and at county level.

The private sector support will, with limited funds and a limited number of strategic partners, concentrate on *activities that can generate immediate and medium term results as well as stimulate catalytic effects*, in areas such as green technology, ecosystems management, and creation of green employment opportunities. Capacity development/knowledge sharing will also be central. Interventions should, to the extent possible, be able to generate immediate, visible results while simultaneously encouraging continuity beyond the life of the programme, thus ensuring more significant longer-term impacts.

Under the second intervention area (sustainable use of natural resources and community resilience) the focus will be on sectors that are most vulnerable to climate change, where investment in natural capital and sustainable use of natural resources plays a key role, and where opportunities for fostering green growth and creating employment are significant. To address the daunting challenge of inequality in Kenya, geographical areas with notable poverty due in part to marginalisation, and where people are most prone to suffer from natural resource degradation, climate change effects, and the ensuing conflicts over natural resources and livestock, have been selected.

Development engagements and choice of partners

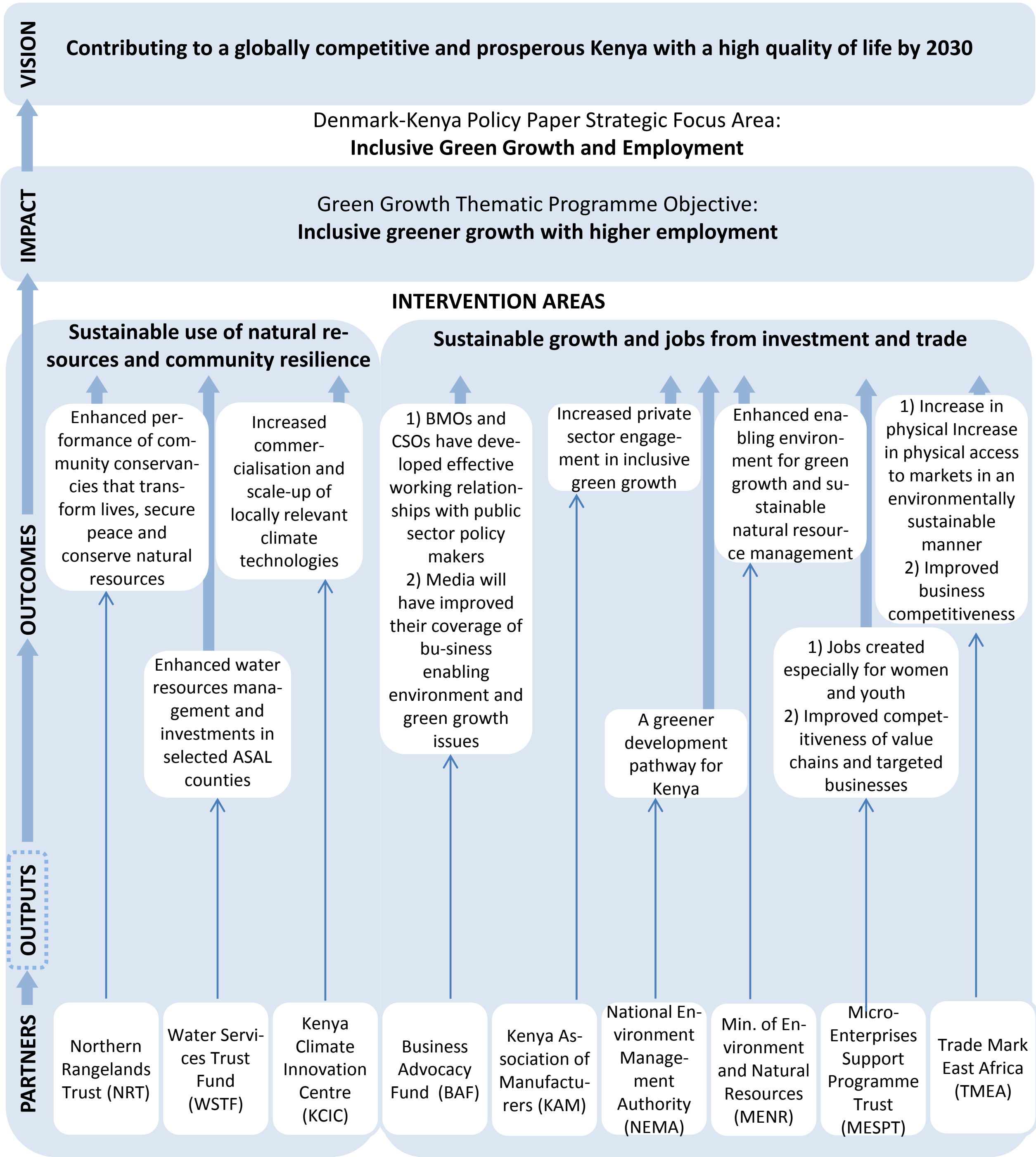
The TP will operate through nine development engagements in the two intervention areas (see figure 3). A summary of all DEs can be found in Annex 1.

The selection of partners follows from the thematic programme strategic direction, to foster a transition towards inclusive greener growth and increased employment. Some government institutions (Ministry of Environment and Natural Resources (MENR) and National Environment Management Authority (NEMA) and non-government partners (Business Advocacy Fund (BAF) and Trade Mark East Africa (TMEA)) have been selected in view of their mandate to facilitate implementation of environmental and natural resources policies, strategies and regulatory frameworks, their role in fostering a conducive environment for a transition towards a green economy in Kenya, and their position towards engaging with the private sector in such a transition. The support to NEMA and MENR in particular is expected to have a synergistic effect on the advocacy by the private sector for a conducive green growth business climate, for instance, MENR providing high level political support for favourable fiscal policies on green technologies and solutions.

Other non-government and private sector partners (Kenyan Climate Innovation Centre (KCIC), Kenyan Association of Manufactures (KAM), Micro Enterprises Support Programme Trust (MESPT), TMEA and Northern Rangelands Trust (NRT)) and government partners (Water Services Trust Fund (WSTF)) have been selected in view of their potential to generate positive, visible results and stimulate catalytic effects in a variety of key areas.

This includes fostering transition towards a greener economy through green business models and awareness raising (KAM, MESPT, KCIC, TMEA, BAF), creating employment and business opportunities for poorer segments of the population (NRT, WSTF), greening of trade infrastructure in Kenya, advocating for a conducive environment for a green economy (TMEA, BAF), and supporting sustainable management of natural resources and community resilience in ASAL while at the same time creating business and employment opportunities for marginalised people (WSTF, NRT, TMEA).

Figure 3: Green Growth and Employment Programme



Assumption 1: National and County governments efforts at stabilising in particular the north and the coastal regions will be effective
Assumption 2: The political leadership and the private sector fully adopt and continue to show commitment to the green growth agenda
Assumption 3: All partners of the GGE TP will remain steadfast in pursuit of green growth agenda
Assumption 4: Communities in the ASALs have the required absorptive capacity to work effectively with partners

All nine engagement partners in this thematic programme are already being supported by Danida and have proven to be effective contributors to the pursued agenda. Many of the partners have mandates directly related to green growth (NEMA and KCIC) while some partners are strategic and central players in Kenya whose approaches Denmark — through the partnership — intends to actively influence in the direction of green growth, poverty reduction and employment creation (TMEA). Some of the supported partnerships/interventions will have a potential to generate linkages between Kenyan partners and the Danish public and private sector, with or without support through the Danida business instruments, growth advisors and/or the Trade Council.

Key assumptions

A number of *key assumptions* underlie the GGE TP design. Economic development and investment is critically dependent on political stability and relative security (in particular in the north and the coastal regions) and a key assumption is that that National and County governments efforts at stabilising these regions will be effective. It has to be assumed that the political leadership and the private sector fully adopt and continue to show commitment to the green growth agenda. All partners of the GGEP have been selected by virtue of prioritising green growth in their strategic framework. It is assumed that the partners will remain steadfast in pursuit of the green growth agenda. Finally, it is assumed that communities in the ASALs have the required absorptive capacity to work effectively with partners. The assumptions represent opportunities for program implementation and are mirrored by the risks identified in the GGE TP. On the one hand it is assumed that the political leadership and the private sector fully adopt and continue to show commitment to the green growth agenda, on the other hand there is a risk that the Government may lack political will to advance the Green Growth agenda, and this might hinder program implementation and the achievement of the expected results. Close monitoring and political dialogue will address such issues.

Alignment with policy priorities and aid effectiveness

The HRBA will be actively pursued in multiple ways in the individual engagements. For example, under the KAM engagement, in addition to resource efficiency, KAM will receive support to work with its member enterprises (including Kenya's major manufacturing companies) on the UN Global Compact. The work on sustainable resource use in the ASAL intends to facilitate inclusive, non-discriminatory national development (which may also have positive effects on the security situation), and non-discrimination in the sense of gender equality and emancipation of the youth forms an explicit part of a number of engagements. One example of this is the work being done by TMEA in facilitating cross-border trade for female traders.

Aid effectiveness in the form of alignment is more relevant in terms of alignment to government policy priorities than to financial management systems, but on the private sector side, maximum alignment will in all cases be pursued with the partners' financial management, monitoring, and other management systems as well as with their mandates and plans, thus ensuring full partner ownership of the activities. Harmonisation and joint funding are pursued where possible, as is core funding as opposed to earmarked funding. As part of this effort, the Embassy will continue its active participation in the Environment, Water and Natural Resources Coordination Group and the Private Sector Donor Coordination Group.

The GGE TP will also be linked to a new strategic sector cooperation initiative in agriculture and environment between Kenyan and Danish authorities. Two growth advisors have been placed at the Danish Embassy for the coming three years to promote green growth and ensure that Danish solutions to the environmental and business challenges are considered.

Table 5: The DAC quality criteria as applied to the Green Growth and Employment TP

DAC criteria	Application in the Thematic Programme
Relevance	The programme is designed in support of Government of Kenya's Vision 2030 and Strategic Focus Area 2 in the Denmark-Kenya Country Policy Paper. It seeks to respond to a number of major challenges facing Kenya in terms of greening the growth path to make growth and resource use more sustainable, to make growth more inclusive and equitable, and to increase the creation of jobs, not least for the youth.
Effectiveness	Effectiveness is expected through both the direct and the catalytic effect the programme will have in addressing the development objectives for the TP, i.e. through policy dialogue, results-based management, sound and innovative M&E frameworks, technical assistance and quality assurance

	through reviews, audits.
Efficiency	The programme will work with a limited number of strategic partners, based on a careful assessment of available options. The support will be fully integrated into the strategic frameworks and in the management systems of the partners, which should ensure maximum efficiency.
Sustainability	The programme will support capacity building in public and private organisations in order to enable these to gradually take responsibility for activities. Financial sustainability at the level of the direct partners is attainable for some while sustainability at the level of the final clients in all cases is a necessary condition of success, whether in the form of competitiveness and profitability in the private sector or of sustainability of resource use in local communities.
Impact	Medium-term outcomes are sought at the level of individual enterprises and communities as well as at the level of national policies. Longer-term and wider impact on the growth path of Kenya will require sustained efforts by many stakeholders, of whom Denmark is one of the smaller but with an expected high catalytic impact. The external Programme Management and M&E support team shall, together with the Danida HQ Real Time Evaluation, provide additional management information regarding the likelihood, including risk assessment, of reaching the intended impact.

4.2 Building on results and lessons learnt

The thematic programme builds on experience from previous Danida engagements in private sector development, natural resources management, including many years in the ASAL, and energy efficiency and renewable energy. The following lessons have influenced the TP design:

- Success in advocacy for a better business environment depends critically on having gathered sound evidence, on being able to build coalitions, on early and constructive engagement with the authorities, as well as on close monitoring of the policy and legislative processes. As an example is the Kenyan Private Sector Alliance (KEPSA), supported by BAF, developed the National Business Agenda, identifying key priority issues of concern to the private sector. Due to KEPSA's convening power of the private sector, high-level engagement with the executive, the legislature and judiciary took place to address the issues.
- In value chain development, it is essential to identify a 'champion' in the form of a strong private-sector entity able and willing to act as a value chain driver by consistently forging linkages between primary producers, SMEs, and financial institutions, as well as providing incentives to spur the growth of the value chain.
- In pastoral areas, the promotion of planned grazing has proven to be successful in reducing and solving conflicts over access to resources and facilitating the rehabilitation of degraded lands, thus improving the resilience of local communities to changes, including those due to climate change. Improved access to reliable sources of water for domestic and productive needs has similar positive effects.

4.3 Results framework

The following results framework presents the key impacts and outcomes (9, one for each DED) and the indicators that will measure the achievement of these. The outcome indicators represent only a selection of the indicators by which progress in the engagements will be monitored — further outcome indicators as well as outputs and output indicators can be found in the results frameworks of the individual DEDs.

Thematic Programme objective		Inclusive greener growth with higher employment	
Impact indicator 1		Economic growth, as measured by absolute value of GDP	
Baseline	Year	2014	KES 5.4 trillion (55.24 Billion USD)
Target	Year	2020	85.07 Billion USD
Impact indicator 2		Sustainability of economic growth, as measured by average National carbon intensity	
Baseline	Year	2010	0.542 Metric Tons of Carbon Dioxide per Thousand U.S. Dollars (Year 2005)
Target	Year	2020	Tbd with Treasury and NEMA
Impact indicator 3		Cumulative employment, as measured by number of jobs created	
Baseline	Year	2014	800,000 jobs created
Target	Year	2020	Tbd with Treasury

Impact indicator 4		State of key environmental assets as highlighted in National State of Environment (SoE) report and disaggregated by forestry and accessibility to water sources	
Baseline	Year	2014 2010	Forest coverage 6.6 % Access to improved water source: 59 %
Target	Year	2020	Forest Coverage 10 % Access to improved water source: 72 %
DE GGE 1		**Value Chain Greening and Financing (MESPT)**	
Outcome 1		Jobs created especially for women and youth	
Outcome indicator		Net additional, full time equivalent jobs created in target enterprises as a result of the programme, cumulatively.	
Baseline	Year	2016	15,000 jobs
Target	Year	2020	25,000 jobs
Outcome 2		Improved competitiveness of value chains and targeted businesses	
Outcome indicator		Consolidated sales turnover of value chains and targeted businesses in USD	
Baseline	Year	2014	USD 25 Million
Target	Year	2020	USD 43 Million
DE GGE 2		**Private Sector Green Growth Programme (KAM)**	
Outcome		Increased private sector engagement in inclusive green growth facilitated by improved business environment and the adoption of sustainable business practices	
Outcome indicator		Percentage of private sector players undertaking/implementing green growth measures	
Baseline	Year	2014	15 % of private sector engaged in green growth measures
Target	Year	2020	30 % of private sector engaged in green growth measures
DE GGE 3		**Community resilience and rangeland management (NRT)**	
Outcome		Enhanced performance of community conservancies that transform lives, secure peace and conserve natural resources	
Outcome indicator 1		% of community members reporting improved socio-economic status (includes measures of voice, peace and security, financial and non-financial benefits and income reliability)	
Baseline	Year	2014	Baseline to be determined in year 1 through Social-COMMS
Target	Year	2020	25 % increase
DE GGE 4		**Access to and management of water resources in the ASALs (WSTF)**	
Outcome		Enhanced water resources management and investments in selected ASAL counties for improved and sustained access by communities and households to water and sanitation for their domestic and productive needs	
Outcome indicator		(i) Number of people with sustained coverage for improved water and sanitation services in eight ASAL counties (ii) Areas under improved water resource management in eight ASAL counties	
Baseline	Year	2015	(i) To be developed in Year 1 reflecting updated on-the-ground water and sanitation coverage (ii) 4000 km^2
Target	Year	2020	(i) 150,000 new consumers reached with sustained water and sanitation services (ii) 9600 km^2
DE GGE 5		**Greening Kenya's development pathway (NEMA)**	
Outcome		A greener development pathway for Kenya	
Outcome indicator		Environmental Performance Index (EPI)	
Baseline	Year	2014	36.99
Target	Year	2020	50.00
DE GGE 6		**Creating an enabling environment for green growth (MENR)**	
Outcome		Enhanced enabling environment for green growth and sustainable natural resource management	
Outcome indicator		Environmental Performance Index (EPI)	
Baseline	Year	2014	36.99
Target	Year	2020	50.00
DE GGE 7		**Improving the business climate for greener growth and sustainable development (BAF)**	
Outcome 1		BMOs and CSOs have developed effective working relationships with public sector policy makers	
Outcome indicator		Number of BMOS and CSOs that have engaged in policy dialogue	
Baseline	Year	2015	35
Target	Year	2020	75
Outcome 2		Media will have improved their coverage of business enabling environment and green	

		growth issues	
Outcome indicator		Media coverage has raised awareness amongst policy makers	
Baseline	Year	2015	0
Target	Year	2020	50% of policy makers surveyed say that they saw press coverage about relevant issues
DE GGE 8		**Environmentally Sustainable Trade Growth in the East African Com. (TMEA)**	
Outcome 1		Increase in physical access to Markets in an environmentally sustainable manner	
Outcome indicator		Transit time from Mombasa to Northern Corridor border (e.g. Malaba or Busia) Average time to import/export goods through the ports of Mombasa Green Port policy developed and implemented	
Baseline	Year	2015	-Transit time 3.2 days -Time taken to import goods through Mombasa Port 5.3 - 10.9 days - Green Port policy action plan developed
Target	Year	2020	- Transit time 1 day -Time taken to import goods through Mombasa Port 2.3 days - 80 % Green Port policy plan implemented
Outcome 2		To improve business competitiveness	
Outcome indicator		Processes and standards for traders/Farmers. Time spent crossing the border for small traders, women traders and No. of farmer groups accessing new markets disaggregated by gender.	
Baseline	Year	2015	90 minutes to cross border one way. 50 farmer groups accessing new markets
Target	Year	2020	30 minutes to cross border one way. 250 farmer groups (30% women groups) accessing new markets
DE GGE 9		**Supporting cleaner technologies and innovative business models (KCIC)**	
Outcome		Increased commercialisation and scale-up of locally relevant climate technologies	
Outcome indicator		Revenue for KCIC clients (i.e. the entrepreneurs incubated by the organisation)	
Baseline	Year	2015	USD 1,928,556
Target	Year	2020	USD 4,820,000

4.4 Budget

Green Growth & Employment Thematic Programme						
Engagements	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
Micro-Enterprise Support Programme Trust (MESPT)	6	16	18	15	15	**70**
Kenya Association of Manufacturers (KAM)	8.5	8	8	8	8	**40.5**
Northern Rangeland Trust (NRT)	7	8	8	8	9	**40**
Water Services Trust Fund (WSTF)	16	15	13	8	8	**60**
WSTF Long and Short term TA	1.5	1	1	1	0.5	**5**
National Environment Management Authority (NEMA)	2	8	8	8	7	**33**
NEMA Long and Short Term TA	1	2	1.5	1.5	1	**7**
Ministry of Environment and Natural Resources (MENR)	3	4.5	4.5	3.5	2	**17.5**
MENR Short Term TA	0.5	0.5	0.5	0.5	0.5	**2.5**
Business Advocacy Fund (BAF)	13	15	15	14	11	**68**
Trade Mark East Africa (TMEA)	15	15	15	15	15	**75**
Kenya Climate Innovation Centre (KCIC)	4	11.5	11.5	11.5	11.5	**50**
Reviews, external audits and programme management (e.g. annual TP forums, analytical studies, lessons learned and short term technical assistance)	1	2	2.5	1	1.5	**8**
Overall Country Programme M&E	2.5	2	2	2	2	**10.5**
Programme Coordinator	0	0	0	0	0	**0**
Unallocated	0	3	3	4	3	**13**
Total GGE thematic programme	**81**	**111.5**	**111.5**	**101**	**95**	**500**

Technical Assistance

The technical assistance provided to engagement partners through the Green Growth and Employment Programme is focused on areas where international and local consultancy experience can complement the skills and experiences of national partners. Implementing institutions will have sole responsibility for the programme implementation. Technical advisors and consultants will give input and guidance as requested. Modalities and ToR for technical assistance will be agreed between the embassy and the engagement partners. Short-term technical assistance may also be drawn down by partners from within the development engagement contract. Budget lines for these inputs are provided in the DED budgets. This can be undertaken as either international or national consultancies. Examples of such assignments include green growth initiatives, climate change adaptation and mitigation techniques; renewable energy technologies; gender mainstreaming; private sector promotion and management of natural resources; value chain analysis, knowledge research in issues related to decentralisation of natural resources and economic growth sectors in Kenya; etc.

4.5 Main risks – programmatic and institutional

The contextual programme risks have been outlined in section 2.7. The table below summarises the main programmatic and institutional risks for the GGE thematic programme. More detailed information on risk management, including risk likelihood, background, impact, and risk response, is presented in Annex 5.

Table 6: Programmatic and institutional risks in the GGE TP

Programmatic Risks	
Risk Factor	Risk Response
The Government shows reduced real commitment to the green-growth agenda and natural resource sustainability (due to lack of political will) and this may translate into negative regulatory/policy changes and/or weak policy implementation	Mitigation/reduction: Intense dialogue with the Government as well as playing a proactive role in providing evidence and advocating for the development of regulations and policies.
Duplication of efforts by donors and other stakeholders.	Mitigation/reduction: Active participation in donor coordination groups and integrated approach to donor programme synergies
Increased political instability and/or conflicts in parts of Northern and Coastal regions.	Mitigation/reduction: During period of instability or conflict, the programme activities may be temporarily put on hold. In case of a prolonged period of instability and conflict efforts may be redirected to alternative areas. The MTR will make an inventory and recommendations.
Misappropriation of funds causing disruption in funding and implementation (Fiduciary risk)	Mitigation/Reduction by regular attention by Embassy to compliance with agreed financial procedures and monitoring of the internal control and steering environment of DE partners through the audit instrument. The external monitoring service will function as an Early Warning System
Institutional Risks	
Risk Factor	Risk Response
Policy advocacy for brown economy by some implementing partners i.e. partners promote certain activities that compromise efforts for green economy	Mitigation/reduction: Increase public diplomacy through the media as well as participating in board meetings of the implementing partners in order to undertake informed oversight, steering and programme portfolio management.
Misappropriation of funds (Fiduciary risk translating into 'reputational risk').	Mitigation/reduction: Monitoring in order to act swiftly in accordance with DANIDA guidelines (zero acceptance of corruption) if need be. The external monitoring team will function as an Early Warning System.

5. Thematic Programme on Health

5.1 Strategic considerations and justification

This section presents the TP objectives, opportunities, challenges and strategic considerations. It also serves as a narrative of the theory of change.

Objectives

The objective of the TP on health is **"Provision of equitable access to quality health care"** in the newly devolved system, and will be achieved by focusing the support of the thematic health programme on two intervention areas, namely:

1. Support to the devolved health sector in the form of operational support for primary health care facilities and for health systems strengthening at county and national government levels; and
2. Support for sexual and reproductive health and rights (SRHR).

Opportunities

The Constitution states "every person has a right to the highest attainable standard of health, including sexual reproductive health". The Kenyan government is committed to providing Universal Health Coverage (UHC) to all Kenyans. To achieve this, the government must deliver an efficient, affordable, and accessible health care system, providing integrated health care (essential health care as well as more specialised services such as HIV/AIDS, maternal and child health, among others) to all regions of the country. Success in this endeavour has a number of prerequisites, not least effective *governance and leadership* (including the necessary normative framework), appropriate *service delivery* (i.e.: curative, preventive, diagnostic, community and outreach services), *a well-trained and motivated workforce,* able to interact with and respond to patients needs based on the *best available evidence and updated information*, and adequate *health infrastructure (*health facilities, equipment and systems*)* to deliver services. Significant *financing commitment*, at all government levels, is also essential.

The 47 county governments now play a crucial role in UHC delivery, and determining the most effective modality for doing this in the newly devolved structures has dominated the health agenda in recent years. This devolution of health services provides an outstanding window of opportunity for real change in health service delivery in Kenya, and is an ideal 'entry point' for the Health TP support.

Challenges

It is estimated that up to a million Kenyans fall into poverty or remain poor every year due to lack of appropriate and affordable health services. Significant improvements are needed in all aspects of health care provision. Sexual and reproductive health and rights is a particularly neglected area. Limited access to sexual and reproductive health services has resulted in very high maternal mortality rates in Kenya, while AIDS related illnesses are now the major cause of death among young people (both male and female). This disturbing indicator is attributed to stigma, discrimination, and limited access to simple and reliable information, including family planning methods (contraceptives), which is also leading to an increasing number of teenage pregnancies.

Gender based violence (GBV) is also a significant and neglected problem, although it has been receiving increasing attention lately; it is estimated that up to 38 % of married women experience physical violence at some point in their lives. GBV is a serious abuse of basic human rights — the Kenyan Constitution guarantees a secure and dignified existence for all Kenyans, including women and girls.

While the government ambitions to fully devolve health care are commendable, effective devolution of health services will not be without significant challenges. The newly devolved counties will need clear guidance on how to proceed, significantly increased capacities to deliver the needed services, as well as the necessary physical infrastructure and systems. Despite significant focus on this in recent years, progress has been slow.

A related challenge is financing. To date, the health sector has not been allocated the resources warranted. Kenya's health indicators are those of a lower income country and do not correspond to its status as a lower middle income country — spending in the sector has historically been below the threshold of the Abuja target of 15 % of government spending, and although health budget allocations have increased somewhat in recent years, the total amount is still well below what is needed. At the same time, donors disproportionately finance the sector, with up to 50 % of the budget coming from donors.

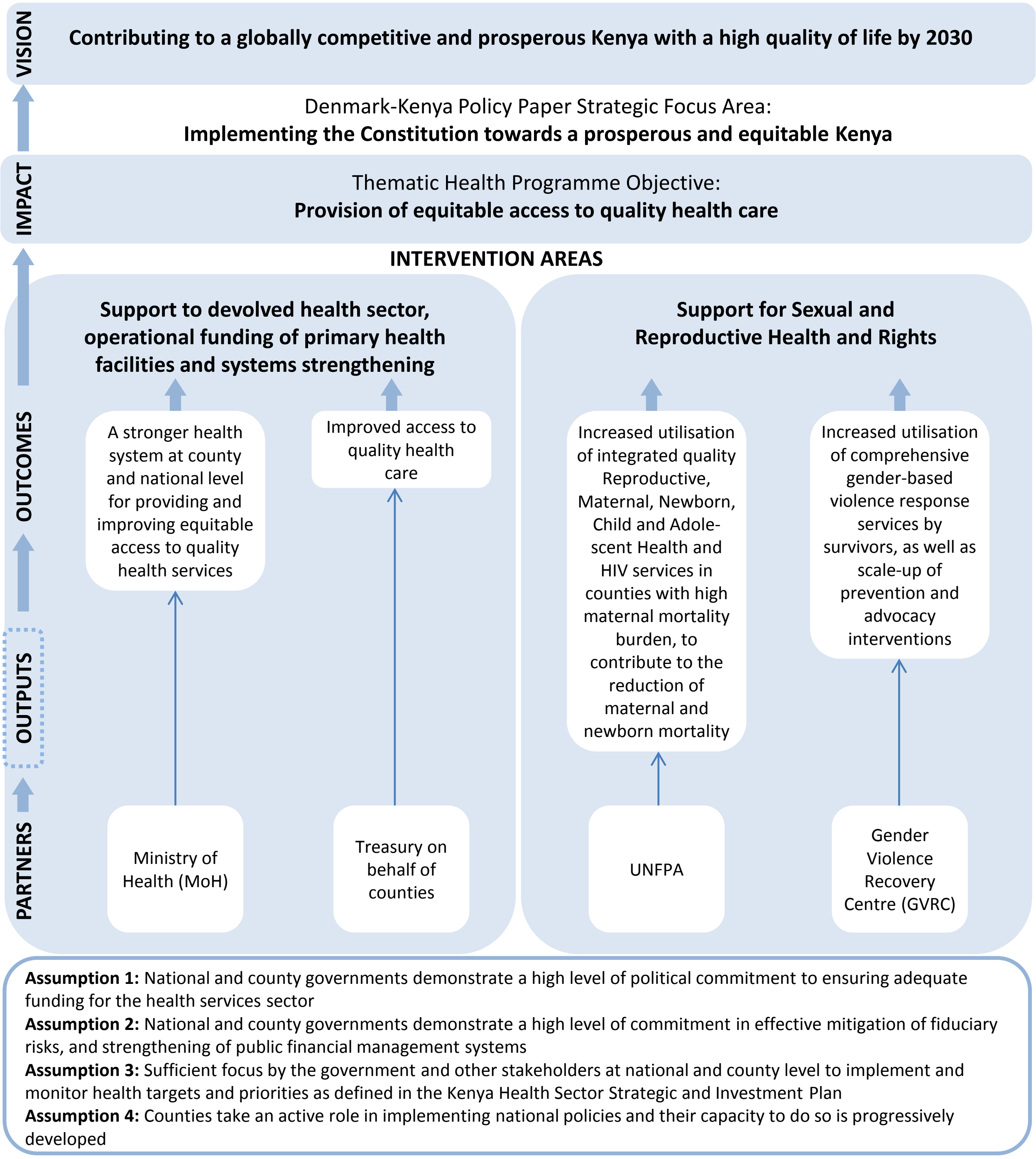
Strategic considerations

The sector context, opportunities, challenges, and lessons described above have guided the strategic choices made in the design of the Health TP.

The unique opportunity and existing momentum for delivery of Universal Health Care to all Kenyans through a devolved health care system will be capitalised on through *support to devolved primary health care, operational funding of primary health care facilities and systems strengthening* and achieving

UHC (Intervention area 1). Support to the Ministry of Health (MoH) will focus on improving overall *systems strengthening* (ie: health governance) in selected areas related to UHC delivery. These include development of priority policies (a new regulatory framework), national capacity to monitor UHC delivery, complemented by more practical aspects such as budgeting and planning capacity of county governments. Activities will be jointly financed with MoH, who will be expected to provide a progressively increasing share of total budget over time.

Figure 4: The Health Programme



The MoH support will be complemented by much needed *support to the operational funding of primary health facilities* — the major part of the Danish support will continue to go to this purpose. The Danida support to date has been highly appreciated by both national and county governments, because it is fully aligned to the new devolved governance system. It has had a catalytic effect at two levels. Firstly, at the governance reform level it helps county governments to fulfil their constitutional mandate and deliver tangible results in one of the most important areas of devolved governance, and secondly, at the technical level the relatively small transfer of Danish funds to these facilities, has, since Danida piloted this model in 2006 and rolled it out country-wide jointly with GoK in 2010, demonstrated significant impact on peripheral health facilities, and led to improvements in quality of care, staff motivation and patient satisfaction. The Danida support therefore has a major impact on the effectiveness of the primary health care service delivery in Kenya.

To ensure that the full benefit is drawn from on-going activities in this area (see lessons learned above) and that there is more clarity on post reform structures, the detailed preparation of this development engagement will be done in the second half of 2016.

<u>Intervention area 2</u> will focus support on the neglected areas of *maternal, new born and child health, and unwanted teenage pregnancies, and gender-based violence*. Since these problems are manifested differently across the country, counties will be selected based on need. The focused support on these three critical HRBA and gender-related health issues is intended to generate immediate, visible and measurable results within the programme lifetime.

The TP will apply a rights-based approach to health, promoting the capacity strengthening of public authorities (as duty-bearers) and of communities (as rights-holders). The programme will not only contribute to improving access to and quality of basic health services, but also to improving community dialogue with target groups, including women, girls and vulnerable groups, to empower them to claim the services they are entitled to receive. The health programme will address issues of inequality and exclusion through both intervention areas.

Development engagements and choice of partners

The Health TP will operate through four development engagements in the two intervention areas (See figure 4). A summary of all DEs can be found in Annex 1. The ongoing health sector programme has funding up to the end of 2016. Disbursements under the CP for the health thematic programme are therefore set to commence in January 2017 with exemption of DE 2 that has funds up to end of 2017 and following appraisal of detailed DED will be phased in from 2018. Hence funds for DE 2 are indicated in the CP budget as unallocated.

The Ministry of Health has the responsibility of national capacity building and coordination of policies, strategies and regulatory issues. The 47 counties have the constitutional mandate for health service delivery. From the ongoing health sector support programme Danida has in-depth experience from working with MoH, the Council of Governors (CoG) and the 47 counties. Danida has since 2012 been the main donor to the Gender Based Violence Recovery Centre at Nairobi Women's Hospital. There will be one new partner in the areas of SRHR, namely the UNFPA as lead agency for an emerging joint UN programme on reducing maternal mortality in the most marginalised counties.

Key assumptions

A number of *key assumptions* underlie the Health TP design: That national and county governments demonstrate a high level of political commitment to ensuring adequate funding for the health services sector; and demonstrate a high level of commitment in effective mitigation of fiduciary risks, and strengthening of public financial management systems in order for the total effort to attain the thematic objective. That there is a sufficient focus by the government and other stakeholders at national and county level to implement and monitor health targets and priorities as defined in the Kenya Health Sector Strategic and Investment Plan. And finally that counties take an active role in implementing national policies and their capacity to do so is progressively developed. The assumptions represent opportunities for program implementation and are mirrored by the risks identified in the Governance TP. On the one hand it is assumed that there is a high level of political will for devolution of health care through sufficient funding, on the other hand it is a risk to programme implementation if sufficient Government funding at national and local level is not provided. Close monitoring and political dialogue along with other development partners will address these issues.

Alignment with policy priorities and aid effectiveness

The TP is designed to support "Kenya Vision 2030", its second Medium Term Plan 2013-17 and the implementation of the Kenya Health Sector Strategic and Investment Plan 2014-2018 (KHSSP) and its successor plan. The areas of support are fully in line with the priorities expressed in the Danish development policy "The Right to a Better Life". The TP has a strong focus on SRHR and will explicitly work comprehensively with the HRBA principles of accountability, participation/inclusion, non-discrimination, and transparency. The LGBTI rights are specifically supported through the engagement with the Gender Violence Recovery Centre that also caters to the LGBTI community.

Funding modalities will primarily provide on-budget funding through the National Treasury in order to support interventions foreseen in government health sector plans at national and county levels. To ensure synergies and maximum benefit of the interventions the Danish Embassy will actively participate in the Development Partners in Health in Kenya working group (DPHK) and coordinate with development partners in the sector. USAID is by far the largest donor. Other major development partners in the sector are World Bank, DFID, JICA and GIZ.

Table 7: The DAC quality criteria as applied to the Health Thematic Programme

DAC criteria	Application in the Thematic Programme
Relevance	The Health TP is in line with the relevant policy priorities both at the Kenyan and the Danish side. The TP addresses the urgent need of providing primary health care services to the poorest Kenyans. Through its focus on strengthening the public health system including national health monitoring systems it also serves to facilitate effective service delivery, accountability and transparency, and ultimately poverty reduction.
Effectiveness	The composition of DEs is chosen in order to directly address the issues affecting primary health with general as well as targeted interventions and for these to complement and reinforce one another, both within the health programme and in the overall CP (linkage to the Governance programme).
Efficiency	All DEs have been designed and DE partners have been chosen with due consideration of alternative means of achieving the same results at the same costs. Alignment with partners, including the Government, should ensure efficiency during implementation. The Embassy also actively participates in relevant coordination fora in order to reduce the risks of duplication between development interventions.
Sustainability	The TP supports the core business of its partners and uses Government systems to the largest extent possible. It also has a strong focus on capacity development, thus increasing the potential of sustained results delivery over time. It is expected that GoK and County Governments will take on an increasing part of health financing
Impact	Medium-term outcomes are sought at the DED level. Contributions to the higher level impacts will be determined with the support of the M&E team, partly during the annual stock-taking exercises, but also through the provision of additional management information such as special impact studies, regarding the likelihood, including risk assessment, of reaching the intended impact.

5.2 Building on results and lessons learnt

An understanding of the lessons from previous Danida support to the health sector in Kenya is crucial to effectively defining future initiatives. The TP draws on lessons learned, most recently from the current health sector support programme, under implementation until end of 2016. In particular, the recommendations from the recent Health Sector Programme reviews have been carefully considered. Key lessons learned that have informed the strategic choice of engagements include the following:

Danida experience (co-financed with the World Bank and GoK through the Health Services Sector Fund) on *operational funding of primary health facilities* has shown that relatively small quarterly fund transfers to these facilities resulted in significant impact on peripheral health facilities, and led to improvements in quality of care, staff motivation and patient satisfaction, in addition to being very cost effective. This support modality was redesigned following devolution, and continues to be effective and much appreciated by the government — the current funding will continue until the end of 2017. To ensure clarity on post reform structures and to draw the full benefit from the present experience including possibility to join a possible future joint donor basket fund it is considered appropriate to wait with detailed preparation of the DE (DE 2 below) of support to the counties for devolved health until the end of 2016. The new DED would then be subject to appraisal.

Longstanding Danida support for the provision of Essential Medicines and Medical Supplies and system strengthening through the Kenya Medical Supplies Authority (KEMSA) has resulted in KEMSA now being a semi-autonomous institution that is professionally run and able to stand on its own feet and secure medicines and supplies for the Kenyan health care facilities. As a result of this success it was therefore decided not to include KEMSA in the TP.

5.3 Results framework

The following results framework presents the impact and outcomes (5, one for each DED) and the indicators that will measure the achievement of these. The outcome indicators represent a selection of the indicators by which progress in the engagements will be monitored. It should be noted that the current strategic plans for the health sector ends in 2018, and hence targets beyond that are not available. The targets will be updated before programme start.

Thematic Programme objective		**Provision of equitable access to quality health care**	
Impact indicator 1		Maternal Mortality Ratio (per 100,000 live births) Data source: Kenya National Bureau of Statistics. National impact indicators of the KHSSP	
Baseline	Year	2013	400
Target	Year	2018	150
Target	Year	2020	Tbd (current Kenyan Strategic Plans end in 2018)
Impact indicator 2		Under Five Mortality Ratio (per 1,000 live births) Data source: Kenya National Bureau of Statistics. National impact indicators of the KHSSP	
Baseline	Year	2013	74
Target	Year	2018	35
Target	Year	2020	Tbd (current Kenyan Strategic Plans end in 2018)
DE Health 1		**Strengthening Health Systems in Kenya (Ministry of Health)**	
Outcome		A stronger health system at county and national level for providing and improving equitable access to quality health services	
Outcome indicator		Infant Mortality Rate (under 1 year deaths per 1,000)	
Baseline	Year	2014	39
Target	Year	2020	Tbd (target not set in current strategic plans)
DE Health 2		**Operational funding of all gazetted level 2 and 3 GoK health facilities (Treasury**	
Outcome		Improved access to quality health services	
Outcome indicator		Per capita outpatient (OPD) utilisation rate annually	
Baseline	Year	2013	2
Target	Year	2018	4
Target	Year	2020	Tbd (current Kenyan Strategic Plans end in 2018)
DE Health 3		**Reducing Preventable Maternal, Newborn and Child Deaths (UNFPA)**	
Outcome		Increased utilisation of integrated quality Reproductive, Maternal, Newborn, Child and Adolescent Health (RMNCAH) and HIV services in counties with high maternal mortality burden	
Outcome indicator		% of deliveries conducted by skilled attendant (national level)	
Baseline	Year	2014	62
Target	Year	2020	80
DE Health 4		**Enhancing services and advocacy on Gender-Based Violence (GVRC)**	
Outcome		Increased utilisation of comprehensive Gender-Based Violence response services by survivors, as well as scale-up of prevention and advocacy interventions	
Outcome indicator		% new outpatient cases in health facilities attributed to gender based violence (national indicator of the KHSSP 2014-2018)	
Baseline	Year	2014	< 1% (source: KHSSP survey and programme reports)
Target	Year	2018	< 2% (source KHSSP)
Target	Year	2020	To be determined (next KHSSP)

5.4 Budget

The current Health Sector Programme Support will be implemented up to 31 December 2016, with a total budget of DKK 430 million. The Health TP will commence in January 2017.

Health Thematic Programme						
Engagements	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
Strengthening Health Systems in Kenya – *on budget* (MoH)	0	12	10	8	5	**35**
Universal Health Care – *on budget operational funding of all gazette level 2 and3 facilities.* Health systems strengthening counties (Treasury on behalf of counties). Unallocated, DED to be formulated in 2016	0	0	60	60	20	**140**
Reducing Preventable Maternal, Newborn and Child deaths (UNFPA)	0	9	13	15	3	**40**
Enhancing Services and Advocacy on Gender Based Violence in Kenya (GVRC)	0	3	3	2	2	**10**
TA,	0	3	2	2	2	**9**
Reviews and audit*	0	1	2	2	2	**7**
Contribution to CP M&E	1	1	1	1.5	0	**4.5**
Total Health TP	**1**	**29**	**91**	**90.5**	**34**	**245.5**

Technical Assistance

Experience from the current phase of support has indicated a high need for long-term TA to assist central partners achieve programme objectives. The health sector has changed dramatically following devolution and is still adapting and setting up systems. The envisioned long-term TA (in the areas of policy & planning and M&E) for MoH has been specifically requested by the partner. The long-term TA will be embedded in the partner institution. Implementing institutions will have sole responsibility for the programme implementation. Technical advisors will give input and guidance as requested.

5.5 Main risks – programmatic and institutional

The contextual programme risks have been outlined in section 2.7. The table below summarises the main programmatic and institutional risks for the Health thematic programme. More detailed information on risk management, including risk likelihood, background, impact, and risk response, is presented in Annex 5.

Table 8: Programmatic and institutional risks in the Health TP

Programmatic Risks	
Risk Factor	Risk Response
Government health sector funding is not significantly increased (due to lack of commitment to increase Government health sector funding)	Mitigation/reduction: Active engagement of the Embassy in policy dialogue advocating for adequate funding for the health sector jointly with other DPs through the Development Partners for Health in Kenya forum
Weak PFM systems to deliver expected results for support through country system, including counties, to primary health care facilities.	Mitigation/reduction: PFM strengthening through Governance TP. Close dialogue with National Treasury/Director General for the Accounting Services and CoG. Flow of funds monitoring tool developed during previous phase will highlight problem areas
Lower-than-expected capacity of partners to make use of inputs provided and deliver results	Mitigation/reduction: Close monitoring and risk-based frequency of dialogue with partners by Embassy; Use of long-term advisers (especially in MoH and at county level) and selected strategic use of short-term TA.
Duplication of efforts due to numerous stakeholders and weakening coordination	Insistence by the Embassy on its agenda of harmonisation and coordination and ongoing active participation of Embassy Health Team in Development Partners for Health in Kenya (DPHK) monthly meetings. Bilateral coordination with key DPs.
Misappropriation of funds by DE partners (including counties) causing disruption in funding and implementation	Mitigation/reduction: Use of existing rolling audit and value-for-money assessments undertaken jointly with World Bank. Regular attention by Embassy to compliance with agreed financial procedures through established Embassy monitoring tool for flow of funds
Institutional Risks	
Risk Factor	Risk Response
Major set-backs in reform implementation, e.g. financial or political, linked to devolution.	Acceptance: No preventive measures available to Embassy; quick reaction in terms of cooperation modalities. The MTR will provide strategic guidance based on the current situation.
Misappropriation of funds by counties or other DE partners (Fiduciary risk translating into 'reputational risk')	Mitigation/reduction: Use of existing rolling audit and value-for-money assessments undertaken jointly with other development partners. Regular and close monitoring and attention by Embassy to compliance with agreed financial procedures through established Embassy monitoring tool for flow of funds

6. Management and monitoring arrangement

6.1 Management arrangements

The Country Programme will be managed according to an overall Government Agreement signed by the Cabinet Secretary of the National Treasury of Kenya and the Ambassador of Denmark to Kenya.

At the level of the Country Programme as a whole, overall oversight will be vested in a CP Steering Committee composed of the two signatories to the Government Agreement who will meet at least annually. These yearly status meetings will i.a. review progress of implementation and discuss possible corrective measures to be taken.

At the level of the thematic programmes there will not be Steering Committees or similar decision-making organs.

Annual joint stock-taking meetings with participation from all partners to the CP will be organised by the Embassy.

At the level of each development engagement, the management will be carried out by the partner in accordance with the arrangements specified in the respective DEDs and partner agreements. The Embassy will in all cases participate in regular meetings of Steering Committees or similar organs, either comprising only the Embassy and the partner or when possible several donors and the partner, depending on the funding situation of the partner and the nature of the Danish funding (earmarked, basket or core funding). The mandates of the committees will vary according to the situation.

Each engagement partner will submit progress reports to the Embassy at least once per 6 months, as specified in the respective DEDs.

For operational Danida purposes, the Embassy's Programme Committee will on a quarterly basis discuss progress and constraints in the implementation of the CP with a view to facilitating exchange of information across the thematic teams, a common understanding of the implementation process, and a shared approach to exploiting opportunities of synergies and complementarity between engagements and partners. The Embassy will engage a Strategic M&E Support Team to i.a. *support* this endeavour.

The management relating to funds budgeted for TA not to be procured by partners and for reviews, studies, etc. will be the responsibility of the Embassy.

6.2 Financial management

The overall principles for financial management across all engagements are:

- Maximum alignment to financial management and accounting systems of engagement partners
- Request for funds on basis of cash flow budgets in accordance with approved annual work plans
- Disbursement of funds upon request and reception of adequate justification of previous funds, including satisfactory financial reporting
- Financial reporting to the Embassy at least every 6 months
- Yearly audit covered by the National Audit Office of Kenya, or certified auditor as relevant
- Capacity assessment of partner's financial management systems and procedures when relevant
- Zero tolerance to corruption

In engagements with public-sector partners funds will be on-budget and will in all respects be processed through IFMIS in accordance with the Government's PFM regulations. Funds destined for public institutions will be transferred to separate bank accounts in accordance with the government's public financial management regulations. For institutions receiving support through basket funds, transfers will be made to separate bank accounts agreed among all donors. To receive earmarked contributions, each NGO or private institution will open a separate bank account. As a general rule, the Embassy will disburse funds to each partner every 6 months, provided that a minimum of 70 pct. of the previously disbursed funds have been spent. However, disbursement to basket funds will follow the specific procedures agreed among the involved donors.

National procurement policies and procedures must normally be followed for public-sector partners. Non-public partners should establish a procurement policy aligned with the national procurement policy. Funds in relation to TA, not to be procured by a partner, will be managed directly by the Embassy of Denmark and will follow Danish procurement rules.

In engagements with non-public partners the Embassy must accept and approve a financial management and operations manual before first disbursement. Minimum requirements are as indicated in Danida's "General Guidelines for Accounting and Auditing of Grants channelled through National NGO's". Financial management should be in accordance with the partner's manual and in accordance with provisions stated in the DED.

Reallocation of funds can only take place within each of the thematic programmes. The decision is taken by the Embassy in consultation with the relevant Principal Secretary or head of partner organisation. Up to 10% of the annual budget of a thematic programme can be allocated annually. The reallocation, if needed, of a higher proportion needs final approval by the competent Danish authorities.

Unallocated funds are destined for particular thematic programmes as indicated in the CP budget. Decisions will be taken in consultation between the Embassy and Treasury, preferably at the yearly status meeting.

For public-sector partners the yearly external audit should be by or in collaboration with National Audit Office of Kenya. Where the accounts of an engagement with a public-sector partner cannot be audited by the Controller and Auditor General (CAG) of the National Audit Office of Kenya, the CAG will select a private audit company to execute the audit on behalf of the CAG. The audit fee will be paid from the engagement budget.

Danish contributions to non-public partners are subject to annual external audit by a private auditing company selected by the partner in agreement with the Embassy. For partners receiving basket funding the choice of the audit company should be agreed among all donors.

The Embassy will visit the partner regularly. Where the financial-management capacity of a partner is considered to be weak, the Embassy may provide external expertise to improve the capacity and/or supporting additional control measures. Introduction of more comprehensive and performance related audits in selected engagement areas may be considered.

All engagements may be subject to audit or other inspection by the Danish Auditor General unless covered by single audit agreement (e.g. UN and WB)

6.3 Monitoring and Evaluation

Monitoring and evaluation of the Country Programme will be based on the monitoring carried out by each engagement partner, using the partner's own M&E procedures and results framework. Reporting to the Embassy will always include, but never be limited to, data pertaining to the indicators found in the results frameworks of the individual DEDs.

The Embassy will compile the data received from all partners and use it to regularly update the Danida Open Aid site as well as draft the progress reports to be sent to the MFA in Copenhagen annually.

To facilitate the monitoring and reporting process, the Embassy will through EU tendering procedure hire a team of specialist consultants, called the Strategic M&E Support Team, to which an independent research institution will be attached. The strategic M&E support is described in a separate document. In brief, the team will, inter alia:

- Provide quality assurance of the monitoring information reported by partners in their progress reports;
- Consolidate monitoring information reported by partners and prepare quarterly M&E reports for the Embassy Programme Committee;
- Prepare annual reports on CP results and developments in assumptions and risks;
- Provide, on an ad hoc basis, services needed to ensure effectiveness and efficiency such as value for money audits;
- Contribute to the Embassy's communication of results;
- Provide advice to partners and Embassy staff on M&E;
- Follow up on specific issues identified through partners' reports.

An important initial task for the M&E support team will be to support the fine tuning and refinement of the results frameworks. This will include working with the partners to ensure realistic and measurable indicators, so that programme progress can be accurately documented at the outcome level. At the impact level, the M&E support team will help to develop the needed methodologies and tools to ensure that development in the national level impact indicators is assessed to the extent possible.

In addition to the M&E described above, Danida's evaluation department will as a pilot exercise follow the implementation of the CP through a real-time evaluation. The purpose of this is twofold: (i) to assess progress and intermediate results as evidence-based feedback during implementation, (ii) to identify, document and assess results as credible contributions at outcome and, as far as possible, impact level.

7. Country Programme Budget

Governance Thematic Programme						
Engagements	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
Public Financial Management Reform (Treasury)	14	11	11	9	0	**45**
Kenya Accountable Devolution Programme (WB)	15	0	0	15	0	**30**
Election support (EISA)	8	3	2	2	0	**15**
Access to Justice, Rights and Equality (IDLO)	8	7	5	5	0	**25**
Women's Rights and Empowerment (FIDA)	4	4	4	3	0	**15**
Civil Society Support (Uraia)	10	15	15	15	0	**55**
Peace, Security and Stability (ACT!)	7.5	7.5	7.5	7.5	0	**30**
TA, reviews and audits	0.5	1	2	1	0.5	**5**
Contribution to CP M&E	1	1	1	1	1	**5**
Subtotal Governance TP	**68**	**49.5**	**47.5**	**58.5**	**1.5**	**225**

Green Growth & Employment Thematic Programme						
Engagements	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
Micro-Enterprise Support Programme Trust (MESPT)	6	16	18	15	15	**70**
Kenya Association of Manufacturers (KAM)	8.5	8	8	8	8	**40.5**
Northern Rangeland Trust (NRT)	7	8	8	8	9	**40**
Water Services Trust Fund (WSTF)	16	15	13	8	8	
WSTF Long and Short term TA	1.5	1	1	1	0.5	**65**
National Environment Management Authority (NEMA)	2	8	8	8	7	
NEMA Long and Short Term TA	1	2	1.5	1.5	1	**40**
Ministry of Environment and Natural Resources (MENR)	3	4.5	4.5	3.5	2	
MENR Short Term TA	0.5	0.5	0.5	0.5	0.5	**20**
Business Advocacy Fund (BAF)	13	15	15	14	11	**68**
Trade Mark East Africa (TMEA)	15	15	15	15	15	**75**
Kenya Climate Innovation Centre (KCIC)	4	11.5	11.5	11.5	11.5	**50**
Reviews, external audits and programme management (e.g. annual TP forums, analytical studies, lessons learned and short term TA)	1	2	2.5	1	1.5	**8**
Overall Country Programme M&E	2.5	2	2	2	2	**10.5**
Unallocated	0	3	3	4	3	**13**
Subtotal GGE thematic programme	**81**	**111.5**	**111.5**	**101**	**95**	**500**

Health Thematic Programme						
Engagements	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
Strengthening Health Systems in Kenya – *on budget* (MoH)	0	12	10	8	5	**35**
Universal Health Care – *on budget operational funding of all gazette level 2 and3 facilities*. Health systems strengthening counties (Treasury on behalf of counties). Unallocated, DED to be formulated in 2016	0	0	60	60	20	**140**
Reducing Preventable Maternal, Newborn and Child deaths (UNFPA)	0	9	13	15	3	**40**
Enhancing Services and Advocacy on Gender Based Violence in Kenya (GVRC)	0	3	3	2	2	**10**
TA,	0	3	2	2	2	**9**
Reviews and audit*	0	1	2	2	2	**7**
Contribution to CP M&E	1	1	1	1.5	0	**4.5**
Subtotal Health TP	**1**	**29**	**91**	**90.5**	**34**	**245.5**
Country Programme total	**150**	**190**	**250**	**250**	**130.5**	**970.5**

- The CP budget runs up to the end of first half of 2020 (Kenyan financial year) therefore the disbursement budget for 2020 is lower than previous years.
- The ongoing health sector programme (2012-2016) will be phased into the CP in 2017 and UHC in 2018, therefore disbursements to health in 2016 and 2017 from the ongoing sector programme will be in addition to the budget presented above.
- Part of the CP budget is an allocation of DKK 65,5 million from the Climate Envelope (KAM and NRT).

8. Signatures

On behalf of

The National Treasury of Kenya

Signature

Cabinet Secretary

Date

On behalf of

The Danish Embassy, Nairobi

Signature

Ambassador

Date