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Sida Decentralised Evaluation

NIRAS Sweden AB

Evaluation of the Sida-supported development cooperation with the Kenya Revenue Authority

Final Report

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**Final Report
September 2019**

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The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

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Abbreviations and acronyms

AFRITAC	Africa Regional Technical Assistance Centre
CM	Change management
DFID	Department for International Development (United Kingdom)
DP	Development Partner
DWBI	Data Warehouse and Business Intelligence System
ISO	International Organisation for Standardisation
JICA	Japan International Cooperation Agency
KRA	Kenya Revenue Authority
Ksh	Kenyan Shillings
OECD/DAC	Organisation for Economic Co-operation and Development's Development Assistance Committee
PFMR	Public Financial Management Reforms
PIN	Personal Identification Number
QA	Quality Assurance
RM	Risk management
SEK	Swedish Krona
Sida	Swedish International Development Cooperation Agency
STA	Swedish Tax Agency
ToR	Terms of Reference

Preface

This Evaluation of the Sida-supported Development Cooperation with the Kenya Revenue Authority was commissioned by the Embassy of Sweden in Kenya. The evaluation took place from June to September 2019 and was conducted by:

- Greg Moran, Team Leader.
- Anders Jansson, International Tax Administration and ICT expert.
- Jack Ranguma, Kenyan Tax Administration expert.

Matilda Svedberg managed the review process at NIRAS. Ted Kliet provided the quality assurance. James Donovan managed the evaluation at the Embassy of Sweden in Kenya.

Acknowledgements

The evaluation team would like to thank all of those who participated in the evaluation and especially Hilda Kuria, without whose help, we would not have managed.

Executive Summary

The current evaluation covers the support provided by Sida to the Kenya Revenue Authority (KRA) in the period 2014-2019. In that period, Sida has supported a programme within KRA made up of two interlinked ‘projects’:

- Institutional development provided by the Swedish Tax Agency (STA) in three interconnected components: risk management, change management, and a Data Warehouse and Business Intelligence System (DWBI). This project was intended to run from 1 July 2014 to 31 December 2017 (with a budget of SEK 38m), but was extended to 30 June 2019 with an increased budget of SEK 47.2m
- The procurement of the DWBI under a separate contract with KRA (represented by National Treasury), to which STA are not a party. The project was co-financed by Danida and the Government of Kenya, with Sida providing a total of SEK 35m. Initially intended to run from 1 July 2014 to 31 December 2017, the project has been extended with no extra funds until 31 December 2019.

The evaluation was implemented during June to September 2019 and included a detailed document review; an on-site mission to consult with KRA, the Embassy and other stakeholders; and telephonic interviews with STA and other stakeholders based outside of Kenya.

Relevance

The programme as designed was completely aligned with key Government and KRA policies and strategies at the time and with the Swedish Cooperation Strategy (2009-2013). It involved significant levels of informal and formal consultation between Sida, STA and KRA over many months, in both Kenya and Sweden. Ordinarily, such high levels of consultation would be a clear indicator of a programme’s relevance. However, it appears that much of the back-and-forth related to the fact that what KRA primarily wanted was funding for the procurement of the DWBI. Sida rarely provides funding for procurement and usually prefers to focus its support on technical assistance. STA also do not undertake procurement and only provide technical assistance and institutional development support. Although questions were raised by many of those consulted as to whether or not there was top-level buy-in for the institutional development support, the fact that both KRA’s Fifth Corporate Plan (2012/13 - 2014/15) and the Government’s Strategy for Public Financial Management Reforms (PFMR) in Kenya 2013 - 2018 include a focus on change and risk management, and the fact that both were requested by KRA during the design process, leads to the conclusion that the programme was relevant at design stage. The programme also remained relevant when compared to subsequent KRA Corporate Plans and would probably have been relevant when compared to the subsequent Strategy for PFMR if the new strategy had been developed in time.

Effectiveness

Overall, the programme was effective. Although some missions and activities were delayed for various reasons, 17 **corporate risk management** missions were implemented over the course of the programme (against a target of 13 in the original implementation plan), indicating that this issue was prioritised by KRA. Save for advanced training on business continuity management (which required external service providers and additional funding for examinations) and the corporate incident management framework that was not finalised (although incident management workshops were held), all of the envisaged activities were conducted and all of the main outputs were achieved.

Virtually all of the planned missions for the **tax compliance risk management** sub-component were completed – 18 out of a planned 19 missions. Progress in this area was reportedly slower at first than for corporate risk management because it was not as prioritised by the first long-term expert, STA does not have a customs function and external experts needed to be sourced, and one of the key deliverables – the baseline survey on taxpayers’ attitudes on which many of the programme activities relied – was only finalised in March 2018. Delays were also occasioned as a result of KRA needing to complete activities between missions before the next mission could take place and delays in the procurement and establishment of the DWBI. However, the focus on tax compliance increased with the appointment of the second long-term expert and all of the main activities were conducted and outputs produced.

Sida support does appear to have led to better corporate risk management (including through the establishment of the Strategy, Innovation and Risk Management Department and the Corporate Risk Management Committee, and the corporate risk management matrix that has been used by departments to develop their own risk management plans). The support provided thus went some way towards achieving the expected outcomes in this regard. However, tax compliance risk management was very closely interlinked with the establishment of the DWBI and the finalisation of the baseline survey of tax payers, both of which were significantly delayed. It is thus unlikely that the activities and outputs related to risk management have contributed significantly to the expected outcomes for the component as they relate to tax compliance or in allocating strategic resources to high risk areas. While the contribution can be expected to increase over time, it is too soon to determine whether or not they have contributed to revenue collection initiatives either at this stage.

Procurement of the DWBI has been beset by problems from the outset and the entire process is significantly delayed. Although a revised Phase 1 has now been completed and some progress has been made by KRA towards Phase 2 (with the capacity built by STA), severe problems are anticipated in finalising Phase 2 and no work at all has yet been done towards Phase 3. Funding has also yet to be budgeted for or released for payment to be made to the consortium contracted to provide the DWBI on completion of Phase 1, the payment is not expected before December 2019, and the ability of KRA to finalise the procurement by the end of the project (31 December

2019) is in serious doubt. No discussion as to what this may mean for the project has been had with the Embassy as yet either. Concerns have also been expressed as to whether or not the lead partner in the consortium is registered with the software supplier and what this may mean for future maintenance of the system. Despite these challenges, STA provided significant **institutional development for the DWBI** from the earliest days of the programme and continued to provide such support until the end of their contract on 30 June 2019. As a result of this support, considerable capacity has been built both within the department responsible for the data warehouse and amongst those responsible for risk management, and now that Phase 1 of the procurement is complete, significant levels of data are being produced and shared for analysis and risk management. Nonetheless, the fact that the establishment of a fully functional DWBI has been significantly delayed has meant that the contribution to the outcomes for this component has been somewhat undermined.

Support to **change management** met with an interesting development: change management was so quickly internalised and institutionalised within KRA that the missions and activities planned for this in advance became less relevant over time. This is reflected in a significant decline in the number of missions in the years 2016 and 2017 that, while it increased in the last year of the programme, still saw only 35 missions conducted out of the total of 48 planned. Support in this area was effective, leading to the establishment of the Transformation Leadership Office, senior managers setting and owning their own change, and all of the main outputs were provided. Support provided by Sida has led to greater customer focus and better compliance with the KRA's vision, core values and mission, all of which were revised with Sida support. However, the fact that coordination between the STA and the Transformation Leadership Office was not always ideal might also have led to support in this area not being properly aligned with KRA's needs and led to less contribution to the outcome for this component than what was intended.

Efficiency

Although the institutional development 'project' experienced significant delays each year, for a multitude of reasons including those outside of anyone's control (such as those related to national elections), planning improved from 2017 onwards and a concerted effort was made during the final year of the programme to catch-up missions that had been delayed in previous years. As a result, almost all of the planned missions were implemented and, when viewed as a whole, support provided by STA can be seen as generally efficient. The same cannot be said for the procurement of the DWBI though and serious doubts remain as to whether or not the project will be finalised by the end of Sida's support. Linked to the delays in planning and executing missions, and the fact that budgets seemed to be extremely ambitious in the early years and that STA and KRA's ability to absorb and use the funds remained fairly constant over the course of the programme, absorption capacity improved from 2016 to 2018 but remained low over the entire programme period until the final year. In 2019, the budget was significantly reduced and activities increased to the extent that the actual expenditure was more than double the budget. As a result, when seen over

the entire period of institutional development support, almost all funds (save for 11%) have been absorbed. And although the procurement of the DWBI has yet to be finalised, all of the required hard and software has been procured, activities have been implemented, and 86% of the budget has already been expended. According to a very light touch assessment, costs are generally well justified by results even though the DWBI has yet to become fully functional. The results frameworks developed by STA and the level of reporting against the identified outcomes and objectives though is generally weak and should be improved.

Impact

The overall objectives of the programme are set at a very high level compared to what the programme actually included: to increase tax revenue, the tax base and the level of compliance with tax regulations. Recognising that it is probably too soon to determine impact, it is usually very difficult to attribute positive or negative changes at the impact level to any one programme, and there are often a multitude of reasons for any changes that have taken place, the following observations are made:

- There has been a significant increase in revenue collection over the duration of the programme – including in the two areas specifically targeted (domestic tax and customs). Although the programme may well lead to increased revenue in future, Sida support was not specifically focused on revenue collection and it is difficult to attribute changes in this area directly to the programme.
- There has been an exponential growth in the ‘tax base’ according to the data from KRA. However, KRA currently list anyone with a personal identification number (PIN) as a ‘taxpayer’ and, although this is being corrected, not everyone with a PIN can be regarded as a taxpayer. While there is no doubt that the number of actual taxpayers has indeed increased, it would be too soon to attribute any changes directly to the programme – it may well have contributed, particularly as a result of support to external communication but there are many other factors contributing to an increase or decrease in this area.
- Although the data provided by KRA with regard to tax compliance is confusing, it does appear that there has been a significant increase in compliance across all of the different types of taxpayers. If that is the case, then such an increase may well be at least partly attributable to the programme given its particular focus on tax compliance.

Sustainability

Given the fact that capacity has been significantly built for both those directly involved in programme activities and at the institutional level (through creation of departments, strategies, policies and plans), there is a potentially high level of sustainability of benefits as a result of the institutional development support provided by STA. This is undermined to some extent though by the fact that the programme mainly targeted middle management, that there was high turnover of staff at that level, and it was reportedly difficult for STA to actively engage with and include the top management in activities. Given the culture within KRA, there is a risk that some of the benefits may be lost if top management, including the new Chairperson, Board members and the Commissioner General, Commissioners (and others) are not brought

on board. With regard to the DWBI in particular, impressive levels of capacity enhancement were reported – so much so that KRA staff have been capable of implementing nearly half of what is required for Phase 2. However, questions have been raised as to whether the project will be completed by end December 2019, and what this means for any unspent Sida funds, and the degree to which maintenance of the system is adequately provided for at present.

Gender equality

Despite being a priority for all Sida development cooperation support, concerted efforts by the Embassy to ensure a gender focus, and despite being specifically required by the approved programme proposal from STA, very little was done to ensure gender equality was mainstreamed into STA activities and the programme as a whole. Data on workshop and training participants is not disaggregated by gender and the only activity in this regard was a workshop on gender and women's empowerment held right at the end of the STA support (May 2019). While this workshop came up with very good recommendations for how gender might be mainstreamed within KRA, it was attended almost exclusively by middle managers who have little prospect of driving change in this area given the organisational culture within KRA.

Donor coordination

Although not included in the evaluation's Terms of Reference, early consultations suggested a level of opaqueness when it comes to which development partners (DPs) support KRA and that requests by the Embassy during 2018 and 2019 for a list of donors with which KRA was cooperating were not complied with, which raised concerns for the evaluation team. Although the Embassy participated in donor-coordination meetings with the Public Financial Management Reform Secretariat (responsible for all reform programmes in this area, including those targeting KRA) until 2018, neither the STA long-term expert nor the Embassy attended such meetings during 2018 or the early part of 2019 (although the Embassy does now participate in them). The decision to support KRA was based on a careful analysis of other DP's activities, all of the DPs consulted were aware of the Sida programme, and no significant funding overlaps were found. However, some opportunities for collaboration and increased complementarity with more recent support provided by the East Africa Regional Technical Assistance Centre and Japan International Cooperation Agency were missed. An internal donor coordination function has recently been established in KRA that has the potential to increase coordination amongst DPs, but this office also struggles at times to get information as departments tend to jealously guard information on their donors from other departments.

Recommendations

The following recommendations are made in the report:

For KRA

It is recommended that:

- KRA take steps to raise awareness and encourage use of e-learning materials developed under the programme.
- KRA urgently determine whether or not the consortium will be able to provide the maintenance they require for the DWBI, particularly when it comes to the Oracle software, and that a budget line be included in KRA's future budgets to cover such maintenance support if required.
- KRA component managers and coordinators should consider their own presentations and developing activities to better bring top management on board and to raise awareness of what the programme was able to achieve.
- Whilst discussions around the possibility of additional Sida support to KRA should be entered into with the Embassy, KRA should also begin a process to seek out other potential DPs to increase the possibility of sustainability of benefits achieved under the programme.

For STA

It is recommended that:

- STA should strive to be more flexible in their approach to programme implementation. Where possible, at least an internal mid-term review should be built into their programming to allow for stocktaking and revision of the overall programme, particularly where internal changes might have outstripped or decreased the relevance of what was planned at the outset.
- STA's capacity when it comes to programme documents, results frameworks and reporting needs to be enhanced. In particular, results frameworks should clearly indicate the outputs to be achieved and reports should be closely aligned to reporting against not only activities but also specifically against outputs and outcomes.
- STA capacity in annual budgeting should also be enhanced to ensure that budgets are aligned to the actual absorption capacity of partners and that they take into account that activities can be delayed – especially where such delays are being experienced every year.
- STA need to ensure that proper records are kept of who is reached in capacity development activities and missions, disaggregated by gender.
- STA should ensure that gender equality is mainstreamed into all Sida-funded programmes and that specific activities to enhance gender equality are included during planning.

For the Embassy

- The current situation related to the DWBI is critical and the Embassy is encouraged to engage more in decision-making processes and to discuss internally the options available to it to prepare for any internal decisions that need to be made.
- Discussions should be held with STA to determine whether STA are interested in submitting a proposal for a new contract to conduct a few follow-up activities and missions aimed at (a) bringing senior management on board and (b) ensuring that

the capacity of KRA is enhanced in the areas of business intelligence and analytics.

- Given that it is beyond the scope of the current evaluation to determine what future support to public finance management should include and that a formal design process will need to be undertaken, it is recommended that any future support should also include mechanisms to secure and maintain high level support, including at least regular meetings between implementers, the Embassy and top management.

1 Background

1.1 THE KENYA REVENUE AUTHORITY

The Kenya Revenue Authority (KRA) is established by the Kenya Revenue Authority Act¹ ('the Act') and is responsible for collecting revenue on behalf of the Government of Kenya. Its functions are to:

- Assess, collect and account for all revenues in accordance with all provisions of the written laws set out in Part I and Part II of the First Schedule of the Act relating to revenue.
- Advise on matters relating to the administration of, and collection of revenue under the written laws or the specified provisions of the written laws.
- Perform such other functions in relation to revenue as the Cabinet Secretary to the National Treasury may direct.

Under the Act, an independent Board of Directors is established as the governing body, responsible for the review and approval of policies and monitoring of the functions of KRA. The day-to-day management of KRA is the responsibility of the Commissioner General, assisted by Revenue and Support Commissioners and other departmental heads.

KRA is currently implementing its Seventh Corporate Plan with the following Strategic Priorities:

1. Enhanced revenue through improved compliance.
2. Improved business climate with respect to taxation and trading across borders.
3. Public confidence in the integrity, professional competence and customer focus of our staff.
4. Data and intelligence driven organisation.

1.2 THE PROGRAMME

Sida's support to the KRA is divided into three components - risk management, change management and a Data Warehouse and Business Intelligence System

¹ Chapter 469 of the Laws of Kenya.

(DWBI). The support is referred to in the Terms of Reference² (ToR) as two projects - institutional cooperation and support to the procurement of the data warehouse itself. However, it might be better to refer to the support as one programme, providing institutional development cooperation to the KRA in all three areas (risk management, change management and the use of a data warehouse and business intelligence system) via the Swedish Tax Agency (STA)³, with a separate ‘project’ for the procurement and establishment of the data warehouse implemented by the KRA alone⁴.

1.2.1 Institutional Cooperation

The institutional cooperation envisaged by the programme proposal includes technical assistance support to risk management (divided in two sub-areas: Corporate Risk Management and Tax Compliance Risk Management), change management and the DWBI. It aims to improve KRA's internal efficiency by improving internal compliance with KRA's mission, vision, values and principles, and to increase and improve KRA's customer focus. The overall objective of the cooperation is to increase tax revenue, the tax base and the level of compliance with tax regulations through improved data on and analysis of taxpayers; increased efficiency in tax administration; the identification and management of risks; and increased customer focus.

The institutional collaboration with KRA was intended to run from 1 July 2014 to 31 December 2017 but was extended with extra funds to end June 2019. The support included one full-time, long-term expert from the STA, based at KRA, and a range of short-term experts⁵ within the different areas of support. The initial budget for the cooperation was SEK 38m, subsequently increased to a final budget of SEK 47.2m. A key component of the institutional development was that, save for two activities specifically targeting top management, and some that included lower levels of staff, the vast majority of the capacity building support targeted primarily middle management. Given the hierarchical nature of the institution, this has a bearing on the programme's effectiveness and ability to achieve its intended outcomes, and on its sustainability (as is dealt with more fully in the relevant chapters below).

² The ToR are attached as Annex A.

³ The STA is a government agency responsible for national tax collection and administering the population registration in Sweden. Sida has a framework agreement with the STA for institutional cooperation with tax authorities in partner countries.

⁴ The founding document for the institutional cooperation by STA is the Programme Proposal dated 9 May 2014 that includes institutional and capacity development support to risk management, change management and to ensure KRA is able to make best use of the data warehouse. A separate Project Agreement was then signed between KRA and STA for the procurement of the DWBI and the overall Programme Proposal is annexed to the Project Agreement.

⁵ Most short-term experts were STA employees, although some external experts were also provided.

1.2.2 Procurement of a Data Warehouse and Business Intelligence System (DWBI)

The establishment and functioning of the DWBI (a data management system to gather information from many separate data systems within and outside of KRA) was co-financed by Danida and the Government of Kenya, with Sida providing a total of SEK 35m. Initially intended to run from 1 July 2014 to 31 December 2017, the project has been extended with no extra funds until 31 December 2019.

The DWBI ‘project’ is essentially only for the procurement of the DWBI⁶. The overall objectives of support to the DWBI are thus essentially the same as those for the institutional cooperation. According to the project proposal:

‘[These objectives] will be achieved through the implementation of a functional Data Warehouse that provides a holistic view of the taxpayer that will enhance compliance and support forecasting and decision-making processes at the enterprise level. This will be realised by fully integrating all internal information systems and identified external systems with a view of facilitating fact-based business intelligence that will improve the level of taxpayer compliance, management’s decision-making ability, and a means for monitoring business performance and trends. In addition, profiling of the taxpayer will enable KRA to detect and prevent fraudulent activities of the taxpayer thereby leading to enhanced revenue collection.’⁷

The DWBI is intended to provide KRA with a single view of each of the taxpayers and thus also improve the basis for risk analysis so that risk groups and risk areas for tax compliance can be identified, and KRA's tax audits and other interventions can focus on these strategic areas and groups.

1.3 OBJECTIVES OF THE EVALUATION

According to the ToR, the **main objectives** of the evaluation are to document the results of the cooperation; learn from the experience of institutional cooperation for possible future cooperation in Kenya and elsewhere; and inform future decisions on whether to continue cooperating. The evaluation is expected to be used:

- By Kenya to reflect upon and improve its development cooperation with Sweden and others.

⁶ Although STA is expected to provide technical assistance and capacity development to KRA to best use the data warehouse (once procured), STA is not a party to this agreement. However, the Project Proposal does state that STA will provide expertise, if required, in the procurement of the data warehouse and in monitoring the quality of the systems delivered.

⁷ ‘DWBI Project Proposal (KRA, April 2014, pages 6-7).

- By Sweden to document what has been done and accomplished with Sida funds and to reflect upon and improve its cooperation in Kenya and elsewhere.
- By both Kenya and Sweden to make decisions about possible future cooperation for support to the KRA.

1.4 METHODOLOGY

The evaluation began with a **start-up meeting** (via conference call) with Swedish Embassy in Nairobi (the Embassy) on 7 June 2019 and included a period of document review (starting on 8 June 2019 and continuing throughout the evaluation)⁸, as well as the preparation of the inception report and evaluation matrix. The **draft inception report** was submitted to the Embassy on 28 June 2019, and the **final inception report** was submitted on 15 July 2019 after comments from the Embassy and KRA had been addressed. Given that the STA long-term expert was due to leave at the end of the institutional development component (30 June 2019) and that STA staff in Sweden would be on annual leave during the ‘official’ data gathering phase, interviews with key STA staff and others based outside of Kenya commenced on 20 June 2019 and continued into the **on-site visit** that ran from 22 to 31 July 2019⁹. The main methodologies for data gathering from primary data sources were telephonic and face-to-face interviews with key informants and stakeholders, and group meetings with various KRA departments and the National Treasury. On the final day of the on-site mission, the team presented its preliminary findings, conclusions and recommendations to the Embassy and key KRA staff before returning to home-base for **analysis and report writing**. The (current) draft final report was submitted to the Embassy on 16 August 2019 and a videoconference presentation of key findings and recommendations in the draft report will be provided to the Embassy on 30 August 2019. The Embassy, KRA and STA will provide written comments to the team by 13 September 2019. Based on all comments received, the final evaluation report will be prepared and submitted for approval by 27 September 2019.

1.5 LIMITATIONS

The first challenge facing the evaluation team related to changes in personnel within the KRA, particularly at the highest level, at the Embassy, at STA, and amongst the long-term experts provided to the programme:

- The KRA Board had undergone numerous changes in the months preceding the evaluation, the current Board is relatively new and has not had direct interaction with the programme. The Commissioner General under which the programme was conceptualised was set to retire on 30 June 2019, with a new Commissioner General (who has not had any interaction with the programme) in place by the

⁸ The list of documents consulted is attached as Annex B.

⁹ A list of all of those consulted prior to, during and after the on-site visit is attached as Annex C.

time of the field mission. Given that there were early indications from the long-term expert (who was herself set to leave the programme on 30 June 2019) and others that there was limited buy-in amongst the most senior levels of the KRA, and that the evaluation was also expected to consider possibilities for future Sida support to the KRA, the team highlighted the need to meet with both the current and previous Board Chairs and Commissioners General in their inception report. But despite repeated attempts to secure meetings with these, both by KRA staff and the team itself, it proved impossible. This in turn might be construed as limited ownership at the top levels – an important issue that is highlighted in various parts of the current report. Some mitigation was achieved through consultations with KRA and STA staff, who were candid in their assessment of the degree to which the programme had managed to secure the buy-in of the top level at KRA.

- In addition to the inability of the team to meet with the previous Chairperson and Commissioner General, KRA has experienced high levels of staff turnover since the start of the programme and staff previously employed by KRA and who have since left could not be interviewed. This was largely mitigated by the fact that many of those interviewed have been in KRA's employ since the start of the programme and were able to discuss what happened in earlier years.
- In addition to the fact that the long-term expert only joined the programme in December 2016 and was set to leave on 30 June 2019 (before the on-site mission), many of the current staff of the STA are relatively new to the KRA programme, and the timing of the data gathering phase and on-site mission coincided with the peak holiday season in the Northern hemisphere. To address this, the team conducted an interview with the then current long-term expert on 20 June 2019, the previous long-term expert on 12 July 2019, and sent requests for interviews to those at STA headquarters with previous experience of the cooperation with the KRA. Although these latter requests were then referred back to the current project managers at KRA, the (relatively new) STA team currently in charge of the programme were well-informed on the early days of the programme and the challenges in obtaining an historical record were overcome.
- At Embassy level, the current Senior Programme Manager responsible for the KRA has only been in the position for about a year and was also due to go on summer vacation, while those with knowledge of the earlier years of the programme have moved on to other postings¹⁰. To address this, the team had a start-up meeting with the current Senior Programme Manager on 7 June 2019 (and remained in regular email contact thereafter, interviewed his predecessor on 8 July 2019 by videoconference call, and was able to hold a telephonic interview on 24 July 2019 with the Senior Programme Manager based at the Embassy during the initial consultations and design of the programme. Challenges in this area were therefore easily overcome.

¹⁰ The programme officer at the Embassy for the projects in the period 2015 to 2018 is now based at Sida headquarters in Stockholm, while the programme officer from the start of the projects until 2014 is now based at the Embassy of Sweden in Dar es Salaam.

The fact that so many people were on leave during the peak data gathering period also led to some difficulty in tracking down key documents (such as financial reports and the original workplan annexed to the programme proposal that had not been provided to the team). However, KRA staff were able to find these and provide them to the team before the end of the on-site mission and during the draft report writing phase.

The final limitation relates to the quality of programme documentation and reporting by STA. The programme has two results frameworks: the first covering the original programme period (2014-17) and the second, revised once the programme was extended, covering the period 2017-19. While the first results framework includes all of the outputs envisaged under the programme, the second focuses primarily on the activities to be implemented and outputs, where they are included, are somewhat hidden from view and/or have to be extrapolated from the list of activities. Reporting by the first long-term expert included a focus on outputs and progress towards them, but many of the outputs that were reported to be postponed to later simply disappear and are not reported on again after 2016. The draft programme completion report in particular only provides an overview at the outcomes level with little if any detail on what was achieved compared to the results frameworks or workplans. STA have also not kept clear records of who attended training or participated in workshops during missions, disaggregated by gender. Although it would have been possible, given enough time, for evaluators to determine numbers of participants from attendance registers attached to mission reports, a vast number of missions were conducted, registers do not indicate the gender of participants, and STA should have such gender-disaggregated data readily available. Finally, no separate report was prepared by STA for 2019 other than the draft programme completion report, which provides an overview of the whole programme rather than documenting what specifically was achieved during 2019.

While the team was able to mitigate the limitations created by the quality of programme documentation, mainly through follow-up with KRA after the on-site mission, there is clearly room for improvement in STA's preparation of results frameworks and reporting. A **recommendation** to this effect is included in Chapter 9 below.

2 Relevance

Evaluation questions

1. How relevant was the support provided to the needs and priorities of the beneficiaries?
2. Did the programme adapt to changing needs and thus remain relevant over time?

2.1 INTRODUCTION

The Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD/DAC) defines relevance as 'the extent to which the aid activity is suited to the priorities and policies of the target group, recipient and donor'¹¹. To determine whether or not a programme is relevant, it is therefore useful to consider not only the key policies of both the Government of Kenya and Sida, but also to consider the degree to which the KRA was consulted during the process of developing the programme, and the degree to which it aligned with the Authority's identified needs. Finally, it is important to consider in this chapter what changes (if any) occurred in the policy or institutional context for KRA and the degree to which the programme was able to adapt to such changes.

2.2 RELEVANT POLICY AT DESIGN STAGE

The key policies related to tax and the KRA at design stage were the KRA's Fifth Corporate Plan (2012/13 - 2014/15) and the Government's Strategy for Public Financial Management Reforms (PFMR) in Kenya 2013-18. Both include a focus on the need for KRA to transition from a paper-based institution to one that relies on electronically stored and retrievable data, and the need for a data warehouse to accomplish this, as well as the need for an increased focus on risk and change management. For example, the Strategy for PFMR states:

'Gaps in KRA's automation programme will also need to be expeditiously tackled to address challenges to operational efficiency. The automation programme, including implementation of the ongoing systems ... and Data Warehouse needs to be expedited. To increase and sustain tax revenue collection, the Government will (*amongst other things listed*):

¹¹ <https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

- Continue to implement a programme to broaden the tax base through among others, proposing legislation on expansion of advance tax and withholding regimes targeting specific sectors, implementing seamless interfaces with key third-party systems, and revamping and strengthening tax payer education programmes.
- Implement a compliance risk management strategy to raise tax payer compliance with legislation through among others, registration, filing, reporting and payment.¹²

The Strategy also recognises ‘resistance to change from both internal and external stakeholders’ as a risk to public financial management reform generally and the need to put in place an overall change management programme¹³.

Similarly, the KRA Fifth Corporate Plan notes as follows:

‘Besides interfacing KRA systems to strategic external systems, for example Integrated Population Registration System, Company Registry, Ministry of Lands, Regional Intelligence Liaison Office, and other Government Agencies systems and private sector systems, for information exchange purposes, KRA will apply third-party information from identified external sources as well as open intelligence for taxpayer recruitment, data matching and risk profiling purposes, and to validate tax returns. The third-party information will also enable taxpayers to generate and file tax returns and refund claims online, thus simplifying the tax filing process. To facilitate this, the Authority will implement appropriate Data Warehouse and Business Intelligence solutions in support of business, supported by requisite technology architecture for full integration of both internal systems and external third-party systems.¹⁴ In the next three years, KRA plans to establish the following new stand-alone roles in support functions: These are: Compliance Risk Management, Corporate Tax Dispute Resolution, while Board Corporate Service and Administration Department will be expected to cede responsibility for administration function.¹⁵

The Plan also notes that KRA has put in place an institutionalised system for monitoring and implementation of International Organisation for Standardisation (ISO) programmes¹⁶, plans to establish a Compliance Risk Management function¹⁷, and that it

¹² Page 13.

¹³ Page 66.

¹⁴ Page 64.

¹⁵ Page 74.

¹⁶ KRA was ISO 9001:2000 certified in September 2007 and recertified in December 2010 to ISO 9001:2008.

¹⁷ Page 74.

intended to scale up its ISO activities to include sector specific accreditation relevant to the Authority's operations, including in the areas of information security risk management (ISO 27005); risk management principles and guidelines (ISO 31000:2009); and risk management techniques (ISO 31010:2009)¹⁸. The Plan further states that KRA will institutionalise change management within the Authority by undertaking a comprehensive change management programme and building a structure to support the initiative on a continuous basis¹⁹.

Finally, the programme was also in line with Swedish development cooperation in Kenya at design stage, which was governed by the Cooperation Strategy (2009-2013) that focused on three main sectors of cooperation: Natural Resources and the Environment, Urban Development and Democracy and Human Rights. Support to public financial management was regarded as an important area of the Democracy and Human Rights sector and Sweden had previously been supporting public financial management from 2006 to 2013 through a basket arrangement with other development partners.

2.3 LEVELS OF CONSULTATION DURING THE DESIGN PROCESS

The programme proposal²⁰ includes a lengthy discussion on the levels of consultation in developing the programme, often summarised and repeated in subsequent annual reports and the draft programme completion report compiled by STA. According to the programme proposal (and confirmed during interviews), the consultation process started informally in 2012 when the first contacts were established between KRA and the STA through the Embassy. A framework for future cooperation between the parties was outlined during an identification and feasibility mission in Kenya by STA in June 2013 that aimed to jointly build the foundation for cooperation and to identify the specific areas of cooperation in line with KRA Fifth Corporate Plan, the Strategy for PFMR 2013-2018, and STA's unique competence. A follow-up mission took place in September 2013 to jointly determine activities, objectives and risks of the cooperation. After this mission, the discussions entered somewhat of a hiatus period though as STA and KRA consulted internally on the expected outcome of the cooperation. According to staff of the Embassy and others consulted, and as reflected in the programme document itself, it appears that the main issue confronting the parties (KRA, STA and Sida) was the fact that KRA's primary focus is revenue collection and the main support KRA were hoping for was for the procurement and establishment of the DWBI. Sida on the other hand prefers to focus their support on technical

¹⁸ Page 75.

¹⁹ Page xiv.

²⁰ Final version dated 9 May 2014.

assistance rather than procurement, while STA only provides technical assistance. Nonetheless, agreement was eventually reached that Sida support would be provided to both technical assistance from STA and as a contribution to the procurement of the data warehouse as a separate ‘project’, co-financed by Danida and Government. A follow-up mission was then undertaken by STA to Kenya in January 2014 and a visit was made by KRA staff to STA in March 2014 to finalise the programme.

Such high levels of consultation during the design process are usually a good indicator of a programme’s relevance to the needs of a partner. However, questions were raised during the evaluation as to whether or not support to risk and change management were in fact what KRA had prioritised, and whether or not the perceived lack of buy-in from senior management could be attributed to the fact that the priority for KRA was the DWBI. Although there is no doubt some level of validity to these concerns, the fact that both risk and change management are prioritised in the Strategy for PFM Reforms and the KRA’s Fifth Corporate Plan suggests that, even if the DWBI was the primary interest, support to risk and change management was nonetheless in line with KRA’s and Government’s priorities. The fact that the three components – DWBI, risk and change management – were also interlinked and mutually supportive also contributes to the conclusion that the support envisaged in the programme was highly relevant at design stage.

2.4 RELEVANCE OVER TIME

Although the Strategy for PFMR (2013-18) ‘expired’ in 2018, the process for finalising the new Strategy is not complete. According to the latest draft available, the approach has changed significantly from the 2013-18 Strategy and will now focus on result areas that various ministries, departments, agencies and state corporations will contribute to rather than on individual institutions. As a result, there is no specific strategy for KRA in the draft, although KRA is obviously involved in various results to be achieved. ‘Reform Result 1.2: Efficient and effective customer-oriented revenue administration with high taxpayer filing and payment compliance ratios’ lists the following ‘changes required’ for public financial management generally:

- Adequately resourced data and intelligence driven tax revenue administration.
- Complete, timely, updated and accurate tax administration data, including national tax register, with taxpayers all able to access relevant data.
- Simplified processes for enhanced levels of taxpayer compliance in filing, payment and reporting.
- Strengthened tax debt arrears and accounts management.
- Structured, independent and fair tax dispute resolution mechanisms.

Even though the programme is close to its end before the new strategy has been adopted, it nonetheless aligns with what is included in the draft version.

KRA developed two subsequent corporate plans during the life of the programme: Sixth KRA Corporate Plan (2015/16 – 2017/18) and Seventh KRA Corporate Plan (2018/19 – 2020/21). Both of these maintain a strong focus on risk management,

change management and the DWBI and, in fact, the theme for the Seventh Corporate Plan is ‘Revenue Mobilisation through Transformation, Data-Driven decision-making and Tax Base expansion’, which coincides with the implementation of the Government of Kenya’s ‘Big Four Agenda’²¹ and the Third Medium-Term Plan of Vision 2030.

KRA’s Seventh Corporate Plan has the following strategic priorities:

1. Enhanced revenue through improved compliance.
2. Improved business climate with respect to taxation and trading across borders.
3. Public confidence in the integrity, professional competence and customer focus of (KRA) staff.
4. Data and intelligence driven organisation.

As a result, the programme has remained highly relevant over time to the prioritised needs of the KRA, as identified by the organisation itself.

According to many of those consulted, there was some concern though as to whether it was able to adapt to KRA’s changing needs. Recognising STA’s needs to plan in advance to ensure that short-term experts would be available, much of the planning was finalised at the outset and the implementation of the institutional support remained fairly rigid as a result. This was particularly so when it comes to change management, where one of the senior staff at KRA likened support in this area to an aeroplane preparing for take-off. At the start, KRA were stationary and as STA support was provided, they began to taxi down the runway. But then KRA completely internalised and institutionalised change management (through, *inter alia*, the establishment of the Transformation Leadership Office) and were moving fast enough to take off, leaving STA behind on the runway.

However, it was also apparent that STA’s support became more flexible over time, KRA staff became increasingly involved in mission preparation and determining their own agenda, and more *ad hoc* missions were conducted based on KRA’s evolving needs. As a result, it appears that the support was largely relevant to needs despite STA’s need to plan well in advance.

²¹The ‘Big Four Agenda’ is a four-point agenda by President Uhuru Kenyatta, outlining what he will be focusing on in his last presidential term to improve the living standards of Kenyans, grow the economy and leave a lasting legacy.

3 Effectiveness

Evaluation questions

To what extent were planned activities accomplished – what challenges were encountered, what was done to mitigate the challenges, and how effective were these mitigation measures in overcoming challenges?

Which outcomes were achieved and to what extent did Sida support to activities and outputs contribute to the intended outcomes?

3.1 INTRODUCTION

‘Effectiveness’ is a measure of the extent to which supported activities have led to the programme’s intended outcomes. It entails an assessment of whether all (or most) of the planned missions²² and activities were implemented, what outputs were achieved, and whether or not these activities and outputs contributed to any outcomes in the three components.

As mentioned in the introductory chapter to this report, the majority of activities conducted by STA focused primarily on the middle management level at KRA, where there were high levels of staff turnover. This factor has a bearing on the overall effectiveness of the institutional development provided under the programme, as dealt with in the sections that follow.

3.2 RISK MANAGEMENT

The objectives (or outcomes) for the risk management component are stated in the programme documents as:

- Risk-based decision-making applied that supports improved effectiveness in revenue collection initiatives.
- Effective use of scarce resources through elimination of duplication and strategic resources allocated to high risk areas.
- Coordinated risk and business continuity management at corporate level and consistency in tax compliance risk management strategies.

²² The use of the term ‘missions’ in STA planning documents and reporting can be confusing. A ‘mission’ is generally understood to be a visit to KRA by STA appointed experts towards a particular output or objective. Some visits to KRA involved a combination of ‘missions’ and so determining accurate totals of how many missions were conducted towards a particular outcome or objective can be challenging at times. The evaluators have relied on the implementation plans and reports in this regard and are confident though that as accurate picture as possible is presented.

Although no distinction is made in the objectives, risk management was divided into two sub-components, each with its own sub-component coordinator: corporate risk management and tax compliance risk management.

3.2.1 Corporate risk management

As illustrated in Graph 1 below, 17 corporate risk management missions were implemented over the course of the programme (against a target of 13 in the original implementation plan), indicating that this issue was prioritised by KRA.

Graph 1: Missions – planned and implemented – Corporate Risk Management



As further illustrated in the table on ‘deviations’ in Annex D, some delays in implementing missions were experienced under this sub-component. The main causes were that the new Strategy, Innovation and Risk Management Department was only established and staffed by mid-2015; some activities were linked to the DWBI that was significantly delayed; some missions followed on from previous missions and required KRA to conduct activities before the next mission could take place; and some activities needed to wait for the information technology system for Customs to be finalised. In most cases though, delayed missions were implemented in subsequent years and all of the main outputs in this sub-component were achieved. Notably:

- An approved and functional corporate risk management structure was created within KRA (the Strategy, Innovation and Risk Management Department) and a Corporate Risk Management Committee, chaired by the Commissioner General, was put in place.
- Numerous capacity building activities were conducted²³.
- E-learning materials on business continuity management and organisational risk management were produced and uploaded onto the KRA intranet²⁴. The number

²³ As mentioned in the section on limitations earlier in this report, consolidated figures for how many staff were trained or attended workshops during missions are not readily available.

²⁴ Topics / titles included: Raise Your Shield – Introduction; Raise Your Shield - Fire and Safety; Raise Your Shield - Fire Management Guide; Essentials of Risk Management – Introduction; Essentials of Risk Management - Risk Management; Essentials of Risk Management - Business Continuity Management; Essentials of Risk Management - Incident Management.

of views or downloads per topic though ranges from four to 13, which suggests more needs to be done to raise awareness of these.

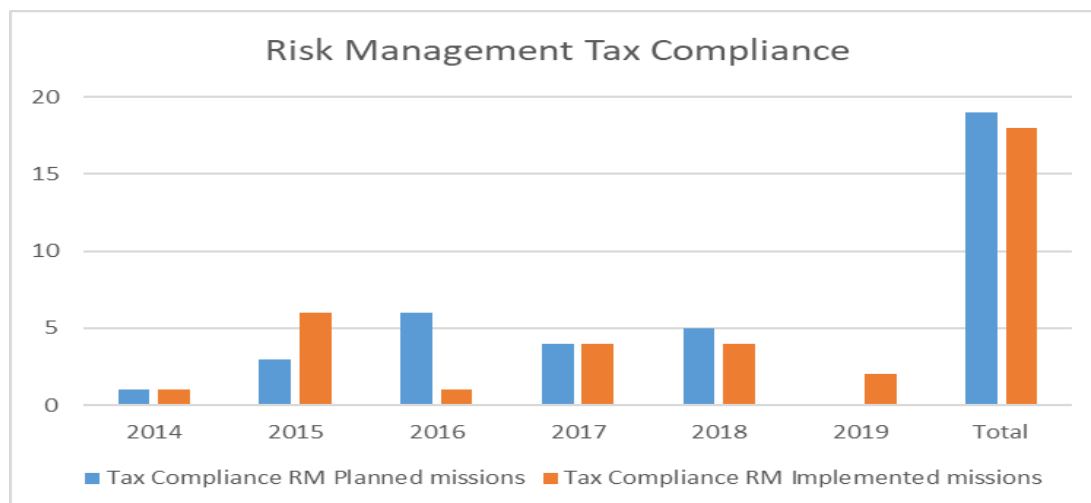
- An approved business continuity strategy was finalised and implementation plans were developed and piloted.
- A standard risk monitoring framework was developed and approved, and a template based on this was provided to all Heads of Department.
- An automated incident risk management tool was developed through the Enterprise Risk Management System.
- Mission critical processes were established through developing business impact criteria approved by the Corporate Risk Management Committee. Table-top exercises were also conducted for these processes and for the different KRA departments and units to enhance business continuity capability and awareness.
- A corporate risk management matrix (outlining the major risks for each department) was developed and used by departments to develop their own risk management plans.

The only outputs that were not delivered were the advanced training on business continuity management (which required external service providers and additional funding for examinations) and the corporate incident management framework that was not finalised (although incident management workshops were held).

3.2.2 Tax compliance risk management

As illustrated in Graph 2, virtually all of the planned missions for the tax compliance risk management sub-component were completed – 18 out of a planned 19 missions.

Graph 2: Missions – planned and implemented – Tax Compliance Risk Management



Progress in this area was reportedly slower at first than for corporate risk management. The main reasons cited for this were that the first long-term expert did not appear to prioritise this, STA does not have a responsibility for customs and border control, and external experts needed to be sourced, and one of the key deliverables – the baseline survey on taxpayers' attitudes on which many of the programme activities

relied – was only finalised in March 2018²⁵. Delays were also occasioned as a result of KRA needing to complete activities between missions before the next mission could take place and delays in the procurement and establishment of the DWBI. However, the focus on tax compliance increased with the appointment of the second long-term expert, the majority of missions and activities were conducted, and all key outputs were achieved:

- A functioning Tax Compliance Unit was established.
- A Tax Compliance Risk Management Policy and Framework was finalised in November 2017 and approved on 31 January 2018 as an adapted OECD risk model for taxes and a World Custom Organisation model for custom and border control.
- Key staff in the Tax and Customs Compliance Department were trained in missions and workshops.
- Strategic tax compliance risks were identified and assessed, risk prioritisation was approved, and a comprehensive tax compliance risk register was finalised.
- A Compliance Risk Management Procedure Manual was produced.
- A benchmarking study visit to Sweden was held in 2018 on the implementation of tax compliance risk at a practical level, which also included a visit by KRA to Swedish Customs that led to a risk management mission for the Customs and Border Control Department.
- A ‘strengths, weaknesses, opportunities and threats’ analysis and a ‘political, economic, social, technological, environmental and legal factors’ analysis were carried out to feed into the corporate planning process.
- A pilot aimed at increasing voluntary compliance with value added tax filing was undertaken in the north of Nairobi (together with STA), which led to an increase from 73.1% compliance in financial year 2018 to 78.6% in financial year 2019 – a 5.5% increase (compared to a target of 10%).
- The planned baseline survey of taxpayers was conducted. However, as already noted, this was significantly delayed and while KRA conducts customer satisfaction surveys, no follow up surveys have been conducted based on the baseline survey and so progress in this area is not possible to track as yet.

3.2.3 Contribution to expected outcomes – risk management

Support to risk management to ensure that risk-based decision-making is applied that supports improved effectiveness in revenue collection initiatives is closely linked to:

- Support to the establishment of a DWBI, which was intended to provide the data for risks to be accurately determined and addressed.
- The baseline survey of taxpayers that was expected to highlight where tax compliance risks lie.

Although the DWBI is now providing data that is being used in risk management and the baseline survey has been conducted, the fact that both processes were delayed makes it unlikely that the activities and outputs related to risk management have contributed significantly to the expected outcomes for the risk management component

²⁵ Building Taxpayer Trust Through Facilitation for Enhanced Tax Compliance, March 2018.

as they relate to tax compliance or in allocating strategic resources to high risk areas. While the contribution can be expected to increase over time, it is too soon to determine whether or not they have contributed to revenue collection initiatives either at this stage. There is evidence though to show that the focus on corporate risk management has led to more coordinated risk and business continuity management at corporate level, not least through the establishment of the Strategy, Innovation and Risk Management Department and the Corporate Risk Management Committee, and the corporate risk management matrix that has been used by departments to develop their own risk management plans.

3.3 DATA WAREHOUSE AND BUSINESS INTELLIGENCE

The objective of support in this area is stated as ‘a functional data warehouse in place, providing a single view of the taxpayers, supporting a risk-based decision-making tax compliance approach’. Support to the DWBI consisted of both institutional and capacity development provided by STA as part of the institutional development ‘project’; and the procurement of the DWBI as part of a separate contract between Sida and KRA²⁶, co-financed by Danida and the Government of Kenya. Sida is the major donor to the project, contributing SEK 35m - 61% of the overall budget with Danida (13%) and Government (26%) providing the balance²⁷.

3.3.1 Procurement (KRA)

Reporting on the procurement project for the DWBI is the responsibility of STA and has been woefully inadequate: while the first annual report contains some detail, subsequent reports are in bullet points, state that problems are being experienced, but provide little if any detail. The project has been subjected to three ‘technical audits’ that provide significant insight though: a technical and financial audit by Moore Stephens in 2016²⁸, a second audit by Moore Stephens in 2017²⁹, and a further assessment by BDO in May 2019³⁰.

²⁶ Represented in the contract by National Treasury.

²⁷ Moore Stephens, 2016, page 5.

²⁸ Financial and Procurement Audit of the Data Warehousing Business Intelligence Project Implemented by the Kenya Revenue Authority through PFMR: 6 Months Period From 1 April 2016 To 30 September 2016.

²⁹ Technical Assessment of the Data Warehouse and Business Intelligence Project for the Kenya Revenue Authority, December 2017.

³⁰ Technical Assessment of the Risk Management, Data Warehouse and Business Intelligence Project for the Kenya Revenue Authority, 2019. It is noted that Moore Stephens merged and became BDO between the 2017 and 2019 assessments.

The results of these assessments, and the Embassy's own Conclusion on Performance (2018)³¹, are well known to KRA, Sida and STA and the details are not repeated here. Suffice it to say that the establishment of a fully functional DWBI solution for the KRA has been beset by problems from the outset: although the procurement process started in mid-2014, it was delayed as a result of KRA not being entirely certain of the specifications for the system they required and was only concluded at the end of 2015, some 18 months later³². Once made, the decision to award the contract to a consortium of Verve KO Ltd (lead consortium member and contracting partner), Intrasoftware International (based in Greece) and Bring Consulting (based in Portugal) was disputed by one of the losing tenderers, which claimed that the process followed was flawed³³. The matter was then submitted to the national procurement oversight authority for resolution and the contract was thus only signed in 2016. And as mentioned in the technical audits, the process has also faced technical difficulties that have contributed to delays. According to the original design, the project was to be implemented in three phases:

- Phase 1: ESKORT³⁴ risk analysis and Value Added Tax.
- Phase 2: ESKORT case management and income taxes.
- Phase 3: Advanced analytics.

Bring had primary responsibility for the initial Phase 1 but, despite numerous attempts and delays, was incapable of delivering on its responsibilities, partly because of KRA's inexperience as to what it required (despite assistance in this regard provided by STA and the South African Revenue Service). Delays were also experienced in the procurement of the relevant hardware and software and as a result, during 2017, it became clear that an extension would be required. Moore Stephens International was contracted to provide a technical audit of the project and, based on their recommendations, it was agreed to extend the project to 31 December 2019 with no extra budget allocation. It was also agreed within the consortium that Bring Consulting would play no further part in implementation and, in June 2018, that the project would be redesigned into three new phases:

³¹ Sida: Conclusion on Performance –Assessment of performance (02.08.2018).

³² It is noted that, although the project agreement allocates some responsibility to STA to assist in the procurement, STA were not a party to the agreement and this 'requirement' does not seem to have been communicated to them. As a result, even though the Embassy contracted a procurement expert, Sapsama, to accompany the process as an additional safeguard and to have some assurance before the first Swedish disbursement was made (according to the Embassy of Sweden's Conclusion on Performance, 2018), STA did not provide any assistance during procurement.

³³ The 2016 Moore Stephens audit also found weaknesses in the procurement plan, approved in June 2014, noting that it did not meet the requirements stipulated in section 21 (1) (b) and (g) of the Public Procurement and Disposal Regulations, 2006.

³⁴ ESKORT is a risk assessment system developed (and owned) by Intrasoftware International.

- Phase 1 – delivery of the ESKORT Risk Management System to provide risk analysis and case management functionality (and the operational data store which forms the foundation from where the reporting starts).
- Phase 2 – delivery of the business intelligence system.
- Phase 3 – advanced data analytics.

The revised Phase 1 was completed in December 2018, tested in January 2019 and signed off in February 2019³⁵. Phase 2 and 3 are expected to be implemented simultaneously to some extent, with both set to be completed by December 2019. However, the only activity conducted towards Phase 2 by end July 2019 was a requirements and specification workshop for business intelligence held in April 2019³⁶. No activities at all have been undertaken towards Phase 3. The problems identified during interviews with KRA and Verve KO Ltd. in this regard are two-fold:

- The consortium has yet to be paid for completion of Phase 1. Although it was reported by KRA (and Verve KO Ltd.) that the issue had been resolved, the payment is included in the 2019/20 budget and payment will be made in August

³⁵ A question was raised by the Embassy when reviewing the draft version of the current report as to some discrepancies between what the evaluation team was told and the BDO technical audit dated May 2019. According to the conclusions on page 16 of the BDO report: 'The delivery of the solution is delayed. The latest project plan shows the full phase 1 delivery being completed by January 2019. Currently phase 1 has been delivered to the production environment but with key known issues such as the data refresh process not functioning correctly'. According to the 'Answers to Key Assessment Questions' on page 17 and following:

- (Question 1): It is envisaged that once implemented, the benefits of the solution will be realised, however there is a major concern as to whether the initial delivery can be achieved within 2019, especially with a detailed roll out plan not being in place and the phase 1 solution not being fully functional and approved by the Quality Assurance (QA) team.
- (Question 9): The January 2018 revision of the project plan highlights that a fully operational Phase 1 delivery would be within January 2019. As at April 10th, 2019 a fully functional Phase 1 delivery had not yet passed QA and had not been rolled out across the business. Therefore, there is a delay in the project.
- (Question 10): Based on past and current activities within the project and the current status of the project, we envisage the project to be within the Phase 1 delivery stage. This is due to work needing to be completed for a fully operational phase 1 system and the development and implementation of a detailed roll out plan for KRA.

According to the responses received from KRA on 23 September 2019, the delivery of Phase 1 is indeed complete and has been certified as such by both the QA Team and the Project Board. A 'certification of completion' was provided – which is issued once the product attains the threshold defined by QA. The issues that may be allowed at this point are based on the basis of their impact and effort required for resolution, which is common with any software solution and are handled during the contract maintenance period as guided the service level agreements. A pilot is currently being conducted in two stations in Nairobi and is expected to end in September 2019. A rollout to all the tax stations in the country, after the enhancements, has been scheduled to commence in October 2019.

³⁶ It is noted that some progress has been made after the conclusion of the current evaluation. According to KRA, as of mid-September 2019, Phase 2 is reported to be on course with the vendor back on board. Delivery is expected by end of Oct 2019.

2019, National Treasury reported that this is not the case. Instead, Treasury reported that the costs for Phase 1 had been included in the national budget for two years but, since these were not expended, it was decided not to include them in the 2019/20 budget. When the request for the amount to be included in the 2019/20 budget was received from KRA by Treasury, it was already too late for inclusion and the costs for the DWBI can now only be included in the first supplementary budget that will, at best, only be approved by Parliament in December 2020. Intrasoftware International has already indicated that they are not prepared to continue working on the project until they have been paid for Phase 1, which obviously creates a problem if all phases are to be completed by end 2019. As reported by Verve KO Ltd. to complete Phase 2 and 3 by the target of December 2019, work on both phases must commence during August 2019.

- It also appears that the bulk of the advance to the consortium has been used by Verve KO Ltd. and Bring Consulting. Intrasoftware International have reportedly become aware that the amount included in the current invoice to be paid on completion of Phase 1 is insufficient to cover their costs to date. Although Verve KO Ltd. claims to have the capacity to implement both Phase 2 and 3 and has proposed as such to KRA³⁷, KRA does not believe this to be the case and on 18 July 2019, requested Verve to submit an alternative strategy that includes Intrasoftware International which, KRA believes, is the only remaining consortium partner with the necessary experience and skills to fully deliver Phases 2 and 3.

The Project Committee reportedly has a plan in place to deal with the problems identified above and, as a result of their own internal capacity having been built by the Sida programme, has already developed parts of the business intelligence required under Phase 2 (the portions dealing with domestic taxpayer information and revenue). The Deputy Commissioner responsible for the project noted that KRA is currently recruiting additional staff who should be on board by mid-August 2019, and that with additional consultants from Oracle or elsewhere, KRA is confident that it would be able to manage the bulk of that remains to be done under Phase 2. There has also been some discussion as to whether or not an alternative company to the consortium could be contracted to take over what needs to be done for Phase 3. However, while it is admirable that significant internal capacity has been built, such an approach is not without challenges. For example, there may well be contractual issues that will arise if KRA takes over some aspects of Phase 2, there is a potential that KRA could be sued for payment by the consortium even if the work is done by others, and there are potentially significant future delays and additional costs if a further procurement process is required. Furthermore, while these issues and approaches are being discussed internally within KRA, they have not as yet been discussed with Sida. In addition, and of significant concern for the evaluators, the senior managers and staff responsible for the procurement of the DWBI were not aware of the problems related to the fact that the payment for the DWBI was not included in the 2019/20 budget and that the funds

³⁷ An earlier proposal by Verve KO Ltd. that Intrasoftware International take over the work on business intelligence from Bring, to which it was initially allocated, was rejected by KRA in June 2018.

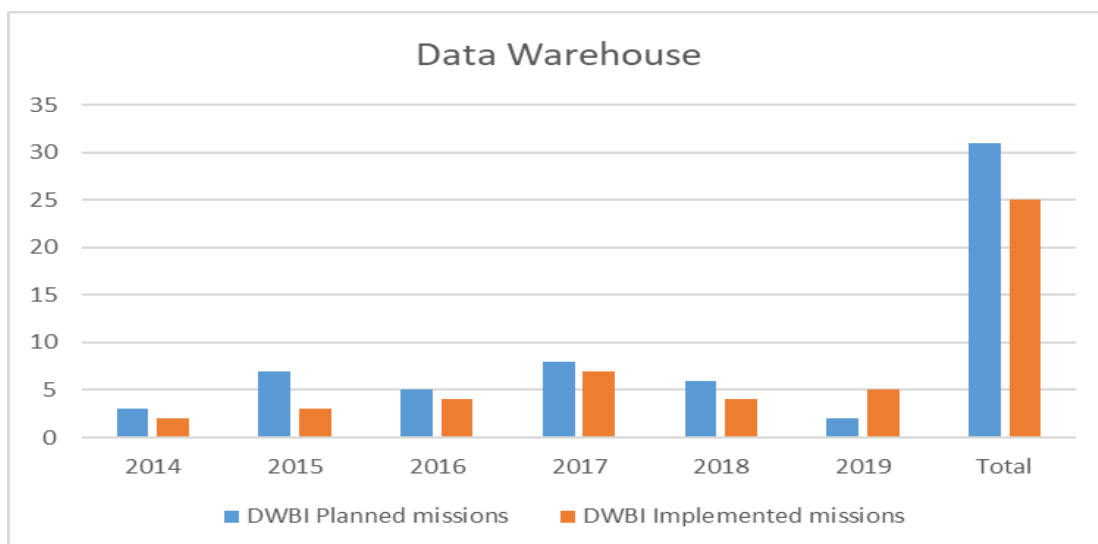
will, at best, only be available in December 2019. As a result, the plans prepared by the Project Committee to manage the problem are not based on the most up-to-date information, include a presumption that work will continue in August once the invoice from the consortium is paid, and do not take the delay in payment into account.

A further red flag is raised in the BDO report³⁸: namely, that Verve KO Ltd. are not registered on the Oracle database as an official Oracle Partner (almost all of the software being used for the database warehouse being Oracle software that users need to be registered to use), which could impact the consortium's ability to support KRA in future. Although the Verve representative consulted during the evaluation could not verify this, he noted that Intrasoft International is an Oracle Partner and that KRA pays Oracle for the use of the software and so is registered on the Oracle database. While the fact that Verve is not a certified Oracle Partner means that it is not certified to train on Oracle products on behalf of the company, KRA's status with Oracle (as confirmed by KRA) ensures that Oracle would offer support if required, although that may incur additional costs if the support arises from the implementation approach followed by the consortium. As a result, numerous operational and contractual issues have negatively impacted on the effective implementation of the DWBI procurement project.

3.3.2 Institutional development for the DWBI (STA)

As indicated in the graph below, although 25 missions did take place (compared to the planned 31), STA's support to institutional development related to the DWBI was hampered somewhat by the delays in the procurement of the data warehouse itself.

Graph 3: Missions – planned and implemented – DWBI



³⁸ Page 6.

Nonetheless, STA showed impressive flexibility, responded well to the fact that delays in procurement had the potential to undermine the institutional development support they were expected to provide and significant progress was achieved despite the challenges. STA support started very early with a gap analysis to prepare for the procurement of the data warehouse even before the Programme was launched. Similarly, a study visit by KRA staff to the STA data warehouse team in Sweden was also undertaken in October 2014 (even though it was only planned for 2015) that included the development of a draft tender document for the procurement of the DWBI. Although there was reduction in the amount of time dedicated to the DWBI in 2015 and 2016 compared with what was planned, this increased in later years as STA strove to ensure that sufficient capacity was being built within KRA to implement the DWBI even if the system was not finalised by the time STA support would come to an end. Key outputs delivered over the course of the programme included a readiness assessment; the development of a data quality management strategy, test processes and standards; putting in place the relevant data cleaning structures and framework; and enhancement of the draft data governance framework. Formal training on Oracle certification, dashboard development and the ‘Extract Transform and Load’ tool was also provided³⁹. Although difficulties were experienced because of the significant geographical separation between those responsible for developing the system, KRA’s capacity has been significantly built and Phase 1 of the system is already having an impact on risk analysis and management within KRA.

3.3.3 Contribution to outcomes – DWBI

There is evidence to show that the DWBI, and the institutional development provided by STA in this regard, is increasingly being used to support a risk-based decision-making tax compliance approach. However, the fact that the establishment of a fully functional DWBI has been significantly delayed has meant that the contribution to the outcomes for this component has been somewhat undermined.

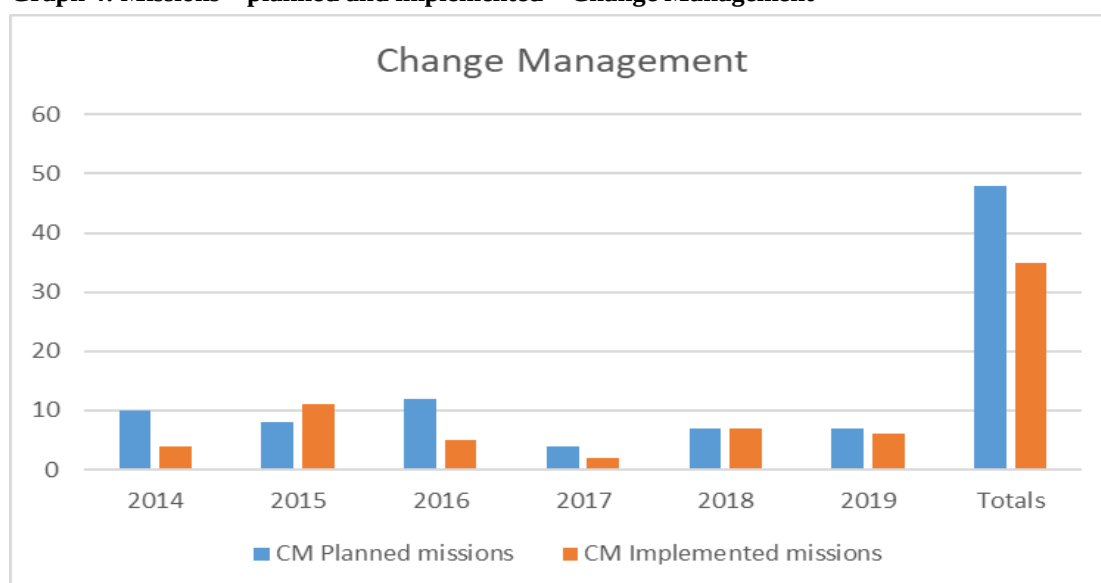
3.4 CHANGE MANAGEMENT

The objective of support to change management is ‘effective tax administration through enhanced customer focus and improved compliance of KRA staff with the KRA vision, core values and mission’. Although not mentioned in the objective, support to bring about change in the way KRA was perceived by the public was also clearly intended. Initially, STA assistance in this regard thus focused on strategy development, project plans for the implementation of the culture change strategy and communication plan, implementation of project plans and outreach to taxpayers and the public, and to support the DWBI and risk management components.

³⁹ Extract Transform and Load is a database tool used to pull data out of one database and move it to another.

The effectiveness of this component was hampered by the delay in procuring the external survey of taxpayer attitudes that was only carried out in 2018, and that was not used to inform decisions about remaining missions. KRA also outstripped the support envisaged in the original design of the programme (see Chapter 2 above) to some extent through the establishment of the Transformation and Leadership Office early on in the programme. However, it was reported that the link between change management and the transformation agenda was not always clear or agreed, at least at first, as a result of poor contact and response between STA and the Office), which in turn led to some reduction in the number of missions implemented (35 out of a total of 48 planned missions), particularly during 2016 and 2017.

Graph 4: Missions – planned and implemented – Change Management



The number of implemented missions increased in 2018 and 2019 and progress was reported. Support in this area can be regarded as effective, with change management reportedly ‘mainstreamed’ into KRA. There was also greater buy-in from top management at the start of the programme compared to risk management. STA support began in 2014 with an Introductory Top Management Workshop in Nairobi targeting 50 top managers and attended by the STA Director General, the KRA Commissioner General and the Swedish Ambassador. According to some of those consulted, top management was also able to define its own change agenda and to own the change process within the organisation as a result of the support provided.

During implementation, change management was split into two main functions: ‘change communication’; and ‘change training and capacity building’. A change management strategy was developed and adopted in 2015⁴⁰ and a change strategy matrix, based on the plan, was also finalised with STA support. Change communication focused on both internal and external communication, with internal communication

⁴⁰ A communication plan, linked to the change management strategy, was also developed but without STA support.

championing a new way of doing tax business, including the development of change management guidelines and a new intranet based on best practice from STA that is now reported to be a key entry point for KRA's working areas and systems used by staff. External communication focused on a complete revision of the KRA website, based on STA best practice, to make it more user-friendly and external facing, as well as significant levels of support to ensure changes to the way staff communicate with the public, including at service centres.

In the area of change training and capacity building, STA missions centred around empowering staff with knowledge on how to bring about change in their own backyards, including the development of a highly rated and award-winning Treasure Hunt programme⁴¹ aimed at members of Team One⁴², Heads of Departments, change agents and Treasure Hunt teams. Around 40 trainers were also trained with these reaching around 1,000 (25-30%) members of staff with costs of the roll out of the programme covered by Sida funding. However, there was insufficient funding to achieve the goal of reaching 3,000 staff and no further training has been provided by trainers since then. In addition, STA also provided support to the development of KRA's overall change strategy where KRA's new vision, mission and core values are articulated, and consisting of four pillars (Right Management, Right Business Processes, Right Services and Right Taxes and Duties).

3.4.1 Contribution to outcomes – change management

Support provided by Sida has led to far greater customer focus and better compliance with the KRA's vision, core values and mission, all of which were revised with Sida support. However, the fact that coordination between the STA and the Transformation Leadership Office was not always ideal might also have led to support in this area not being properly aligned with KRA's needs and led to less contribution to the outcome for this component than what was intended.

3.5 OVERALL CONCLUSIONS ON EFFECTIVENESS

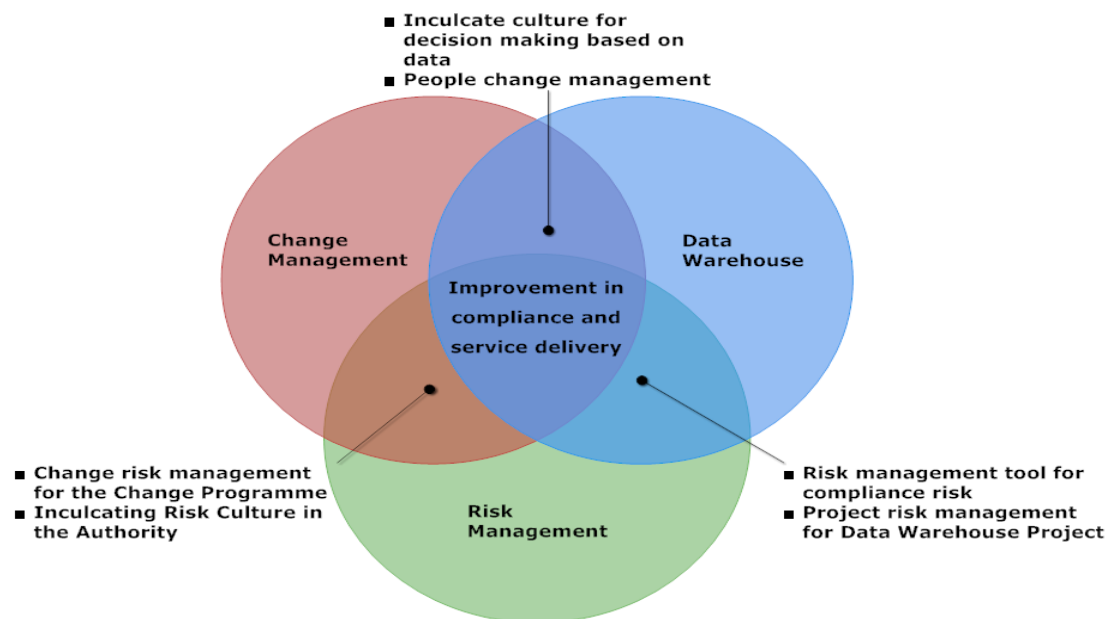
The fact that the programme consisted of three closely interlinked components was a strength (when viewed from a design perspective) but also carried a major risk to effectiveness, where limited progress in one area had the potential to negatively impact

⁴¹ The Treasure Hunt Concept developed by STA won an award at the Africa Tax Administration Forum that was held in South Africa in 2016.

⁴² Team One is the KRA top management team, consisting of the Commissioner General (as the chair), the Commissioners, Heads of Departments and the Regional Heads.

on the effectiveness of the other components and the ability to achieve the stated objectives or outcomes at component level. For example, and as illustrated in the graphic below, risk management was to be enhanced through an increased use of data and business analytics leading to better identification of risks to be managed. Similarly, the objectives of the change management component were to prepare KRA to transition from a largely paper-based system to increased use of data and electronic data systems to determine risks as well as to change the perceptions of KRA amongst taxpayers.

Graph 5: Interconnected components⁴³



Delays in the procurement of the DWBI and the finalisation of the survey of taxpayers therefore impacted on the effectiveness of both the risk and change management components.

Effectiveness was also hampered by the approach followed by STA, where the entire programme and all of the missions were planned at the outset and where individual missions had to be planned well in advance to ensure that short-term experts would be available. In many cases, missions also needed to be sequenced so that the work undertaken in one could be followed up in the next, which created internal challenges within KRA. Although the STA approach is understandable given the context in which it operates and the overall approach of the programme where capacity was intended to be progressively built, it did create a level of inflexibility and frustration on both sides. In particular, it was noted that key KRA staff needed to be available during missions but that they operate in a culture where, if higher levels of management require them to do something, it must be done even if plans for attending meetings

⁴³ Programme Proposal, Annex 6

and workshops have already been agreed long in advance. At the same time, STA (and any implementers of future programmes) need to be able to plan in advance and the fact that key KRA staff required to be present during missions were not available understandably led to frustration amongst STA programme implementation staff. Although no recommendations can be made in this regard now that the contract with STA has come to an end, some suggestions for how this situation might be improved in similar programmes in future are:

- STA programming for countries like Kenya should take into account the internal culture within institutions like KRA and should try to include more flexibility. Recognising that the entire programme required sequencing of missions and activities that needed to be planned at the outset, STA should consider annual review and workplanning meetings with partners like KRA to identify what progress has been made, what challenges and blockages have occurred during the year, and to agree how best to address them in more detailed annual plans. STA planning should also try, as far as possible, to plan for unforeseen delays and to have a 'plan B' for what to do should delays be encountered.
- Similarly, lengthy programmes such as the support to KRA should be subjected to a mid-term review to identify progress and challenges that have occurred and to revise the programme to accommodate and deal with these over the remainder of the implementation period.
- It is noted that both KRA and STA were impressed with the contribution of the South African Revenue Service (SARS) to some activities. From KRA's perspective in particular, SARS staff were more accustomed to and familiar with the internal culture within KRA and the fact that middle management level staff have little control over their time when senior managers task them unexpectedly. Although SARS has experienced significant internal challenges recently and has lost many of its most experienced staff as a result, a new Commissioner has been appointed and steps are being taken to repair the damage caused under South Africa's previous President. Should future support to KRA be envisaged, consideration should be given to including SARS officials to a greater degree than was the case under the current programme.
- At the same time, there is a need for adaptation on both sides and KRA staff need to be able to commit to the programme and to be available during missions when they have undertaken to be so. This is linked to the need for increased buy-in from top management and any future support to KRA should include an agreement upfront between programme implementers and top management that when missions have been agreed to between KRA and programme implementers, top management need to agree that the relevant staff should be regarded as 'out-of-office / on-mission' and that they will not be requested to do anything else during the period of the mission.

Some KRA staff were dissatisfied with short-term experts, whose accents made it hard to understand them, and who showed insufficient understanding of the context in which KRA operates, particularly in the earlier years. These issues appear to have been successfully addressed over time though and levels of satisfaction expressed by KRA staff with the assistance provided by STA were high. It is also noted that activities were more likely to be successful where the same expert was used for a number of missions where relationships and understanding of each other's contexts and cultures could be built.

Importantly, the majority of activities and missions targeted mid-level management, where there were very high levels of staff turnover including amongst Component Managers, and STA found it very difficult to engage with the highest levels of management to ensure that they were on board with the programme's objectives. Given the organisational culture within (but not unique to) KRA, it is difficult for middle managers to bring about real change unless senior managers are on board and have agreed to such changes. This could be linked to the origins of the programme, where it was reported that what KRA were primarily interested in was the data warehouse and that the institutional development aspects were perhaps somewhat reluctantly agreed to by senior management. Whether or not that perception is justifiable, the fact remains that while many of the activities and missions achieved their objectives of building capacity amongst those targeted, the extent to which the envisaged changes could be fully implemented was limited by access to and participation of the top-level management.

Despite these challenges, almost all of the planned activities and outputs were realised and progress was definitely made towards the objectives of each of the institutional development components. Risk management, increasingly informed by data provided by the DWBI, is now entrenched within KRA and features significantly in its corporate plans. Change management has become totally integrated into the structure of KRA through the establishment and operations of the Transformation Leadership Office. Structures, frameworks, policies and strategies have been developed and adopted, and a large number of staff have benefited from training, study tours, and hands-on practical advice and assistance and all of those consulted within KRA were very satisfied with what the programme achieved.

4 Efficiency

Evaluation questions

How efficiently have activities been implemented generally – what caused, delays, what has been done to address them, and how effective have these measures been?

Can the costs of the action be justified by its results?

4.1 INTRODUCTION

‘Efficiency’ is a measure of whether the activities, outputs and results of the programme have been achieved in an efficient manner - whether activities were achieved on time, the causes of any delays and what was done to address them, and what impact any delays may have had on the ability of the programme to achieve its intended results. As stated in the ToR, the evaluators were also required to consider whether the costs of the action (or programme) can be justified by its results. This is in line with OECD/DAC definition, which states that efficiency is a measure of whether the programme used the least costly resources possible in order to achieve the desired results⁴⁴. However, it must be remembered that the current evaluation is not a value for money evaluation and as a result, a ‘light touch’ assessment of the costs compared to results is provided.

4.2 EFFICIENCY GENERALLY

The original design of the programme envisaged a very short time period of three and a half years for both the institutional development and for the procurement of the DWBI. Although that period might reasonably have been expected to have been sufficient for a procurement process, the period was clearly overambitious when it comes to the ability to implement all of the activities, achieve the outputs, and deliver against the objectives of the programme in the institutional development area. As a result of delays already being experienced by 2016, the institutional development component was thus extended to 30 June 2019. Delays continued though even after the programme was extended, including as a result of delays with the DWBI procurement. Some delays, such as those caused by the elections, were also experienced but were beyond the control of either the STA or KRA. To improve efficiency, the components began working more closely on planning and to link activities to the transformation agenda from 2017. There was also a concerted effort to increase the number of missions and activities in the final year of the programme with 16 missions implemented in 2019 compared to the nine that were planned. As a result, almost all of the

⁴⁴ <https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

intended missions and support envisaged in the programme were implemented by its end and, as dealt with in section 4.3 below, 89% of the total budget for the institutional development ‘project’ was expended by the end of the project on 30 June 2019.

The picture is somewhat different though when it comes to the procurement of the DWBI. As mentioned in Chapter 3 - Effectiveness, the procurement process for the DWBI was beset with difficulties from the outset and by 2016 it was already clear that the deadlines for procurement in the original programme would not be met. The project was thus extended until 31 December 2019, but delays continue as a result of internal issues within the consortium, uncertainty as to how Phases 2 and 3 will be implemented and what role the two remaining consortium partners will play, and the fact that payment for the completion of Phase 1 will at best be approved as part of the supplementary budget by December 2019. The fact that the key remaining consortium partner with the necessary skills and experience has already indicated that it is not willing to undertake any further work until it is paid for its work on Phase 1 will almost certainly mean that very little will be done or finalised by the end of the current project period.

Finally, as mentioned in the section on limitations earlier in this report, there is room for improvement and increased management efficiency on the part of STA. The results frameworks prepared by STA are weak, especially the later version, key data (such as disaggregated, consolidated data on participants) is not recorded or readily available, and reports do not always align to the outputs and outcomes in the results frameworks.

4.3 BUDGET AND EXPENDITURE (ABSORPTION CAPACITY)

4.3.1 Institutional development (STA)

The original approved budget for institutional development (2014-16) was SEK 41 228 342, with the following allocations to the respective components: risk management 27%; change management 14%; and data warehouse 15% (excluding the procurement of DWBI). Although only 49% of the approved original budget had been utilised by the end of 2016, it was nonetheless agreed as part of the agreement to extend the length of the programme to 30 June 2019 and to increase the overall budget for institutional development by 14% to a total of SEK 47 155 081. Other changes to the budget were also introduced as part of this agreement, including a 27% reduction in the allocation to risk management (from approximately SEK 11m to SEK 8m); a slight increase in the allocation to institutional development for the DWBI (from SEK 6.1m to SEK 6.3m); and a 16% increase in the allocation to change management. The budget change included a drop in the allocations to Risk Management (17%) and Data Warehouse (13%); and a 24% increase for change management (from SEK 5.8m to SEK 7.8m). There was no marked drop in missions undertaken or planned for any of the components, which suggests rather that there was some over-budgeting for risk

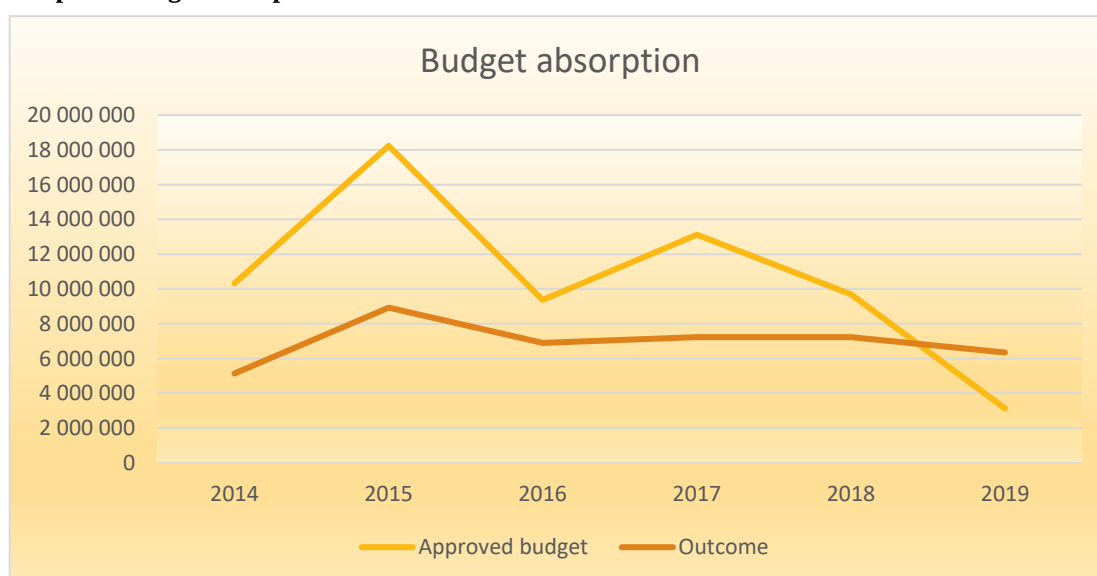
management and some under-budgeting for what would be required for change management under the original budgets. There was also a significant increase (50%) in the amount allocated for the provision of the long-term expert – from SEK 8m to SEK 12m. As illustrated in the table below, there was significant under-expenditure each year in the period 2014-2018, particularly in the years 2014, 2015 and 2017:

Table 1: Over- under-expenditure compared to budget per annum (2014-19)

	2014	2015	2016	2017	2018	2019 ⁴⁵	Total
Approved budget	10 313 505	18 234 400	9 373 600	13 113 800	9 687 250	3 128 000	47 155 081
Expenditure	5 137 422	8 924 341	6 896 176	7 219 491	7 223 169	6 345 000	41 228 342
Deviation	-50%	-51%	-26%	-45%	-25%	103%	-11%

The degree to which budgeted funds are used by a programme each year is a good indicator of the degree of absorption within a programme. As illustrated by the above table and the graph below, it is clear that absorption capacity was significantly lower than what was budgeted each year in the period 2014-18 – which talks more to STA's budgeting process than the absorption capacity of KRA (noting that the expenditure remains fairly similar each year). This is particularly the case in the early years where planning and budgeting appears very ambitious compared to the pace at which KRA were able to absorb activities and budgeted amounts, which remained relatively constant across the entire programme period (as illustrated in graph 6 below).

Graph 6: Budget absorption



⁴⁵ While the budget for 2019 is accurate, the financial report for 2019 is only due in October 2019. As a result, the expenditure for 2019 is based on a projection by STA and may subsequently change.

As mentioned in Chapter 3 - Effectiveness, and as illustrated in the table and graph above, there was a concerted effort by STA during 2019 to ‘catch up’ missions and activities that had been delayed up to that point and, as a result, the projected expenditure for 2019 far exceeds the budgeted amount but, overall, expenditure has not exceeded the total budget for the programme. Instead, according to the latest figures available to the evaluators (provided by the Embassy), a total of SEK 40 655 318 is forecast to have been spent of the total budget of SEK 47 155 081 available by the end of June 2019, leaving a balance of SEK 5 409 484 (11%) unspent.

4.3.2 DWBI procurement

Despite delays in the procurement of the DWBI, most of the funds allocated to this by Sida have been spent or accounted for. Of the total budget of SEK 35m allocated to the procurement of the DWBI, a total of SEK 30 264 169 had been expended by end June 2019 (86% of the original budget), with a further SEK 1 578 610 forecast. It is anticipated that the total expenditure by end June 2019 will thus be SEK 31 842 779 SEK and a projected balance of SEK 4 735 831 remaining to cover Phases 2 and 3 of the procurement project. Although these funds are reportedly sufficient to cover Phases 2 and 3, it remains highly unlikely that these funds will be expended by the end of December 2019, which raises issues as to what Sida should do in this regard. Recommendations for how these funds might best be used are thus also included in the chapter on conclusions and recommendations below.

4.4 COSTS VS RESULTS

When it comes to institutional development, three main methods were used: on-site missions to provide technical advice, hands-on assistance, and workshops; study visits by selected participants to STA headquarters (and customs offices) in Stockholm; and a small number of training workshops and training of trainers for larger groups. Some use was also made of e-learning tools that have the potential to allow for learning at greatly reduced costs, although it does not yet appear that these are being very well used as yet. As a general rule, the costs of activities implemented by STA appear reasonable. Although the costs of bringing STA staff and external consultants to Kenya on mission are high, it would have been far more expensive to transport all of those reached by missions to Stockholm and the split between visits to Stockholm compared to the number of on-site missions appears to have been well considered – for example, where only a relatively small number of KRA staff needed to be reached, a mission to Stockholm was more justified. Experience exchange visits such as these also have the potential to have long-lasting impact when staff of KRA could see for themselves how things were done by STA in practice. There is a sense that more formal training workshops would have reached a greater number of participants than comparatively smaller mission workshops, but at the same time, smaller groups allow for much better experience sharing and hands-on knowledge sharing than more formal and larger training sessions. On the other hand, the fact that training of trainers was not institutionalised and those trained and the courses they were trained on were not formally incorporated into KRA’s training facilities and programmes both led to

limited impact and limited the cost-efficiency benefits that might have accrued if these had become more formalised.

When it comes to the procurement of the DWBI, although it is now being used and is reportedly already making a difference, and the costs may well have the potential to lead to greater revenue in future, it is not possible in an evaluation such as the current one to determine whether cheaper equipment and services might have been procured than those provided by the consortium, and it is too soon to know whether the costs are justified by results when results have largely still to be realised.

5 Impact

Evaluation question

What is the overall impact of the Sida support in terms of direct or indirect, intended or unintended, positive and negative results when it comes to increase / decrease in tax revenue, the tax base and the level of compliance with tax regulations?

5.1 INTRODUCTION

The Organisation for Economic Co-operation and Development (OECD) defines impact as:

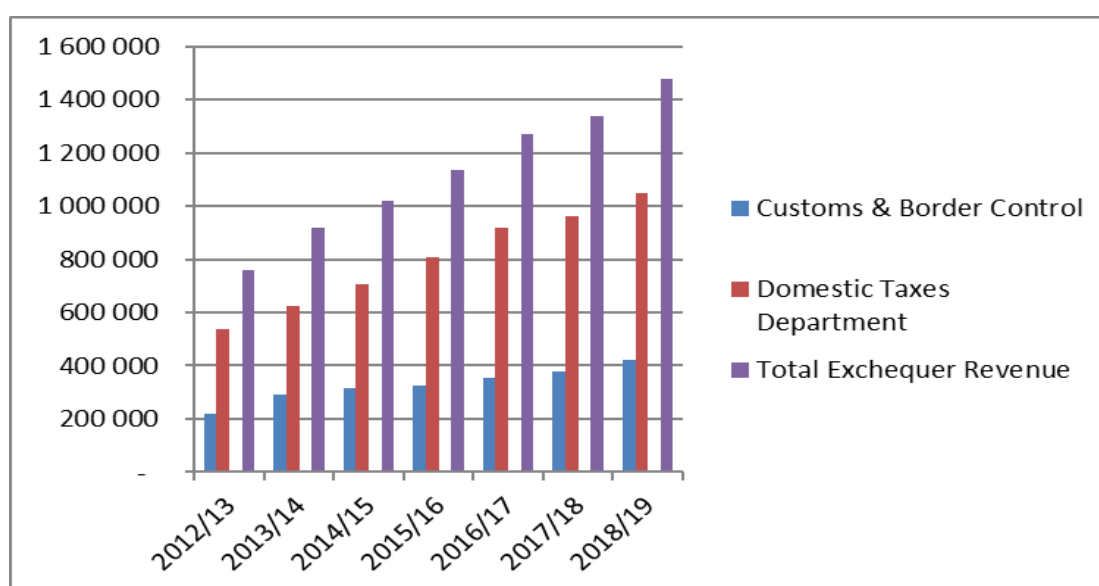
‘The positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended. This involves the main impacts and effects resulting from the activity on the local social, economic, environmental and other development indicators’⁴⁶.

In other words, when measuring impact, evaluators look at the overall objectives of the programme, whether these have been achieved, and whether or not there are positive or negative changes at the highest level – overall objectives. For the Sida support to KRA, the overall objectives of both the institutional development and procurement of the DWBU were to increase tax revenue, the tax base and the level of compliance with tax regulations. Of course, it is often very difficult to attribute positive or negative changes at this level to any one programme and there are often a multitude of reasons for any changes that have taken place. In addition, much of the impact referred to in the programme documents takes a considerable amount of time to achieve and it is probably too soon at this stage to assess impact at this level. Nonetheless, the following assessment is provided:

5.2 TAX REVENUE

According to the latest data available from KRA, as illustrated below, there has been marked increase in revenue collection over the duration of the programme – including in the two areas specifically targeted (domestic tax and customs).

⁴⁶ www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm

Graph 5: Revenue collection in KSH million per department

However, while an increased use of data, a change in perceptions amongst taxpayers of both the KRA and the need to pay tax, and an increased focus on risk and risk management can be expected to contribute to increased revenue collection over time, such changes take a long time to manifest. Sida support was also not specifically focused on revenue collection and so, while it is possible the programme contributed to some extent to increased revenue, it is difficult to attribute changes in this area directly to the programme.

5.3 TAX BASE

According to the data provided by KRA, there has been an exponential increase in the size of the tax base from 342 341 in 2012/13 to a staggering 9 943 540 in 2018/19. While these figures certainly look impressive, the problem with them is that there was a change in KRA in the way the number of taxpayers is recorded. At present, everyone in Kenya who has been provided with a personal identification number (PIN) is now reflected on the KRA systems as a potential taxpayer. Since it is becoming increasingly difficult to do anything in Kenya without a PIN (for example, it is required to open a bank account or register for a university), there has been a dramatic increase in the number of applications for a PIN. KRA are aware that not everyone with a PIN is a taxpayer – some are unemployed, some are students and so on – and are cleaning the data to reflect actual taxpayers, but that process is still ongoing. Either way though, although the communication activities supported by the programme may well have contributed to increasing the tax base, it is impossible to measure or to attribute an increase to the programme – it may well have contributed, but there are so many other factors contributing to an increase or decrease in this area (not least of which is the need for citizens to have a PIN, which allows KRA to better track taxpayers) and to attribute changes to one programme only.

5.4 COMPLIANCE WITH TAX REGULATIONS

The statistics provided by KRA with regard to levels of compliance with tax regulations are somewhat confusing. The first set of data, reflected in the table below, shows a steady increase in numbers of those complying across all categories of taxpayers, with a slight reduction in the financial year 2018/19 in some areas. However, the percentages reflect a decline from a high of 55% in 2015/16 to 33% in 2018/19.

Table 2: Tax compliance 2013/14 – 2018/19

		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Compliance Income Tax Returns Filing	Company	36 927	111 200	142 100	162 710	166 419	164 337
	Partnership	3 438	11 075	14 357	15 575	15 007	4 195
	Individual- Resident	708 650	2 141 230	2 610 870	2 947 772	2 905 694	3 500 000
	Individual- Non-resident	2 449	9 419	15 105	24 823	29 139	29 316
	Turnover tax	740	9 712	22 990	27 821	25 458	27 384
	Total	752 204	2 282 636	2 805 422	3 178 701	3 141 717	3 725 232
% Filing Compliance		33%	55%	45%	40%	33%	28%

The reason for the decline in percentage of compliance is that the percentages in the table above are determined by a on a comparison with the ‘registered taxpayers’. As mentioned in Section 5.3, everyone with a PIN is currently regarded as a registered taxpayer and, the number of ‘registered taxpayers’ has thus grown significantly over the years, and this lowers the percentage even though the number of taxpayers complying with the requirements has increased.

A further set of data from KRA provides a ‘compliance rate (registration, filing and payment)’ for 2015/16 (59%); 2016/17 (59%); and 2017/18 (65%), which suggests that compliance has increased. However, the percentage provided for 2018/19 is for ‘compliance rate (filing and payment)’ – that is, it excludes ‘registration’ that was included in the compliance rate for the previous years. So, while this rate has decreased to 54% in 2018/19 compared to previous years, no finding can be made in that regard since it would not be a comparison between ‘apples’ and ‘apples’.

But while the data are confusing, they do suggest an increase in numbers of taxpayers complying with tax regulations over the years. That being the case, such an increase

may well also have resulted from the Sida programme. Although it is once again impossible to attribute change at the impact level to any one programme, the fact that the Sida programme had a very strong focus on tax compliance, could with sufficient caution lead to the conclusion that the programme has contributed to these developments.

6 Sustainability

Evaluation question

How sustainable are the benefits and results achieved under the projects, particularly if Sida funding were to come to an end?

6.1 INTRODUCTION

The sustainability evaluation criterion is a measure of whether the benefits of an activity are likely to continue after donor funding has been withdrawn. In the sections that follow, we look at the extent to which any benefits achieved by the programme will continue now that the Sida programme has come to an end, as well as highlighting some of the challenges to sustainability facing KRA.

6.2 SUSTAINABILITY OF BENEFITS

The programme has significantly contributed to building the capacity of both the individuals reached by activities and the institutional capacity of KRA as a whole. New departments have been created to drive change and risk management and to ensure data is warehoused, analysed and shared; new policies, strategies, plans and other tools have been developed and are being used and followed; some e-learning materials have been produced and are available to staff; and new approaches and ways of thinking have been integrated into KRA's vision, mission and corporate plans. As a result, there is significant potential for much of the institutional support provided by STA to bear fruit in the future as well. Similarly, although a fully functional data warehouse has yet to be established, significant levels of data have been obtained and shared and are being used already to assess risks. The benefits in this area therefore can also be expected to continue after the end of the programme, although some opportunities will definitely be missed if the DWBI procurement process is not completed before the current deadline for funding under the project expires.

6.3 SUSTAINABILITY CHALLENGES

In the area of institutional development, the biggest challenge to sustainability of benefits achieved under the programme is the fact that, while the Steering Committee (chaired by the Commissioner General) met regularly and STA long-term advisers were invited to and attended Steering Committee meetings, there were minimal opportunities for the advisers to engage with the Commissioner General during these or outside of them, the Commissioner General only participated in one biannual meetings between KRA, STA and the Embassy, it was generally difficult to get top

management's commitment, and the programme was never able to ensure the wholesale buy-in from the top levels of management. It was also reported by long-term experts and others that it was generally difficult for the long-time expert to access to managers and counterparts at KRA.

While many of the benefits of the programme have been institutionalised through incorporation into systems and corporate plans to such an extent that top-level buy-in is not as critical factor as it might otherwise have been, there is the potential that gains made under the programme may be lost – especially since the programme mainly targeted middle managers and the corporate culture within KRA means that these are hamstrung to implement changes if their senior managers are not on board and do not agree to them. In addition, the Board has undergone major changes (including the appointment of a new Chairperson) and a new Commissioner General has been appointed. New top-level managers, focused as they are at that level on revenue collection, may not see the benefits of continuing and building on progress made, particularly in the areas of change and risk management. And even though many of the approaches to change and risk management are now entrenched, these need to be constantly worked and built on since new risks will always emerge, and new strategies and approaches will also give rise to a need for change management to ensure they are effectively implemented.

The biggest challenge to sustainability though is obviously the DWBI. Although Phase 1 has been completed and the capacity of KRA staff has been built to such an extent that they are already capable of taking over some aspects of Phase 2, it is not at all clear how Phase 2 and 3 will be completed without Sida support if such support is to end at 31 December 2019. It is also not totally clear that the current contract will include maintenance beyond the end of 2019 and/or who will provide it (the representative of Verve believed the consortium was only contracted to provide maintenance until August 2010). Although KRA is confident that maintenance is adequately covered by the contract, this should be checked⁴⁷. And there are some concerns around the fact that the lead consortium partner (and the only one based in Kenya) is not registered on the Oracle database. What that means for the ability of the consortium to maintain the DWBI after the procurement process is finalised is not clear, but KRA would be well-advised to consider the possible consequences and take steps to ensure that maintenance is secured. Finally, much of the software for the DWBI was purchased some time ago and, as is the case with software, is nearing the end of its lifetime. KRA are of course aware of this but note that, even though the software may become outdated in the relatively near future, the fact that a data-based solution is being provided will significantly move KRA away from the previous paper-based system (at least in theory). Nonetheless, it does raise questions as to how sustainable the current system is and how soon it might need to be replaced with newer software.

⁴⁷ The contracts were not available to the evaluators.

7 Gender equality

Evaluation question

To what extent have the projects promoted gender equality within the KRA and more broadly in Kenyan society?

7.1 GENDER EQUALITY WITHIN KRA

Gender equality is a priority for Sida, a focus on gender was specifically required by the approved programme proposal from STA⁴⁸, and the Embassy (with the help of a Sida gender expert) made a significant effort during the programme to increase the gender focus and provided suggestions how better to include gender in the results framework. The Embassy also raised gender as a key priority in most review meetings as part of the dialogue with KRA. From the records available to the evaluators covering most of the components, attempts do appear to have been made to secure the attendance of female participants in meetings and workshops during meetings:

- Of the 223 participants in meetings and workshops during STA missions and workshops, 142 (64%) were male and 81 (36%) were female.
- Of the 16 participants at the gender and women's empowerment workshop in May 2019, 15 were female and one male. Although this was reportedly a strength of the workshop in that it allowed the women present to freely speak their minds, the gender composition was very skewed and the workshop would have benefited from the inclusion of more men.

However, despite the efforts of the Embassy, gender equality was not a priority for the programme, despite it being listed as a cross-cutting issue in the programme proposal, even though it is a major priority for Sida. No consolidated figures of who attended meetings, workshops and training have been kept by STA, the only data available in this regard are the attendance registers attached to mission reports, and even

⁴⁸ The relevant clause (7.8.2) states: 'Gender equality will be a cross-cutting issue all throughout the Programme. From all aspects gender awareness will be taken into consideration in the organization. Gender awareness will be raised among users and stakeholders and priorities will be based on available human resources, staff skills and funds. Gender sensitivity will be built in the activities performed, i.e. in the statistics, in the outreach to taxpayers as well as in the follow-up of the Programme. A gender perspective will be applied to training events, ensuring that both women and men participate, to surveys conducted inside and outside the organization and to the communication with the taxpayers. The Data Warehouse will provide disaggregated data and allow for gender analysis'.

these do not allow space for the gender of the participants to be recorded. And it was only after attending a gender workshop at the Embassy in April 2018 that STA seem to have been reminded of the need to focus on gender equality, leading to the only activity / mission in this regard – the gender and women’s empowerment workshop – in May 2019. Although the workshop did develop a list of recommendations, including numerous that could be implemented at no cost and with little effort⁴⁹, KRA have yet to develop any plans in this regard and those attending the workshop, drawn from middle management, have little prospect of being able to drive any changes in this regard without senior management buy-in.

While recognising that KRA already has a gender policy and that that may have led to the issue of gender equality being deprioritised, it is important to note that one of the conclusions of the aforementioned workshop was that the policy seems to be largely unknown amongst staff.

7.2 GENDER EQUALITY MORE BROADLY

There is very little to mention in this area. The DWBI is being used as yet to provide disaggregated data to allow for gender analysis with regard to taxpayers and their needs. And although there was some attempt to consider the needs of women taxpayers and customers compared to those of men on the final day of the May 2019 gender and women’s empowerment workshop, most of the workshop focused on the issues of gender equality within KRA itself.

⁴⁹ The recommendations in the mission report are:

- Use the results from the mission activity plan to ensure that gender equality is achieved.
- Use the results from the mission activity plan to review the current gender mainstreaming policy.
- Ensure that the gender mainstreaming policy is known to all managers and staff.
- Assessment of compliance with the gender mainstreaming policy.
- Perform customer satisfaction surveys and observations studies regarding gender equality, to see if there is a difference between perceived and actual treatment.
- Communicate the results of the studies within KRA to educate staff.
- Train all KRA staff and managers on customer service, including gender equality.

8 Donor coordination

8.1 INTRODUCTION

Donor coordination is not included amongst the issues to be addressed in the ToR, and neither was it included in the inception report as an evaluation area. However, it became apparent during early discussions with the Embassy and STA, including the long-term expert, that there was some opaqueness as to who else was funding KRA, particularly when it came to institutional and capacity development, and that requests by the Embassy during 2018 and 2019 for a list of donors with which KRA was cooperating were not complied with. Given that this raised a potential red flag as to whether activities were being double-funded, the evaluators chose to include a specific focus on donor coordination during the evaluation.

8.2 DONOR COORDINATION MECHANISMS

Support to public financial management reform (PFMR) is primarily coordinated through the PFMR Secretariat created at the National Treasury, with various donor coordination working groups established by thematic areas. Sida had provided funding via the PFMR basket fund from 2006 at which stage the agreement expired in 2013 and it was decided not to continue funding the basket but rather to focus Sida support on two areas – revenue and audit. It was this decision that led to the direct support to KRA under the current programme, although the support to KRA is obviously support to PFMR and thus continues to fall under the overall coordination of the PFMR Secretariat. While the previous Embassy programme manager responsible for the KRA programme continued to attend meetings of the PFMR Secretariat until 2018, neither the STA long-term expert nor the Embassy attended such meetings during 2018 or the early part of 2019 (although the Embassy does now participate in them). Nonetheless, semi-annual meetings were held between KRA, STA and the Embassy, and informal meetings took place more frequently than that (although not with senior management).

KRA has recently established its own internal mechanism to increase coordination amongst the various Development Partners (DPs) supporting it – the International Relations and Diplomacy Office under the Marketing and Communication Department. The Office is the ‘repository’ for all international agreements, including with DPs and is currently in a process to prepare a donor map that identifies all of KRA’s donors. Contrary to expectations, the Office was extremely forthcoming and more than willing to share the donor map and meet with the evaluators. However, as reported by DPs consulted, the KRA tends to work in silos and departments are reluctant to share too much information on DPs supporting them lest other departments attempt to steal their donors away. As a result, the current mapping is incomplete and much of the

specifics of the support are missing.

8.3 DEVELOPMENT PARTNERS SUPPORTING INSTITUTIONAL DEVELOPMENT

A significant number of DPs provide assistance to KRA: under their country programmes, via the PFMR Secretariat, or under regional programmes. Of these, the main DPs supporting institutional development at KRA include the following⁵⁰:

- Danida provided specific support to the DWBI project together with Sida and Government. Danida's support targeted the initial phase of the programme and included workshops in addition to support to the procurement of hard- and software⁵¹. Once these activities had been completed by end 2016, Danida regarded their support to the project as having been completed and did not specifically communicate with the Embassy or closely follow what happened thereafter (although they are aware that the project has been delayed).
- The East Africa Regional Technical Assistance Centre's (East AFRITAC⁵²) support is provided on a regional basis but has included both workshops on compliance risk management to which KRA were invited and participated, as well as the provision of a short-term technical advisor to the KRA to develop compliance risk analysis capacity.
- Japan International Cooperation Agency (JICA) essentially provides support to the Customs Department and, particularly, the creation and functioning of one-stop border posts. Some of their support has included capacity of custom officers across the region – including risk management and post clearance audit as well as the provision of hardware including boats to customs officials.

8.4 POTENTIAL OVERLAPS AND SYNERGIES

Danida's support to the DWBI was closely coordinated with Sida and no overlaps were reported as a result. Although JICA was aware of the support provided by Sida

⁵⁰ The evaluators also consulted the Department for International Development (DFID) during the mission. But while DFID leads the donor-coordination team for support to KRA under the PFMR Secretariat and is in the process of formulating a new programme that might include capacity building for intelligence, this is some way off and DFID does not provide any capacity or institutional development support to KRA at present.

⁵¹ In particular, the support included: a gap analysis workshop; stakeholders analysis workshop; business intelligence readiness assessment workshop; functional design workshop; contributions to hard- and software; inception workshop for key actors; initial training for project stakeholders and experts; training on Oracle certifications; training for KRA on associate certification and business analysis; and training for 20 KRA personnel in project management and 10 in change management (linked to the changes that would be required once the data warehouse was in place).

⁵² East AFRITAC is a collaborative venture between the International Monetary Fund, recipient countries in East Africa and bilateral and multilateral donors.

during the interview with them, it had not communicated or coordinated with the Embassy at all prior to deciding what support to provide. From JICA's perspective, even though both Sida and JICA have provided capacity development to KRA's Customs Department, it has had minimal contact with Sida, largely since they view Sida support as support to domestic tax and revenue generally whilst their support focuses exclusively on customs. They accept though that the Sida programme also included a focus on customs and that coordination in this area might have been better.

East AFRITAC's support is provided on a regional basis and is therefore not coordinated by the PFMR Secretariat, and East AFRITAC does not attend PFMR Secretariat meetings. Understandably, AFRITAC were not familiar with the Sida programme and they too had not coordinated or communicated with the Embassy prior to or whilst implementing their programme. The support provided by AFRITAC East Africa is minimal though and complemented rather than overlapped with the Sida programme. Similarly, JICA's support to customs is largely focused on different aspects compared to the Sida programme and no overlaps are noted.

However, there were clearly opportunities for synergies of support between JICA, AFRITAC and the Embassy that might have led to greater coordination and impact that were not pursued but that might have been if each was aware of what the others were doing and if communication had been better. Although the Embassy and STA both reported that they had been unable to obtain information on who else was providing institutional support to KRA, better attendance at PFMR Secretariat meetings by the Embassy and a bit more robust inquiry by the long-term expert at KRA headquarters might well have uncovered similar information to what the evaluators were able to find and should be encouraged if any future support is to be provided.

9 Conclusions and recommendations

9.1 CONCLUSIONS

Although many of those consulted reported that what KRA primarily required from Sida was funding for the procurement of the DWBI, the programme was relevant to KRA's needs: it was built on high levels of consultation, support to and assistance with both change and risk management was requested from Sida, and the programme was closely aligned to priorities reflected in KRA's Fifth Corporate Plan the Strategy for PFMR and the KRA's own Fifth Corporate Plan, and subsequent KRA Corporate Plans. Although it might have been more flexibly implemented, the support also remained relevant over time. Nonetheless, and recognising that STA needs to plan in advance to ensure that the correct short-term experts are available and to enhance sequencing of missions, STA should have tried to be more flexible in its approach and be mindful of the internal dynamics within KRA should any future support be provided.

Although there were numerous delays, the bulk of the planned missions were completed, outputs were almost all produced, and the programme was largely effective. It was most effective in the area of change management, which has been completely internalised and institutionalised within KRA. The same cannot be said of the DWBI procurement project though and, while STA should be commended for continuing to focus on successfully building the capacity of KRA in this area, the fact remains that Phase 2 and Phase 3 of the project have yet to be completed and will in all likelihood not be completed by the time the contract comes to an end. Not only should KRA intensify efforts in this regard, but the Embassy too needs to involve itself more in decision-making processes regarding the DWBI. This is particularly important given that hard decisions may need to be taken very soon as to whether to extend the project by up to a year, to stop and recover any unspent funds at the end of 2019, or whether to attempt to procure additional technical assistance using any available funds left in the project and/or savings made under the institutional development project⁵³. Accurate data from STA is also hard to come by and STA could certainly improve when it comes to both developing results frameworks and reporting against these. There has been little use of e-learning though and the cross-cutting issue of gender equality was not at all mainstreamed in practice and very little was achieved here at all.

⁵³ It is noted that, since the end of the current evaluation (16 August 2019), it was reported that KRA have requested an extension of the DWBI contract and technical assistance from Sida and that the discussion is ongoing as at mid-September 2019.

Save for the procurement of the DWBI, for which STA was not responsible, the programme was largely efficiently implemented by STA despite the delays encountered. There is also some evidence to suggest that the programme might have contributed to an increase in revenue, the tax base, and increased compliance amongst taxpayers. But attributing impact of the programme at this level is impossible and, while the support may lead to greater revenue and an increase in the tax base and compliance levels in future, the changes envisaged by the programme take time to achieve and it may be some time before changes in these areas lead to real impact. Good examples of sustainability of benefits were found, but the biggest challenge in this regard relates to the limited buy-in or involvement of the top levels of management, without whose support, benefits may be lost. In this regard, STA should be consulted to determine whether a new contract could be considered for it to conduct a few additional activities and missions aimed at building additional capacity in the area of business intelligence and analytics once Phases 2 and 3 of the DWBI have been completed (or even to prepare for their eventual completing once this issue is resolved), and to conduct activities aimed at bringing senior management on board. The fact that there are a number of new Board members, a new Chairperson and a new Commissioner General actually creates an opportunity in this regard for activities to be conducted to raise awareness of what the programme aimed to do, the considerable successes it was able to achieve, what needs to be done to fully entrench these successes, and to open discussions for what future support might be provided should public finance management and support to the KRA remain priorities for Sweden in Kenya in the future. Should STA be interested in providing such support, a separate project proposal to the Embassy should be prepared.

Some concerns exist amongst the evaluation team about whether or not the consortium will be able to maintain the DWBI once it is fully established and their responsibilities under the contract should be clearly identified and stressed. And, finally, it is noted that both Kenya and Sweden will use the current evaluations to make decisions about possible future cooperation and support to the KRA. The evaluation team considered this question but, other than the immediate support suggested in the report to utilise all of the remaining funds available under the contract with STA, it is difficult at this stage to say whether additional Sida funding should be provided to KRA. Sweden will soon begin a process to develop its new country programme and priorities for Kenya and it is uncertain at this stage as to what that will include. Should public finance management and/or tax and revenue remain a priority for Swedish cooperation with Kenya, then there are certainly many positives to providing support to KRA and much groundwork has been done on which a future programme could build. But should such support be considered, a formal design process will be required, during which care should be taken to ensure that the support is what KRA has prioritised and that there is top level management buy-in and interest in the programme at the start and over its entire lifespan.

9.2 RECOMMENDATIONS

9.2.1 For KRA

It is recommended that:

- KRA take steps to raise awareness and encourage use of e-learning materials developed under the programme.
- KRA urgently determine whether or not the consortium will be able to provide the maintenance they require for the DWBI, particularly when it comes to the Oracle software, and that a budget line be included in KRA's future budgets to cover such maintenance support if required.
- KRA component managers and coordinators should consider their own presentations and developing activities to better bring top management on board and to raise awareness of what the programme was able to achieve.
- Whilst discussions around the possibility of additional Sida support to KRA should be entered into with the Embassy, KRA should also begin a process to seek out other potential DPs to increase the possibility of sustainability of benefits achieved under the programme.

9.2.2 For STA

It is recommended that:

- STA should strive to be more flexible in their approach to programme implementation. Where possible, at least an internal mid-term review should be built into their programming to allow for stocktaking and revision of the overall programme, particularly where internal changes might have outstripped or decreased the relevance of what was planned at the outset.
- STA's capacity when it comes to programme documents, results frameworks and reporting needs to be enhanced. In particular, results frameworks should clearly indicate the outputs to be achieved and reports should be closely aligned to reporting against not only activities but also specifically against outputs and outcomes.
- STA capacity in annual budgeting should also be enhanced to ensure that budgets are aligned to the actual absorption capacity of partners and that they take into account that activities can be delayed – especially where such delays are being experienced every year.
- STA need to ensure that proper records are kept of who is reached in capacity development activities and missions, disaggregated by gender.
- STA should ensure that gender equality is mainstreamed into all Sida-funded programmes and that specific activities to enhance gender equality are included during planning.

9.2.3 For the Embassy

- The current situation related to the DWBI is critical and the Embassy is encouraged to engage more in decision-making processes and to discuss internally the options available to it to prepare for any internal decisions that need to be made.
- Discussions should be held with STA to determine whether STA are interested in submitting a proposal for a new contract to conduct a few follow-up activities and missions aimed at (a) bringing senior management on board and (b) ensuring that

the capacity of KRA is enhanced in the areas of business intelligence and analytics.

- Given that it is beyond the scope of the current evaluation to determine what future support to public finance management should include and that a formal design process will need to be undertaken, it is recommended that any future support should also include mechanisms to secure and maintain high level support, including at least regular meetings between implementers, the Embassy and top management.

Annex A – Terms of Reference

Embassy of Sweden
Kenyan Development Cooperation Section
J Donovan

UF2014/51690/NAIR/1
UF2014/51669/NAIR/2
2019-03-28

Draft Terms of Reference: Evaluation of the Sida-supported development cooperation with the Kenya Revenue Authority

1. Evaluation object and scope

The Swedish International Development Cooperation Agency's support to Kenya is regulated in "Strategy for Sweden's Development Cooperation with Kenya 2016-2020."¹

1.1. Evaluation object

Swedish disbursements – SEK

	<i>KRA/STA 51110077</i>	<i>DWBI 51110081</i>	<i>total</i>
<i>2014</i>	3 385 197	0	3 385 197
<i>2015</i>	10 276 945	19 752 255	30 029 200
<i>2016</i>	7 295 798	10 511 914	17 807 712
<i>2017</i>	5 996 387	0	5 996 387
<i>2018</i>	7 642 991	0	7 642 991
<i>2019 forecast</i>	4 850 000	4 735 831	9 585 831
	39 447 318	35 000 000	74 447 318

1.1.1. KRA/STA institutional cooperation

The Swedish International Development Cooperation Agency (Sida) has supported institutional cooperation between the Kenya Revenue Authority (KRA) and the Swedish Tax Agency (STA, *Skatteverket*) since July 2014. "The overall objective of the cooperation is to increase tax revenue, the tax base and the level of compliance with tax regulations through: improved data on and analysis of the taxpayers; increased efficiency in tax administration; the identification and management of risks; and increased customer focus." The main components of the cooperation are risk management, the data warehouse, and change management.²

This is a project support. Sida, KRA and STA have signed agreements for SEK 47,2 million and SEK 31,5 million have been disbursed to date. All Sida funds are channeled via STA. Originally the cooperation was planned to run until December 31, 2017; the support was later extended with extra funds until June 30, 2019.³

1.1.2. Data Warehouse Business Solutions (DWBI)

Parallel with the institutional cooperation between KRA and STA, Sida and DANIDA have co-financed Data Warehouse Business Solutions (DWBI) at KRA. A data warehouse is a central repository for

¹ <https://www.government.se/country-and-regional-strategies/2016/04/strategy-for-swedens-development-cooperation-with-kenya-20162020/>

² "A cooperation program between Kenya Revenue Authority and the Swedish Tax Agency 2014-2017: Programme proposal: Final" (KRA and STA, May 9, 2014). Contribution 51110077, archive file UF2014/51690/NAIR/1.

³ The activity period during which Sida-financed activities can take place is July 1, 2014 to June 30, 2019; the agreements run out December 31, 2019.

selected transaction data from various operational systems for analysis, report generation and presentation. Business intelligence is the process of transforming raw data into meaningful and useful information for an organization's timely decision making. A data warehouse is therefore the backend/infrastructural component for achieving business intelligence.

The overall objectives of DWBI are identical to those for the institutional cooperation. More specifically,

[These goals] will be achieved through the implementation of a functional Data Warehouse that provides a *holistic view* the tax payer that will enhance *compliance* and support *forecasting* and *decision-making* processes at the *enterprise* level.

This will be realized by fully integrating all internal information systems and identified external systems with a view of facilitating fact-based business intelligence that will improve the level of taxpayer compliance, management's decision-making ability, and a means for monitoring business performance and trends. In addition, profiling of the taxpayer will enable KRA to detect and prevent fraudulent activities of the taxpayer thereby leading to enhanced revenue collection.⁴

Sida and KRA have signed agreements for SEK 35 million and SEK 30,3 million have been disbursed to date (Sida's last disbursement was in 2016). This is a project support. Originally the cooperation was planned to run July 1, 2014 to December 31, 2017; the support was later extended with no extra funds until December 31, 2019.⁵

Data Warehouse Business Solution was the subject of a technical audit in 2017⁶ and will be the subject of a new technical audit in April 2019.⁷

1.2. Evaluation scope

The evaluation shall study the Sida-supported activities at KRA since 2014 – not just the use of Swedish funds but also how Kenya and Sweden have cooperated to promote the achievement of the goals of the two projects.

2. Evaluation rationale, purpose, intended use and intended users

The evaluation shall be used by Kenya

- To reflect upon and improve its development cooperation with Sweden and others;
- To make decisions about possible future cooperation with Sweden;

and by Sweden

- To document what has been done and accomplished with Sida funds;
- To reflect upon and improve its cooperation in Kenya and elsewhere;

⁴ "Data warehouse and business intelligence (DWBI): Project proposal" (KRA, April 2014). Contribution 51110081, archive file UF2014/51699/NAIR/2. Pp. 6-7.

⁵ The activity period during which Sida-financed activities can take place is July 1, 2014 to December 31, 2019; the agreements run out September 30, 2020.

⁶ Moore Stephens, "Annual External Audit of the Swedish support for the Procurement of a Data Warehouse and Business Intelligence Solution: Technical Assessment of the Data Warehouse Business Intelligence Project for the Kenya Revenue Authority" (December 2017) and B Gichohi, "Management Responses to Data Warehouse and Business Intelligence Systems Project Technical Audit" (KRA, 5 March 2018).

⁷ Y Wafula and J Donovan, "Data Warehouse and Business Intelligence Systems Review and Audit," terms of reference (Kenya Revenue Authority and Embassy of Sweden, 2018-11-29).

- To make decisions about possible future cooperation with KRA.

The intended users are therefore

- The Kenya Revenue Authority and the National Treasury;
- The Embassy of Sweden in Nairobi, Sida and the Swedish Tax Agency.

3. Evaluation objective and questions

3.1. Objective of the evaluation

Sida and KRA want to

- document the results of the cooperation,
- learn from the experience of institutional cooperation, for possible future cooperation in Kenya and elsewhere,
- inform future decisions whether to continue cooperating.

3.2. Evaluation questions

The agreed OECD/DAC criteria for evaluating development assistance⁸ are as follows:

1. Relevance – To which extent has the project conformed to the needs and priorities of the beneficiaries?
2. Efficiency – Can the costs for the project be justified by its results?
3. Effectiveness – To which extent has the project contributed to intended outcomes? If so, why? If not, why not?
4. Impact – What is the overall impact of the project in terms of direct or indirect, intended or unintended, positive and negative results?
5. Sustainability – Is it likely that the benefits of the project are sustainable?

A purpose of all Swedish development cooperation is to promote gender equality. An additional question is therefore:

6. Gender equality – To what extent has the project promoted gender equality within KRA and more broadly in Kenyan society.

Finally,

7. The evaluators will draw conclusions and make recommendations
 - 7.1. Reflecting on what has been done and accomplished with Sida funds;
 - 7.2. Reflecting upon and suggesting improvements in development cooperation between Kenya, Sweden and others;

⁸ The agreed OECD/DAC criteria for evaluating development assistance are as follows:

*Relevance – the extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies.

*Efficiency – the extent to which the costs of a development intervention can be justified by its results, taking alternatives into account.

*Effectiveness – the extent to which a development intervention's objectives were achieved, or is expected to be achieved, taking into account their relative importance.

*Impact – the positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended.

*Sustainability – the continuation of benefits from a development intervention after major development assistance has been completed, or the probability of long-term benefits from a development intervention.

7.3. Informing decisions about possible future cooperation between Kenya, Sweden and others in tax administration.

4. Methodology and methods for data collection and analysis

It is expected that the evaluator describes and justifies an appropriate evaluation approach/methodology and methods for data collection in the tender. The evaluation design, methodology and methods for data collection and analysis are expected to be fully developed and presented in the inception report. A gender responsive methodology, methods and tools and data analysis techniques should be used. A clear distinction is to be made between evaluation approach/methodology and methods. The evaluator should also identify limitations and constraints with the chosen approach and method and to the extent possible, present mitigation measures to address them.

Sida's approach to evaluation is utilization-focused, which means the evaluator should facilitate the *entire evaluation process* with careful consideration of how everything that is done will affect the use of the evaluation. It is therefore expected that the evaluators, in their tender, present i) how intended users are to participate in and contribute to the evaluation process and ii) methodology and methods for data collection that create space for reflection, discussion and learning between the intended users of the evaluation.

Evaluators should take into consideration appropriate measures for collecting data in cases where sensitive or confidential issues are addressed, and avoid presenting information that may be harmful to some stakeholder groups.

5. Organization of evaluation management

According to §7 of the Contribution Agreement between Sida and the National Treasury (22 July 2014), "The National Treasury and KRA shall assist and cooperate with STA and Sida in monitoring the progress and performance of the Program and shall assist in independent evaluations."

The Embassy of Sweden will commission and finance the evaluation. KRA and the embassy will jointly draft the terms of reference, approve the choice of consultants – based on offers from the three organizations with which Sida has framework agreements for evaluations – and approve the inception report. Each party will submit comments on the draft report.

Part of the purpose of the evaluation is to get the opinion of independent experts on the Kenyan/Swedish cooperation. Sweden and Kenya can present information to the evaluators and ask them to reflect on certain issues and answer questions, but shall not direct the evaluators to express a particular point of view or reach particular conclusions. There shall be a sentence in the beginning of the report stating, "This report represents the views of the authors and not necessarily those of the Kenya Revenue Authority, the Kenya National Treasury, the Embassy of Sweden in Nairobi, or Sida."

6. Evaluation quality

All Sida evaluations shall conform to OECD/DAC's Quality Standards for Development Evaluation. Therefore, the evaluators shall use the OECD/DAC Glossary of Key Terms in Evaluation and that the evaluators shall specify how quality assurance, in accordance with DAC's quality standards, shall be handled by them during the evaluation process.⁹ The consultant shall insure there is adequate quality control of all the outputs.

⁹ See <http://www.oecd.org/dac/evaluation/>

7. Time schedule and deliverables

1. The consultant shall agree with KRA, STA and the embassy on a time for conducting their work in Kenya – as soon as possible
2. Inception report – the consultant will submit a brief report outlining how the evaluators envisage their assignment and how they intend to execute it – within two weeks of receiving the assignment
3. KRA, STA and the embassy will submit comments on the inception report to the consultant – as soon as possible
4. Start-up meeting with KRA, STA and the embassy – upon the consultant's arrival in Kenya
5. Presentation on the preliminary findings – the evaluators will present their preliminary findings to KRA, STA, the embassy, and other interested parties and be prepared to discuss and answer questions. They may also be asked to make presentations to KRA senior management – before leaving Kenya
6. Draft report – including an executive summary – within two weeks of leaving Kenya
7. Seminar on the draft report – if any of the evaluators are in Nairobi, they can present the draft report to KRA, STA, the embassy and other interested parties, and be prepared to discuss and answer questions. They may also be asked to make presentations to KRA senior management. Alternatively, the embassy can organize a video conference with the evaluators on the draft report – within two weeks of submitting the draft report
8. Comments – KRA, STA and the embassy will submit written comments to the evaluators – within two weeks of the seminar
9. Final report – like all Sida-financed evaluations, the final report will be publicly available – within two weeks of receiving comments

8. Evaluation team qualifications

The evaluation team needs deep competence in

- tax administration,
- developing capacity in public sector organizations,
- evaluating development cooperation,
- the use of information and communication technology in tax administration, and
- tax administration in Kenya.

9. Financial and human resources

The Embassy is prepared to spend not more than SEK 650,000 for the assignment.

Annexes

Annex A: List of key documentation

- ECORYS, "Public Financial Management and Accountability Assessment, 2017," (European Commission, 2018-02-18)
- Gichohi, B, "Management Responses to Data Warehouse and Business Intelligence Systems Project Technical Audit" (KRA, 5 March 2018)
- Kenya Revenue Authority, "Data warehouse and business intelligence (DWBI): Project proposal" (KRA, April 2014)
- Kenya Revenue Authority and Swedish Tax Agency, "A cooperation program between Kenya Revenue Authority and the Swedish Tax Agency 2014-2017: Programme proposal: Final" (May 9, 2014)

- Kenya Revenue Authority and Swedish Tax Agency, semi-annual and annual narrative and financial reports from the cooperation program between Kenya Revenue Authority and the Swedish Tax Agency
- Markensten, Klas, *Sweden's Development Support to Tax Systems*, working paper (Expert Group for Aid Studies, EBA, April 2018)¹⁰
- Moore Stephens, "Financial and Procurement Audit of the Data Warehousing Business Intelligence Project Implemented by the Kenya Revenue Authority Through PFMR: 6 Months Period from 1 April 2016 to 30 September 2016," Final Report (December 2016)
- Moore Stephens, "Annual External Audit of the Swedish support for the Procurement of a Data Warehouse and Business Intelligence Solution: Technical Assessment of the Data Warehouse Business Intelligence Project for the Kenya Revenue Authority" (December 2017)
- *Sida's Evaluation Handbook: Guidelines and Manual for Conducting Evaluations at Sida*, External Version (April 2018)¹¹
- Stridh, Anders, and Lennart Wittberg, *From feared tax collector to popular service agency*, (Skatteverket, 2015)
- van der Poel, Thérèse, *et al.*, *TADAT Performance Assessment Report* (Republic of Kenya, January 2017)
- Wafula, Y, and J Donovan, "Data Warehouse and Business Intelligence Systems Review and Audit," terms of reference (Kenya Revenue Authority and Embassy of Sweden, 2018-11-29).

Annex B: Data sheet on the evaluation object

Information on the evaluation object (i.e. project or programme)	
Title of the evaluation object	Institutional cooperation between the Kenya Revenue Authority and the Swedish Tax Agency
ID no. in PLANit	51110077
Dox no./Archive case no.	UF2014/51690/NAIR/1
Activity period (if applicable)	1 July 2014-30 June 2019
Agreed budget (if applicable)	SEK 47,155,081
Main sector	Democracy (tax administration)
Name and type of implementing organisation	Swedish Tax Agency, a public sector institution
Aid type	Project support
Swedish strategy	Strategy for Sweden's Development Cooperation with Kenya 2016-2020
Information on the evaluation object (i.e. project or programme)	
Title of the evaluation object	Data Warehouse Business Solutions at Kenya Revenue Authority
ID no. in PLANit	51110081
Dox no./Archive case no.	UF2014/51669/NAIR/2
Activity period (if applicable)	1 July 2014-31 December 2019
Agreed budget (if applicable)	SEK 35,000,000
Main sector	Democracy (tax administration)
Name and type of implementing organisation	Kenya Revenue Authority, a public sector institution
Aid type	Project support

¹⁰ <https://eba.se/wp-content/uploads/2018/04/Taxes-Markensten-Webb.pdf>

¹¹ https://www.google.se/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=2ahUKFwi488fV85fgAhXroosKHXYCCskQFjAAegQIBBAC&url=https%3A%2F%2Fwww.sida.se%2Fcontentassets%2F7bf0f1bc150c4b92b67722c95a0eefc9%2Fsidass_evaluation_handbook_external.pdf&usq=AOvVaw1SHtBeC844ICifL-gx8kvB

Swedish strategy	Strategy for Sweden's Development Cooperation with Kenya 2016-2020
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Information on the evaluation assignment	
Commissioning unit/Swedish Embassy	Kenya Development Cooperation Section, Embassy of Sweden, Nairobi
Contact person at unit/Swedish Embassy	James Donovan, +254 733 49 87 67, james.donovan@gov.se
Timing of evaluation (mid-term, end-of-programme, ex-post or other)	end-of-programmes
ID no. in PLANit (if other than above).	13417

Annex C: Decentralised evaluation report template

The final report must use the attached Decentralised evaluation report template

Annex D : Project/Programme document

- Kenya Revenue Authority, "Data warehouse and business intelligence (DWBI): Project proposal" (KRA, April 2014)
- Kenya Revenue Authority and Swedish Tax Agency, "A cooperation program between Kenya Revenue Authority and the Swedish Tax Agency 2014-2017: Programme proposal: Final" (May 9, 2014)

Annex B – Documents reviewed

1. Kenya Revenue Authority Act
2. KRA: "5th Corporate Plan 2012/13 – 2014/15"
3. Sida: "Final Specific Agreement (07.03.2014)"
4. Sida: "KRA funding request – Minutes from appraisal of the cooperation KRA/STA (31.03.2014)"
5. Sida: "Plan Appraisal final 09.04.2014)"
6. KRA: "Aid Memo (16.05.2014)"
7. STA/KRA: "STA and KRA, Programme Proposal - final (09.05.2014)"
8. STA/KRA: "Annex 2 Implementations schedule"
9. STA/KRA: "Programme Proposal - Annex 4 Result Matrix"
10. PFMR: "Capacity Assessment- Aide Memoir reply from PFMR (May 2014)"
11. KRA/STA: "Final Draft Project agreement (02.06.2014)"
12. Sida: "Final Draft Contribution agreement (02.06.2014)"
13. STA/KRA: "Final Draft Service purchase agreement (04.06.2014)"
14. Sida: "Appraisal Intervention Objectives (06.06.2014)"
15. Sida: "Appraisal Risk assessment (06.06.2014)"
16. Sida: "Minutes Africa Department Quality Assurance Committee (12.06.2014)"
17. Sida: "Final Draft Contribution agreement (12.06.2014)"
18. Moore Stephens: "Audit of the Internal Management and Control at PFMR and the Procurement System at KRA (13.06.2014)"
19. Sida DANIDA: "DWBI Project Proposal (16.06.2014)"
20. Sida: "Quality Control of Draft Agreement and Draft Decision (09.07.2014)"
21. Sida: "Appraisal of Intervention final (09.07.2014)"
22. Sida: "Decision on Contribution (09.07.2014)"
23. Sida: "Decision on amendment 1 (31.10.2014)"
24. KRA: "Change Strategy"
25. KRA: "Business Continuity Management Strategy (15.09.2014)"
26. KRA/STA: "Financial report 2014 Kenya – final "December 2014)"
27. KRA/STA: "Annual Progress Report 2014 (20.03.2015)"
28. STA: "Annex 1 - Financial report 2014 Kenya - final (20.03.2015)"
29. STA: "Annex 2 - Financial report 2014 Kenya - final (20.03.2015)"
30. STA: "Annex 3 - Financial report 2014 Kenya - final (20.03.2015)"
31. STA: "Annex 4 - Financial report 2014 Kenya - final (20.03.2015)"
32. Grant Thornton: "Auditors reports Kenya 2014 (20.03.2015)"
33. STA: "Budget request 20150320 114016, amendment 2 (20.03.2015)"
34. KRA/STA: "DWBI funding, progress report (March 2015)"
35. Grant Thornton: "Annex 2.1 - Auditors reports Kenya 2015 (13.04.2016)"
36. Grant Thornton: "Annex 2.2 - Auditors reports Kenya 2015 - Management report (13.04.2016)"
37. KRA: "Annual Financial report 2015 Kenya - final (14.04.2015)"
38. KRA: "Minutes of the 1st Sweden/KRA institutional cooperation and Data Warehouse Project review meeting (27.04.2015)"
39. KRA: "Sixth Corporate Plan 2015/16 - 2017/18"
40. STA: "Results matrix revised Sept 2015"
41. KRA/STA: "Semi-Annual Progress Report (15.09.2015)"
42. KRA: "Treasure Hunt Concept (14.09.2016)"
43. KRA: "Sweden KRA Annual Review Meeting Report (02.10.2015)"
44. KRA/STA: "Amendment agreement doc 1 Request no 1 – Additional funding"
45. STA: "Amendment agreement doc 2 Annex 1 updated budget"

46. STA/KRA: “Amendment agreement doc 3 Request no 2 – Changes in the implementation schedule”
47. KRA/STA: “Annual Progress Report 2015 - final (30.03.2016)”
48. KRA/STA: “Work Plan 2016 - final (30.03.2016)”
49. KRA/STA: “Data Warehouse and Business Intelligence Solution – Procurement Report (11.04.2016)”
50. KRA: “Minutes of the 3 rd Sweden/KRA institutional cooperation and Data Warehouse Project review meeting (20.04.2016)”
51. STA/KRA: “Train the change trainers (April 2016)”
52. KRA: “Data Warehouse Project High Level Work Plan (13.06.2016)”
53. Sida: “Statement on Plan and Budget (14.06.2016)”
54. Moore Stephens: “Financial and procurement Audit of DWBI (August 2016)”
55. KRA/STA: “DWBI Funding Narrative Report for Sweden KRA Annual Review (09.09.2016)”
56. KRA/STA: “DWBI Funding Narrative Report for Sweden KRA Annual Review (October 2016)”
57. KRA: “Action Points from the 4 th Project Review STA-KRA Institutional Collaboration (27.10.2016)”
58. KRA: “Minutes STA-KRA Collaboration (27.10.2016)”
59. PFMR: “The Strategy for Public Financial management Reforms in Kenya 2013-2018 (revised June 2016)”
60. KRA/STA: “Semi-Annual Progress Report 2016 (14.11.2016)”
61. Moore Stephens: “Financial and Procurement Audit of the Data Warehousing Business Intelligence Project, 6 months period from 1 st April to 30 September 2016 (December 2016)”
62. KRA/STA: “Annual Progress Report 2016”
63. KRA/STA: “Financial report 2016”
64. KRA/STA: “Annex 2 (Revised) Implementation Schedule 2017-2019”
65. TADAT: “Performance Assessment Report (Jan 2017)”
66. Sida: “Decision on amendment of agreement (14.02.2017)”
67. Sida: “Statement on Narrative Report – Annual report 2017 (17.05.2017)”
68. Sida: “Statement on Plan and Budget (27.09.2017)”
69. Sida/KRA: “Amendment no 2 to the Agreement for support to the DWBI (24.11.2017)”
70. Sida: “Decision on amendment of agreement (27.11.2017)”
71. KRA/STA: “Semi-Annual Progress Report 2017 (05.12.2017)”
72. KRA/STA: “Annual Progress Report 2017”
73. KRA/STA: “Annex 2 to Annual Financial report 2017 Compilation Financial report-1”
74. KRA/STA: “Annex 3 to Annual Financial report 2017 Detailed financial report 2017”
75. KRA/STA/Sida: “DWBI Funding Narrative Report for Sweden KRA Annual Review (December 2017)”
76. KRA/STA: “Minutes of the STA/KRA Institutional Cooperation and Data Warehouse Project Review Meeting (14.12.2017)”
77. Moore Stephens: “Annual External Audit of the Swedish support for the Procurement of a Data Warehouse and Business Intelligence Solution (December 2017)”
78. Ecorys: “Public Financial Management and Accountability Assessment (February 2018)”
79. STA: “Result Matrix covering 2017/2018 - Annex 1 to Request for prolongation and additional budget 2017/2019”
80. STA: “Request for prolongation and additional budget 2017/2019, Annex 2 with adjustments proposed to Steering Committee Meeting in April 2018”
81. Sida: “Plan Appraisal final (28.02.2018)”
82. Sida: “Decision on Appraisal (28.02.2018)”
83. KRA: “DWBI, Management Response KRA on Technical Audit (05.03.2018)”
84. Sida: “Decision on Contribution (07.03.2018)”
85. KRA/STA/Sida: “DWBI Narrative, Financial and Work plan, (16.05.2018)”
86. Markensten: “Sweden’s development support to tax systems (April 2018)”
87. KRA/STA: “Semi-Annual Progress Report 2018”
88. KRA: “Baseline Survey 2018 Report (06-06-2018_Ver12)”
89. Sida: “Conclusion on Performance –Assessment of performance (02.08.2018)”

90. KRA/STA: “Annual Progress Report 2018”
91. KRA/STA: “Annex 1 Financial report Compilation 2018”
92. KRA: “7 th Corporate Plan 2018/19 – 2020/21”
93. KRA: “DWBI Funding Narrative Report for Sweden KRA Annual Review (October 2018)”
94. Sida: “Terms of Reference: Data Warehouse and Business Intelligence Systems Review and Audit (29.11.2018)”
95. Sida: “Budget for cost extension (05.04.2019)”
96. Sida: “Review of draft appraisal of and draft agreement amendment (10.04.2019)”
97. BDO: “Technical Assessment of the Risk Management, Data Warehouse and Business Intelligence Project for the Kenya Revenue Authority (May 2019)”
98. STA: “Email Mimmi Berg's first draft of the final report from the KRA/Swedish Tax Agency cooperation (07.06.2019)”
99. Sida: “Reflections on the Technical “Audit” of DWBI final version (09.06.2019)”
100. STA/KRA: “Draft 1 Final Report Cooperation Programme between KRA – STA 2014-2019 (June 2019)”
101. Sida: “Comments on Mimmis draft final report (19.06.2019)”
102. KRA: “Corporate Change Management Policy (23.04.2019)”
103. STA: “Pivot Missions Implemented follow up mw 2014-2019”
104. STA: “Outcome vs Budget compilation 2014-2019.xlsx”
105. STA: “Compilation Study-Visits.xlsx”
106. KRA: “Corporate Risk Management Matrix (Feb 2019)”
107. KRA: “Compliance Risk Management Policy and Framework (22.11.2017)”
108. KRA: “Consolidated Risk Registers from RCSAs of January 2016”
109. KRA: “DWBI Annual Narrative Report - May 2019”
110. KRA: “Donor Map & Engagement Plan”
111. KRA: “Donor Coordination & Resource Mobilization Governance Framework”
112. KRA: “Corporate Risk Management Plans”
113. KRA: “Compliance Risk Management manual- final (16.01.2018)”
114. PFMR: “Public Financial Management Reform Strategy 2018-2023”

Annex C – People consulted

ANNEX C: RESPONDENTS IN THE EVALUATION OF SIDA SUPPORT TO THE KENYA REVENUE AUTHORITY					
GROUP/ Serial No.	NAME OF RESPOND- ENT	JOB TITLE	DEPARTMENT/ORGANISATION	SEX	E-MAIL CONTACT
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ANNEX C – PEOPLE CONSULTED

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ANNEX C – PEOPLE CONSULTED

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LONG TERM (LTE) AND SHORT TERM EXPERTS (STE), FROM SWEDISH TAX AUTHORITY (STA)					
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2	Jan-Erik Backman	Long Term Expert (LTE)	Retired	M	janerik.backman51@gmail.com
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6	Ingegerd Widell	Business Development Officer - Risk Management	STA	M	ingegerd.widell@skatteverket.se
7	Henrik Lund	Head of Office of International Projects	STA	M	henrik.lund@skatteverket.se
8	Par Bjorklund	Project Manager, Office of International Projects	STA	M	par.bjorklund@skatteverket.se
49	TOTAL				

Annex D – Deviations in STA missions

This table below is based on STA reports and captures the main reasons for why plans for missions were deviated from each year:

	Deviations	Explanations provided in reports
2014	Risk management (RM) 1: Mission 1.1.1 <i>Creation of a Corporate Risk Management function</i> has not been implemented. DWBI 1: The study visit to STA took place earlier. Change management (CM) 1: Mission 3.4 Outreach to taxpayers and public has not been implemented as planned in 2014. CM 2: Mission 3.5 Evaluation of the 5th Corporate Plan and internal evaluation on change management in relation to culture and projects has not been implemented.	RM 1: In 2014 an approved structure and function has been decided but had not been implemented. DWBI 1: Was planned to take place during 2015 but was scheduled earlier to get input needed for the procurement of the Data Warehouse. CM 1: KRA prioritized internal communication of change messages and dialog of the new KRA vision 2030. CM 2: This is also an effect of the quick start of change management in September by pointing out the new direction for KRA. In that situation there was no need to start the change process by first doing evaluations.
2015	General 1: Implementation of the Programme has so far mainly been in line with the outcome objectives but not all targets for 2015 have been achieved. Implementation of the Data Warehouse is very much delayed and therefore the objectives for 2015 have not been achieved. For the other two components, the Mission Plan 2015 is implemented except for a few postponed missions.	General 1: The main deviation between planning and implementation is that fewer missions have been implemented in the Data Warehouse component.

	RM 1: Mission 1.1.1 Creation of a Corporate Risk Management function has still not been implemented. DWBI 1: Mission 2.2.3 Data clean-up was scheduled in June. A change in focus was planned; from data clean up to assisting the KRA DW-team in cooperation and discussions with the vendor for development and implementation of DWBI. DWBI 2: Mission 2.6 (2.6.1 - 2.6.2) Identify risks, Develop Business Continuity Plan and Risk Mitigation Strategy was planned to be implemented during the first quarter of 2015 according to the Implementation Schedule. CM 1: Some missions on Evaluation of the Corporate Plan and internal evaluation on change management in relation to culture and projects have not yet been implemented. CM 2: There has not yet been any human resource support from the STA side. CM 3: The planned benchmarking study visit was not implemented but was moved to 2016.	RM 1: The reason is that the KRA structure for Risk Management has been decided upon in mid-2015 and a new department decided upon: the Strategy, Innovation and Risk Management Department. A new Commissioner and a Deputy Commissioner have also been appointed and organisation of the department is still in progress. DWBI 1: This mission was postponed as the procurement process was delayed and the contract was not yet signed. Instead the mission was implemented in September. DWBI 2 was postponed due to the delayed procurement process. The mission was intended to be re-scheduled for 2016 in line with the DW implementation programme. CM 1: These missions were dependent on the procurement of an external consultant to conduct the surveys and were re-scheduled for later in 2016 and 2017. CM 2: To provide proper human resources support, STA required more specific expectations from KRA. CM 3: No explanation provided.
2016	RM 1: Mission 1.1.6 Benchmarking Study has not been implemented.	RM 1: No explanation provided.

RM 2: Mission 1.2.5 Determination of the treatment strategies has not been implemented. RM 3: Mission 1.2.9 Implement Data Warehousing, Data Mining and sophisticated analytics system to support Compliance Risk Management was planned to start in 2015, but has not been implemented. DWBI 3: Mission 2.4.2 BI tools implementation and application modelling is not implemented DWBI 4: 2.4.4 Customization and development has not been implemented. DWBI 5: 2.4.5 Tools and application implementation has not been implemented. DWBI 6: 2.4.6 Tools and application testing has not been implemented. DWBI 7: 2.4.7 Post-implementation review has not been implemented. DWBI 8: Mission 2.6 (2.6.1 - 2.6.2) Identify risks, Develop Business Continuity Plan and Risk Mitigation Strategy has not been implemented. CM 1: Missions on Evaluation of the Corporate Plan and internal evaluation	RM 2: Mainly because of delays in organizing the cooperation between analytical work and implementation of treatment. RM 3: Due to the delayed implementation of DWBI. DWBI 3: Due to the delay of implementation of DW, the mission was postponed to 2017. DWBI 4: Due to the delay of implementation of DW. DWBI 5: Due to the delay in implementation of DW, the mission was postponed to 2017. DWBI 6: Due to the delay in implementation of DW, the mission was postponed to 2017/18. DWBI 7: Due to the delay in implementation of DW, the mission was postponed to ‘the end of the project’. DWBI 8: Was planned to be implemented during the first quarter of 2015 according to the Implementation Schedule, but had to be postponed due to the delayed procurement process. The mission was not scheduled for 2016 but was moved to the 2017/18 work plan under the Risk Management component. CM 1: These missions were dependent on the procurement of
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	on Change Management in relation to culture and projects have not yet been implemented.	an external consultant who will conduct the surveys. The procurement process was expected to be finalized in 2015 but has been delayed. The procurement process has not yet been finalized. These missions will then be scheduled 2017-2018, when the consultant is on board.
2017	General: Implementation of missions was behind schedule for all three components. The implementation speed increased slightly during 2017 and. 35 person weeks were implemented in the period January – December 2017 (compared to 20 person weeks during the period January - December 2016). RM 1: Mission 1.1.1 Business impact analysis reviews of critical business process and stakeholders have not been implemented. RM 2: Mission 1.2.2 (3rd) Compliance Risk identification and prioritization and the mission 1.2.4 (3rd) have not been implemented. RM 3: The mission 1.2.4 (Analysis of taxpayers' compliance behaviour) was not implemented. DWBI 1: Missing deliveries from vendors affected the support from STA and the focus of the missions. CM 1: Mission 17/18-3.3 Review of Domestic Tax Department Transformation Agenda was postponed.	General: The planned implementation speed was affected by the national elections and the lack of implementation in KRA. The re-election in October 2017 and the homework between the missions forced STA to postpone the implementation some of the missions. RM 1: Had to be postponed as the mission was dependent of the new IT-system for the Customs business. RM 2: Re-scheduled for February 2018. RM 3 was re-scheduled for May 2018. DWBI 1: KRA had to continue with testing and validation of Phase 1 before the missions focused on maintenance of Phase 1 and the transition from 'Pilot Group' to organisation could be implemented. CM 1: Because of the national re-election in October 2017.

	CM 2: Mission 17/18-3.6 (1 st) Enhancement of trade facilitation & border security in Customs Department has not been implemented.	CM2 was depending on support from someone other than STA, which proved difficult to find and the expectations from KRA had to be clarified.
2018	General 1: Implementation of missions was behind schedule for all three components. The implementation speed increased slightly during 2017, but decreased during 2018 with only 16 out of the planned 23 missions conducted. RM 1: Mission 1.1.2 Maintenance of Business Continuity Management has not been implemented. RM 2: Mission 17/18-1.1.3, Testing of Business Continuity Plan for the Data Warehouse, has been cancelled. RM 3: Mission 1.1.5 Development of the KRA management to take ownership of their risks has not been implemented. RM 4: Mission 1.1.6 Risk monitoring at Corporate and Operational level has not been implemented. RM 6: The mission 1.2.3 (2nd) has not been implemented. RM 7: Mission 17/18-1.2.4 (4th) Identification of treatments and monitoring of VAT non-filers.	General 1: As the Programme proceeds, there are still an increasing number of activities to be carried out by KRA between the missions. RM 1 was re-scheduled for March 2019 with the focus on the ICT area. RM 2: The indications show that the Data Warehouse will not be able to do this test during the Programme. RM 3 was re-scheduled for the beginning of April 2019. RM 4 was re-scheduled for May 2019. RM 6 was re-scheduled for March 2019 to cover the customs area (which would be a ‘continuation’ of the 2018 mission that required KRA to have undertaken work internally before it could take place). RM 7: The deviation is related to the inclusion of a Data Driven Compliance mission, which took place in October 2018.

DWBI 1: The missing deliveries from the vendors have affected the support from STA and the focus of the missions. DWBI 2: The mission 2.2 (3rd) indicates the need of a structure for the Data Governance. DWBI 3: The missions 17/18 2.2 (2nd and 3rd) were postponed. CM 1: All the planned CM missions have been reviewed (see the draft Implementation Schedule). CM 2: Mission 3.1 Transformation Agenda in the Customs & Border Control Department have changed the scope and will now cover Data Driven Tax Compliance and re-engineering processes. CM 3: Mission 3.3 Review of Domestic Tax Department Transformation Agenda has not been done. CM 4: Missions 3.4 (6th, 7th and 8th) have been postponed. CM 5: Mission 3.6 Gender Equality and Women's Empowerment has not been done.	DWBI 1: KRA needed to continue with testing and validation of phase 1 before missions focused on phase 2 and 3 could begin. DWBI 2: We have planned an extra mission for this 25th of February-1st of March 2019. DWBI 3: KRA is in the process of looking at the procurement and contract arrangements to allow the implementation of the DWBI to continue, given that the contract with the vendor expired end of last year. We hope to have implemented this mission before May 2019. CM 1: KRA has chosen to focus most of the missions on the implementation of the KRA Transformation Agenda. CM 2: The mission was re-scheduled for the beginning of April 2019. CM 3: Re- scheduled for 11-15 February 2019 and the scope will be monitoring and evaluation of strategic projects. CM 4: Scheduled to 14-18 January, 18-22 February and 18-22 March 2019. CM 5: Planned for April 2019.
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	CM 6: KRA has raised the need for an extra mission regarding Enterprise Architecture.	CM 6: The mission was re-scheduled for end of May 2019.
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Evaluation of the Sida-supported development cooperation with the Kenya Revenue Authority

This report, commissioned from NIRAS by the Embassy of Sweden in Kenya, presents an evaluation of Sida's support to the Kenya Revenue Authority. The programme focused primarily on institutional development provided by the Sweden Tax Agency in the period 1 July 2014 to 30 June 2019, but also included financial support to the procurement of a data warehouse and business intelligence (DWBI) system (1 July 2014 to 31 December 2019). Save for issues related to the significant delays in finalising the procurement of the DWBI, Sida's support is adjudged as largely relevant to KRA's needs, mostly effective, efficiently implemented, and some impact can at least partly be attributed to the programme. The programme targeted primarily middle management and some questions are raised as to how sustainable benefits will be without future development partner support. It is also noted that the programme included little focus on gender mainstreaming even though gender equality was included in the programme documents as a cross-cutting issue.

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