

t. d
16/9-08
VH0 September 2008

Transparency International - Kenya
3rd Floor ACK Garden House, Wing D
1st Ngong Avenue
Nairobi

Dear Mr Ogonda,

RE.: Financial support to the Revised Strategic Plan 2008-2012

Reference is made to email from Ms Lisa Karanja on behalf of Transparency International - Kenya (TI-Kenya) of 21 July 2008 with enclosed Project Document from 21 July 2008 (part of Annex I) regarding financial support to the Revised Strategic Plan 2008 - 2012 (the Project).

We are pleased to inform you that the Norwegian Ministry of Foreign Affairs (MFA) is willing to provide financial support not exceeding NOK 2 Million (approx. equivalent to Ksh 24 Million presently) (the Grant) to-part finance the Project in the period 1 August 2008 to 31 July 2009 pursuing the following objectives:

Goals:

1. Transparent and accountable institutions of governance in Kenya
2. Effective policy and legal frameworks that promote accountability and transparency
3. Empowered citizens who proactively demand for transparency and good governance
4. Political participation and competition that is regulated, accountable and transparent

Purpose: To support citizens and governance institutions effect transparency and accountability in public and business affairs through legal and policy frameworks, skills, knowledge and information.

The support will be provided on the following conditions:

1. The Grant shall be used exclusively to finance the Project according to the description and the budget in the Programme Summary and in the Project Document (Annex I). Upon completion of the Project, any unutilised funds, including accrued interests, shall be returned to MFA, unless the Parties have agreed in writing upon the utilisation of such funds.
2. NOK 1 million of the Grant will be disbursed upon the signing of the Contract and approval by MFA of a disbursement request. The remaining up to NOK 1 Million will be disbursed within 13 February 2009 upon written request and MFA's approval of documentation received according to Clause 4 below. TI-Kenya shall immediately, in writing, acknowledge receipt of the funds. The date of receipt shall be stated as well as the exchange rate applied.
3. TI-Kenya shall also call a mid term meeting to be held within 30. January 2009.

4. Reports and financial statements
- 4.1 Within 15th January 2009, TI-Kenya shall submit to MFA a progress report for the Project. Within 15th August 2009 TI-Kenya shall submit to MFA a final report for the Project. The reports shall give information on the fulfillment of the plans and objectives mentioned in the Project Document, any deviations (positive or negative) and problems encountered.
- 4.2 Within 15th January 2009 TI-Kenya shall submit to MFA certified financial statements for the Project covering the period 1st August 2008 – 31st December 2008 showing receipts/ income and expenditures of the Project. Financial statements will also be required upon delivery of the Final Report. The certification shall be done by the accountant and the Executive Director of TI-Kenya. The statement must itemise expenses as in the budget in the Project Document. The Embassy requires that Norwegian funds be itemised in the budget.
- 4.3 Within 15th January in both 2009 and 2010, TI-Kenya shall submit to MFA a copy of the audit report for TI-Kenya for the financial year 2007/2008 and 2008/2009 respectively.
5. TI-Kenya shall promptly inform MFA in writing of any condition which interferes or threatens to interfere with the successful implementation of the Project.
6. MFA reserves the right for representatives of Norway to visit any part of the Project for purposes related to the Contract and examine any relevant records, goods and documents.
7. The Parties declare their commitment to counteract corrupt practices in the execution of this Contract. Further, the Parties commit themselves not to accept, either directly or indirectly, as an inducement or reward in relation to the execution of the Contract, any kind of offer, gift, payments or benefits, which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to the Project, and undertake to take rapid legal action to initiate investigations of and prosecution against, in accordance with applicable law, any person suspected of corruption or misuse of resources related to the Project.
8. MFA may cancel this Contract or portion of this Contract with immediate effect if it determines that corrupt or fraudulent practices were engaged in by representatives of TI-Kenya or of a beneficiary of the funds during procurement or during the execution of the Contract without TI-Kenya having taken timely and appropriate action satisfactory to MFA to remedy the situation.
9. MFA has the right to withhold and/or reclaim all or parts of the Grant if Project funds are found not to have been used in accordance with the terms and conditions of this Contract, including are found not to be satisfactorily accounted for.
10. If any dispute arises relating to the implementation or interpretation of this Contract, the Parties shall consult with a view to reaching a solution. Any disputes that cannot be solved amicably shall be referred to the competent Kenyan court and settled in accordance with Kenyan law.

Please acknowledge the receipt of this letter and your acceptance of the conditions by signing the copy of this letter and return it to the Norwegian Embassy in Nairobi which is competent to act on behalf of MFA.

Yours sincerely,
On behalf of the Norwegian Ministry of Foreign Affairs



Elisabeth Jacobsen
Ambassador

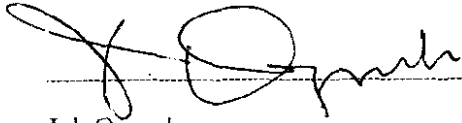
Place:

Nairobi

Date:

9/9/08

I accept the above conditions on behalf of Transparency International - Kenya



Job Ogonda
Executive Director

10th / 09 / 08

Annex I: Agreed Project Summary

Identification of the Project

Project Title/Name: Support to the Revised Strategic Plan 2008 - 2012

Implementing institution: Transparency International -Kenya

Description of the Project

The purpose (“mission”) of the Revised Strategic Plan is stated as being “to support citizens and governance institutions effect transparency and accountability in public and business affairs through legal and policy frameworks, skills, knowledge and information”.

TI-Kenya’s goals (“strategic priorities”) are stated as:

1. Transparent and accountable institutions of governance in Kenya
2. Effective policy and legal frameworks that promote accountability and transparency
3. Empowered citizens who proactively demand for transparency and good governance
4. Political participation and competition that is regulated, accountable and transparent

Target groups are Government institutions, the Kenyan public and the private sector.

Outputs

TI-Kenya will:

1. design and implement advocacy and capacity building activities that target reform in key institutions.
2. design and implement activities that strengthen the capacity of the Public Procurement Oversight Authority. It will also work with citizens to monitor the implementation of the Act.
3. design and implement activities that expedite public and parliamentary debate on a select set of Bills. TI-Kenya will also design activities that target the constitutional review process.
4. undertake activities that strengthen the capacity of citizens to demand for and monitor integrity in public policy processes and public service delivery.
5. will design activities to enhance integrity in the management of devolved public funds TI-Kenya will collaborate with major private sector players to develop and integrate integrity standards.
6. prioritize activities that promote accountability in Kenya’s political processes
7. design programmes that reduce the risk of state-capture by money in politics.

Activities will be different types of information exchange forums, research and integrity studies, various drafting tasks, a number of specific workshops, conferences, some technical support, extensive monitoring, reporting, targeted web-pages, training and some private sector lobbying. TI-Kenya also aims to coordinate groups of CSOs and stakeholders in various areas, as well as informing the public through TV, radio, newspapers etc.

Inputs

- NOK 2 million from the Embassy most likely pooled with money from the Royal Netherlands Embassy and the Finnish Embassy.
- Staff and competence of TI-Kenya and its cooperating implementing partners

Major risk factors

Risks seem to be first and foremost related to the political climate and political change:

1. A government lack of will and effort in fighting corruption hinders TI-Kenya's work with government related to policy and institutional reform (high).
2. Cooperating partners of TI-Kenya will negatively affect the ability of TI-Kenya as a cooperating organisation to the government (minimal).
3. Internal turbulence in TI-Kenya could hamper the organisations ability to implement activities in general (minimal).
4. The implementation of planned activities is limited due to lack of funding (minimal)

Overall Budget

The overall budget can be summarized like this (2008/2009 in left column):

TI-KENYA
ANNUAL ACTION PLAN BUDGET
JULY 2008 TO JULY 2009; JULY 2009 TO JULY 2010
SUMMARY

	Total, Year 1 Kshs	Total, Year 2 Kshs
PROGRAMMES ADMINISTRATION		
Finance & Administration Salaries	15 176 145,00	16 693 759,50
Advocacy & Administration Saalaries	4 618 920,00	5 080 812,00
Office administration	13 062 936,40	14 359 230,04
	32 858 001,40	36 143 801,54
PROGRAMME COSTS:-		
General-Continuous programme costs	8 980 000,00	9 878 000,00
Strategic Priority 1: Transparent & accountable institutions of Governance in Kenya		
Programme 1 Institutional reform programme	22 966 796,00	9 450 875,60
Programme 2 Monitoring Public Procurement	8 099 900,00	3 788 400,00
Strategic Priority 2: Effective policy and legal frameworks that promote accountability and transparency		
Programme 1 Constitutional Review and legislative development programme	6 534 750,00	2 435 400,00
Strategic Priority 3: Empowered citizens proactively demanding for transparency & good governance		
Programme 1 Public service delivery programme(Water , health & Education)	22 053 000,00	12 851 300,00
Programme 2 Monitoring management of public resources	4 280 000,00	2 376 000,00
Programme 3 Local Government Programme	8 099 000,00	3 788 400,00
Programme 4 Private sector engagement	2 614 000,00	2 435 400,00
Strategic Priority 4: Regulated, accountable and transparent political participation and competition in Kenya		
Programme 1 Electoral reform	6 425 000,00	3 696 000,00
	90 051 546,00	50 699 875,60
GRANT TOTAL	122 909 547,40	86 843 677,14