Public Finance Resource Centre

Terms of Reference: Support to the Kenya Revenue Authority for Change Management

Intervention title:	Support to the Kenya Revenue Authority for Change Management
Country:	Kenya
FCDO client (i.e. relevant post):	British High Commission, Nairobi
Beneficiary:	Kenya Revenue Authority
Expected end date:	March 2028 (with annual review points and FCDO reserve the right to terminate the Intervention on 31 March each year).
Budget ceiling:	£1,000,000 until 31 March 2026 and TBC thereafter.
Risk rating:	Major

Table of Contents

Abbreviations

GTM- Go To Market

ADKAR- Awareness Desire Knowledge Ability Reinforcement

SOP- Standard Operating Procedure

MEL- Monitoring Evaluation and Learning

CIP- Change Implementation Plan

CRM- Customer Relationship Management

1. Introduction

The British High Commission (BHC) Nairobi is seeking to support Kenya's domestic resource mobilisation agenda by working on both tax policy and tax administration. Improving domestic revenue mobilisation in a predictable and inclusive way is essential for Kenya to invest in development and maintain debt sustainability.

These Terms of Reference relate specifically to BHC Nairobi's intention to support the Kenya Revenue Authority's ambitious transformation agenda (the intervention), as set out in its 9th Corporate Plan and aligned to the Medium Term Revenue Strategy (MTRS) Medium-Term-Revenue-Strategy-2023.pdf.

This will operate alongside a programme of Technical Assistance to the National Treasury through the TaxDev Programme and a programme of peer-to-peer support led by His Majesty's Revenue and Customs.

The Intervention will be delivered through the Public Finance Resource Centre, its Managing Supplier Adam Smith International and the Managing Supplier (MS)-appointed Delivery Team, with the BHC Nairobi as the Recipient and the Kenya Revenue Authority as the Beneficiary.

It is envisaged that the Intervention will run until 31 March 2028. This will be subject to annual reviews and the Intervention may be terminated early, at the end of each financial year subject to future budget allocations, as funding has only been a confirmed until 31 March 2026. Therefore, the initial deliverables for the Intervention must be discrete and achievable within this timeframe, whilst laying the groundwork for future years.

The Intervention will deploy a mixture of local, regional and international experts in tax administration and change management to support the KRA through a range of modalities, including but not limited to:

- Embedded advisory support, with a focus on capacity building (e.g. through on-the-job training provision and developing long-term coaching and mentoring relationships) and/or implementation of technically complex solutions.
- Short-term in-person missions, for example in relation to conducting capability assessments or the identification and development of solutions to priority challenges facing counterpart institutions; and
- The design and implementation of training plans and/or courses.

It should focus on areas which are priorities for the KRA, as set out in its 9th Corporate Plan and through the BHC-led "Friends of KRA" process.

2. Background

Improving domestic resource mobilisation is a priority for both the Government of Kenya and the British High Commission Nairobi. The purpose of this project is to support the Kenya Revenue Authority to design and implement priority organisational changes as identified in its 9th Corporate Plan. This will be done by providing strategically targeted technical assistance, including expert advice, analysis and capacity building.

There is a clear need for reform to both tax policy and administration in Kenya. Kenya's tax revenue has declined from 15.1% of GDP (2019) to 13.2% of GDP (2023) and its debt-service-to revenue ratio is set to be above 50% until 2028 according to the latest IMF projections. Improved domestic revenue mobilisation, combined with efforts to strengthen economic governance and spending efficiencies, is the only sustainable solution to Kenya's challenges.

Despite this, tax policy and administration remain contentious. Following the anti-Finance Bill protests in June 2024, in which over 50 people were killed, there has been an increasing focus on increasing revenue mobilisation through improvements in tax administration to reduce impact of protests following increased taxation requirements. In recent years, Kenya has developed a Medium-Term Revenue Strategy, National Tax Policy and 9th Corporate Plan for the KRA. Now attention must turn to implementation, which is often a weakness within GoK.

To support the KRA on implementation, and to better coordinate development partner support, the BHC has been leading a "Friends of KRA" engagement. Through this, the BHC has become the KRA's most trusted bilateral partner. There is clear will from the Commissioner General to reform the organisation and appetite for UK inputs and support. The effectiveness of the KRA is also a priority issue for the Cabinet Secretary National Treasury and the President, given the importance of boosting domestic revenue for the government's fiscal position.

To lay the groundwork for this Intervention, in 2024 the BHC commissioned a Political Economy Analysis of the KRA through the PFRC (Annex 1). The KRA was found by the PEA to be "**sophisticated and highly professional" but an organisation that "under-delivers".** There are pockets of excellence within the KRA, but the PEA also found key areas of weakness in relation to organisational structuring, transformation and change management.

This Intervention will seek to build sustainable capacity within the KRA through Technical Assistance. It will complement UK and other development partner investments in digitisation and systems upgrading. KRA is also pioneering organisation restructuring with new structure designs submitted to its board and National Treasury for approval and implementation subject to sufficient funding.

This Intervention, alongside other support to the KRA, forms one of three key pillars of the BHC's efforts to support Kenya to strengthen its macro-economic management and promote fiscal sustainability. This is set out in the Theory of Change, in Annex 2.

The other aspects of support to the KRA are:

- **Trade Mark Africa:** Customs management and efficiency is critical towards trade promotion and enhancing market access. Through TMA, support has been extended to KRA on improving customs systems at the Port of Mombasa and border posts translating to increased trade flows and subsequent exports – a key input for sustainable growth.

- **HMRC:** Peer to peer support from HMRC to KRA has focused on Customer Service, Automatic Exchange of Information (AEOI) and Data management and analysis.

- **Taxdev Program:** ODI Global and the National Treasury signed an MOU dated 3rd March 2025 for long-term (up to 2030) tax policy support through an embedded tax policy advisor. The support will be focussed on ensuring that tax policy decisions are anchored on adequate evidence and analysis.

3. Key Intervention Information

KRA is currently implementing its 9th Corporate plan which runs from 2024/2025 – 2028/2029. The strategic theme for the plan is to **"Unlock and tap the full revenue potential through technology transformation, service excellence and integrity."** The plan is set to guide KRA through a digital transformation journey which aims to double revenue collection by FY27/28. To achieve this, KRA is in the process of designing and implementing a change management program aimed at enabling and empowering KRA staff at all levels to adopt, utilise and operationalise digital transformation solutions that offer taxpayers seamless customer experiences and which meet their expectations.

4. Objectives

This Intervention seeks to support the KRA to implement its change management strategy that will support KRA leadership, management and staff to transition from the current state to the desired digitally transformed environment. The change management programme will accelerate adoption, utilisation and operationalisation of digital transformation solutions into KRA processes and operations while minimising the impact on day-to-day operations and any managing resistance. The programme will broadly target capacity building initiatives in new and difficult taxation areas in Kenya such as MSMEs, carbon pricing, cryptocurrency, cyber security, marine operations and upskilling in key tax administration areas such as audit, investigative skills training and intelligence gathering.

Thematic areas of support will be prioritised for each financial year.

The objectives of the Intervention are:

- To make the KRA a responsive tax administrator to new areas of taxation armed with the right skills.
- To ensure the KRA’s transformation into an institution that abides by the principles of efficiency, simplicity and transparency in tax administration.
- To upskill the staff at the KRA, ensuring they are able to implement new tax administration methodologies anchored on digital solutions, making them adaptive to change.
- To support KRA leadership, management and staff to transition from the current state to a smart tax administration.
- To institute a new organisational structure that is aligned to the changing face and profile of taxpayers in Kenya while ensuring alignment to global best practice in tax administration.
- To improve taxpayer awareness of KRA services and solutions.
- To enhance taxpayer engagement through targeted communication, feedback mechanisms and participatory approaches.

5. Recipient and Beneficiaries

The recipient of the services will be the FCDO, specifically the BHC, Nairobi, Kenya.

The beneficiary will be the Kenya Revenue Authority (KRA).

6. Delivery location

The relevant FCDO Programme Team for the project is in the BHC Nairobi.

There is a requirement to have key staff deployed in Kenya as well as a good network of contacts in place to ensure contextual awareness, sensitivity and an ability to deliver requirements responsively. The BHC team will support the team by sharing their networks and local knowledge.

The expectation is that most of the work will be delivered in Nairobi, with possible travel to KRA’s 47 county offices across Kenya. However, some of the work may be delivered remotely where appropriate and agreed jointly by the KRA and BHC.

7. Scope of the Intervention

The BHC programme team has worked with the KRA to identify priority areas for intervention in this financial year 2025/2026.

This is aligned with the BHC's commitment under the "Friends of KRA" to support on "**Reform Area 3: Change Management**", which includes 11 specific items.

Within this we will prioritise areas with the greatest expected impact on revenue generation:

Further details of these priority workstreams are provided below. It is expected that further detailed workplans on each area will be developed with inputs from the BHC and KRA to ensure ownership by KRA and that distinct outcomes can be delivered within this financial year, whilst laying the groundwork for potential further support in future.

Priority Work streams for 2025/26	Intervention Area	Objectives	Initial Assessment of the Need	Expected Interventions Details FY25/26 – Potential Future Support	Expected Outcomes
1. **Implementation of a progressive organisational structure anchored on digital transformation to facilitate revenue mobilisation and modernisation (Staff Alignment & EAPI & Associated Touchpoints GTM Strategy)**	Align KRA's revised organisational structure with a technology-led operating model, equip staff with digital competencies, and promote the Enterprise API Platform for stakeholder integration, supporting the 9th Corporate Plan's Kshs 4.5T revenue target by FY27/28.	- Align structure with digital transformation to enable revenue mobilisation and modernisation. - Build staff digital mindsets and skills via ADKAR methodology (Awareness, Desire, Knowledge, Ability, and Reinforcement). - Leverage on leadership and management to drive change. - Improve interaction and communication with taxpayers - Promote EAPI platform and associated touchpoints adoption for secure, real-time data exchange with stakeholders. - Harmonise SOPs and service charters to ISO 9001:2015 standards and the new structure.	- The integrated technology functions have not yet achieved full operational status, limiting their ability to support evolving business needs. - Staff digital readiness remains limited, and the revised organisational structure is still undergoing internal clarification and communication. - There is a critical need for a comprehensive digitalisation roadmap and communication strategy, inclusive of campaigns such as Mashinani, to guide implementation and stakeholder engagement. - The newly developed Enterprise API Platform (EAPI) and associated touchpoints require a structured Go-To-Market (GTM) strategy to ensure effective adoption by both internal and external stakeholders. - Standard Operating Procedures (SOPs) and Service Charters must be reviewed and harmonised in line with ISO 9001:2015 standards and aligned	**FY25/26 Interventions:** - Conduct Gap assessment of systems, processes, organisational capacities. **-Codevelop** a Digitalisation Roadmap (and MEL framework) with KRA, incl. prioritisation of BURs/SOPs, including short-term priorities to be revised/revised in Year 1, and remainder scheduled over Years 2–3. *-Co-draft* BURs/SOPs for prioritized business processes through internal KRA workshops conducted with consultant mentorship. **- Develop and deliver change management training** (using ADKAR model) for KRA **Board, Senior Management and corporate change team, to be cascaded to other staff in Y2.** - Conduct Change Impact Assessment across seven departments. **Codevelop** an integrated **Communications Strategy & Dissemination Plan** – includes Mashinani messaging so a single plan covers both workstreams. - Preparation of a Go-To-Market Strategy for the EAPI including	**By March 2026:** – Approved Digitalisation Roadmap, including MEL framework - Completed systems, processes, and organisational capacity gap report. - Agreed short-term priority BURs/SOPs drafted, and Business Processes Reviewed. - Corporate team, KRA Board, Senior Management Team trained and certified using the ADKAR change management model. -Change Impact Assessment, Integrated Communication & Go-To-Market strategies complete. **By March 2027:** -. Operationalised EAPI platform and touchpoints, adopted and in use by KRA (incl. Single 360 view of taxpayers) - Agreed mutli-channel communication Strategy and dissemination plan **By March 2028:** – All roadmap BURs/SOPs finalized -80 % staff trained - fully operational structure delivering K Sh 4.5 T - ≥ 10 M API calls/month -Digital & agile culture embedded.

			with the new organisational structure and digital transformation strategy.	stakeholder engagement and communications. - Review existing 9th Corporate Plan/MTDS M&E mechanism and provide advice/develop tools to strengthen them to ensure effective tracking of Digitalisation Roadmap. **Future Support (FY26/27–FY27/28):** - Jointly with KRA conduct Business Process reviews/ reengineering, SOPs/service charters update/reviews and harmonisation via internal KRA workshops or working group meetings (90% approval by M6) in line with the schedule and priority set in the roadmap. - Train pool of T-T-T to roll out Digital readiness training. - Develop and deliver Change Management for KRA managers and supervisors, KRA corporate change management team and KRA staff, using ADKAR model - Scale API usage to 10M calls/month. - Refine structure and institutionalise change within the organisation.	
2. **Taxation of MSMEs**	Expand voluntary tax compliance among MSMEs through sector-sensitive, digitally	- Design sector-based tax strategy tailored to MSME characteristics.	- High cost of compliance (cost of devices, accountant).	**FY25/26 Interventions:** - Needs assessment of MSME tax infrastructure.	**By March 2026:** - Completed MESME needs assessment.

	enabled solutions, reducing compliance burden and improving taxpayer experience.	- Modernise service delivery via CRM/CIP-aligned digital tools (e.g., USSD, mobile apps). - Register and onboard high-cash/informal MSMEs via "KRA Mashinani." - Implement single view of taxpayers to reduce service fragmentation. - Integrate emerging business models (e.g., gig economy, influencers) into tax regimes.	- Need for dissemination of simplified sector-specific MSME tax obligation information. - Need for high-volume, light-touch tax administration using digital tools. - Limited IT infrastructure capacity for increased MSME data/workload. - Fragmented service delivery and complex compliance processes. - Lack of taxpayer segmentation and provision of tailored solutions for various segments - No tailored strategies for emerging MSME models.	**-Codesign** MSME segmentation profiles and intuitive onboarding journey maps. - *Co-design Compliance Risk Assessment* for MSMEs – input to CRM/CIP BUR and to the revised MSME strategy. - Support design and development of simplified digital filing tools. **-Support preparation of Mashinani launch plan & dissemination materials** - Review and update MSME tax strategy to include emerging sectors such as gig economy. - Support development and implementation of a dissemination plan for sector-specific MSME tax obligation information. **Future Support (FY26/27–FY27/28):** **-Scaleup** Mashinani rollout, deploy CRM/CIP, and expand self-service channels **only after** Year 1 assessments. -Draft BURs for CRM/CIP and provide advisory support to implementation, once KRA approvals obtained.	- Completed MSME Onboarding maps. - Completed compliance Risk Assessment for MSME, linked to data analytics as specified in Workstream 3. -Simplified filing tools released - Mashinani Communications campaign drafted and Mashinani launch plan finalised - Completed review of MSME strategy **By March 2028:** - CIP/CRM fully operational. - Reduced compliance burden, improved taxpayer experience. - BUR for CRM/ CIP completed

3. **Internal Capacity Building for Data Analytics, Machine Learning, and Artificial Intelligence**	Establish a Data & Analytics Centre of Excellence (CoE) to embed analytics, AI, and data governance into tax compliance, service delivery, enhancing revenue collections and taxpayer services.	- Implement automated compliance and fraud management via AI/ML. - Leverage CRS/CBCR data for compliance. - Establish data governance and literacy frameworks. - Modernise data infrastructure (cloud-ready lakehouse, ML pipelines). - Train specialised staff in data science and foster university/donor partnerships.	- Lack of timely analytics for compliance and services. - Inadequate data analytics capacity and aging infrastructure. - Low data quality, literacy, and culture. - Insufficient funding and rapid data growth challenges. - Limited specialist knowledge and skills - Need for partnerships to enhance data capabilities.	**FY25/26 Interventions:** - Conduct baseline assessment across all ICT systems of data census, data maturity - data analytics capability/ data governance, data quality, etc. (Gap assessment of systems, processes, staff capabilities) - Develop an analytics strategy and roadmap aligned to KRAs corporate strategy including suggested BURs for analytics infrastructure and architecture. - Establish Centre of Excellence (CoE) charter and funding model. - Provide advanced analytics and data science support and provide recommendations to assist in deployment of AI compliance and fraud detection models, ML pipelines. - Identify specific learning needs and Train CoE and specialised staff in AI, ML, data science, data quality, data engineering. - Support to identify data gaps and provide recommendations to Integrate third-party data (e.g., banks, gov't) for compliance, including ability to have 360-degree view of the taxpayer. **Future Support (FY26/27–FY27/28):**	**By March 2026:** - Gap and baseline assessment completed - Analytics Strategy and roadmap completed - BUR for suggested analytics infrastructure and architecture completed - CoE for analytics resourcing model and budget estimates produced. - Development of AI compliance and fraud detection models (incl. MSME identified priority sectors). **By March 2027:** -Deployment of AI compliance and fraud detection models (incl. MSME identified priority sectors). - Selected CoE staff trained in Data science, plus ML Engineers, AI Engineers, data quality and data engineering. - Completed baseline assessment and recommendations to assist in the utilisation and integration of Third-party data, to enable 360-degree view of taxpayer needed for compliance. **By March 2028:** - VAT gap reduced from 38.9% to 20%.

				- Provide handholding in development and deployment of AI compliance and fraud detection models, ML pipelines. - Scale CoE, institutionalise training, expand AI use cases. - Develop and deliver data quality training for key KRA staff. - Develop and deliver block chain and cybersecurity training for key KRA staff, to be cascaded further by KRA	- Real-time fraud detection, AI-based taxpayer services. - Innovation ecosystem with sustained partnerships.

Workstreams for FY 26/27 and FY 27/28 will be identified within the last quarter of preceding year, budget permitting, to inform workplans.

8. Intervention Budget and Timeframe

The Intervention will run for an Initial Term of up to 31 months (depending on the start date) from approximately October 2025 until 31 March 2028. The maximum budget for the period until 31 March 2026 is £1,000,000 (inclusive of all applicable taxes) the budget for the period beyond 31 March 2026 is to be determined subject to UK Government Spending Reviews and other internal FCDO processes.

Annual Review Points

FCDO will conduct a review of the operation of the intervention at the dates set out below to consider whether to terminate the intervention with three months' notice:

a) By 31 December 2025 to inform decision to terminate on 31 March 2026.
b) By 31 December 2026 to inform decision to terminate on 31 March 2027

The Intervention will consist of three phases:

i. Inception Phase – 3 months
ii. Implementation Phase - up to 27months
iii. Exit Phase – one month

9. Delivery principles

The context in which the KRA currently operates requires careful design. It should enshrine a number of key principles including:

- **Ensure local ownership.** All technical assistance and capacity building conducted should be based on a clear request for support and aligned with KRA and GoK priorities as set out in the MTRS and 9th Corporate Plan. The intervention should marry international expertise and best-practice with local knowledge and inputs to develop context appropriate solutions.
- **Focus on the outcome-level.** Flexibility will be essential to enable the Intervention to remain effective in an uncertain operating context. The Intervention will be expected to adapt as appropriate at the activity level in order to maximise value for money and the effectiveness of the project's contribution to broader outcome-level objectives. The Intervention should focus on achievable outcomes over the short-term whilst laying the groundwork for potential additional outcomes in the medium-term subject to budget availability.
- **Think politically.** The political economy context in which the intervention will operate will be complex and challenging. It will be essential that the intervention thinks politically and uses political economy analysis to inform its overall approach and day-to-day decision making.
- **Build sustainable capacity and avoid capacity substitution.** The Intervention should prioritise building sustainable capacity, notably by providing the kind of long-term coaching, mentoring and informal training required to enable counterparts to be able to operate systems developed with the help of external consultants, when required. Where feasible and appropriate, local experts should be utilised to further embed sustainable capacity. The team should work to minimise the risk that advisers end up spending a high proportion of their time conducting routine operational tasks that should be conducted by KRA employees. However, realism is required regarding the fact that capacity substituting activities may sometimes be required for valid, pragmatic reasons: where this is the case the team should conduct regular reviews to identify opportunities to put things on a more sustainable footing.
- **Coordinate with other programmes supporting the GoK.** This Intervention will form one part of a wider portfolio of UK support to domestic revenue mobilisation initiatives in Kenya. Likewise, other donors are involved in supporting PFM and revenue reform and so emphasis should be placed on the importance of coordination with other relevant programmes. A proactive approach to coordinating with other relevant programmes to avoid duplication of effort and maximise synergies is required.

10. Requirements

a) Inception Phase

The Inception will last three months from the start date of the Intervention. The BHC Nairobi team will be available for a kick off meeting with the Delivery Team to provide a briefing on the context within which this Intervention has been engineered before work commences. A number of core functions for intervention will be delivered during this phase, including:

- Engagement with KRA team to develop a workplan for the period from the end of the Inception Phase until 31 March 2026 aligned with the identified workstreams, identifying key activities, expected deliverables and timelines
- Conduct a gap assessment to identify capacity, technological and policy gaps within KRA relevant to the intervention objectives and provide recommendations on how these gaps can be addressed.
- Comprehensive review of the scope of work to be delivered building on previous work done by other partners
- Workstream based analysis of how the power, capabilities and interests of stakeholders could impact the prospect of reform and details of how this will be managed.
- GESI analysis to assess the barriers, incentives, and impacts related to tax formalisation and compliance and details on how this will be incorporated to ensure the intervention is responsive to the specific needs of women, people with disabilities and people with other protected characteristics.
- Map out key internal and external stakeholders critical for successful delivery of the assignment across identified workstreams
- Conduct interviews with key partners and collate feedback to frame delivery structure
- Develop working structures with the KRA team
- Conduct a risk assessment on potential challenges and submit a risk register setting out key risks and mitigation measures to optimise expected outcomes
- Create a draft Results Framework
- Agree the Key Performance Indicators
- Write a draft exit plan
- Deliver an Inception Report summarising how the Inception Phase deliverables have been achieved, overall approach to intervention implementation for the entire implementation phase duration and providing a workplan for the period from the end of the Inception Phase until 31 March 2026.

b) Implementation Phase

The Implementation Phase will last from the end of the Inception Phase until one-month prior to the expected end of the Intervention (31 March 2028). The Implementation Phase may be terminated early (31 March 2026, 31 March 2027) in line with the section Annual Review Points.

Three workstreams are identified for Implementation Phase in FY 25/26 detailed in the workplan provided below. The BHC will work with the KRA, the MS and the Delivery Team to agree on additional workstreams in subsequent years, building on the work already delivered. This must be fully costed and approved by the BHC before work commences. Any additional work which starts without confirmation of BHC approval is implemented at the MS/Delivery Team risk and FCDO will not be liable for costs incurred. BHC must also confirm their approval before any workstream is terminated.

A number of core functions for the Intervention will be delivered during the Implementation Phase including:

- Delivery of Technical Assistance to the KRA, ensuring that the recruitment and onboarding of appropriate experts to deliver timely and high-quality support in consultation with the KRA
- Core project management and financial management functions required to enable the Intervention to operate as required and in a manner that ensures Value for Money (VfM)
- Regular (monthly) engagement and reporting to the BHC Programme Team
- Internal and external Stakeholder management
- Continuous alignment with KRA Leadership Team on the Change Initiatives

- Adaptive management functions (e.g. identifying and taking appropriate action where there is a need to terminate existing workstreams or to start up new ones to take advantage of windows of opportunity for impactful TA)
- Regular updates to Political Economy Analysis
- On-going monitoring and updates on GESI performance.
- MERL in line with the requirements set out at in the MERL Approach section

Work during the Implementation Phase will be adaptive and demand-led. A quarterly workplan must be submitted to the BHC (see Reporting Requirements section) setting out the proposed activities for the next quarter, how they contribute to the objectives of the Intervention and a breakdown of the costs for approval.

c) Exit phase

The Exit Phase is expected to comprise the final month of the intervention. Implementation may continue during the Exit Phase but must be closed sensitively during this period and prior to the intervention end date.

An updated exit plan must be submitted to BHC for their approval no later than two months before the intervention end date and will be implemented during the final month of the intervention. Key responsibilities during the exit phase include, but are not limited to:

- Continuation of any implementation phase activities
- Produce handover plan for all programme materials/documents
- Prepare an asset management disposal plan
- Deliver a final lessons learnt report and an end of intervention report

11. Intervention Delivery and Oversight

The Intervention will be delivered by a Delivery Team appointed by the PFRC Managing Supplier (MS). The MS will be responsible for the day-to-day management and oversight of the Delivery Team and is responsible for ensuring that the Intervention is delivered in accordance with this Terms or Reference.

The Intervention will be overseen by an SRO and PRO based within the BHC Nairobi, with additional advice and support provided by the FCDO's Regional Tax Adviser. The MS and its Delivery Team will work closely with the BHC Nairobi throughout the Intervention.

At a minimum, KRA Project team will hold monthly meetings to facilitate reflection, coordination, consultation and direction, with quarterly coordination meetings amongst other BHC partners working on domestic resource mobilisation in Kenya (TaxDev, HMRC, TMA, ONS) unless BHC explicitly states otherwise.

12. Performance Management and Key Performance Indicators

Performance will be managed through a set of Key Performance Indicators upon which 20% of fees will be paid. The KPIs will be finalised at the end of the Inception Phase but are likely to include:

- Accuracy and timely delivery of reporting and forecasting requirements
- Performance against the results framework
- Performance against deliverables set out in the quarterly workplan

13. Reporting Requirements

Reporting and progress. The following progress reports will be submitted to the BHC programme team, and the following progress meetings will be attended

What	Frequency	Deadline	Contents
Progress email	Weekly	Every Monday	• Forward and backward look • Key decision points • Key discussion points
Progress dashboard	Monthly	2 working days before monthly meeting	• Progress update • Live issues • Political economy updates • Planned activities • Emerging delivery risks • Changes to budget allocations
Financial forecast	Monthly	10th working day of each month	• Fees • Expenses
Invoice	Monthly	10th working day of the subsequent month	• Fees • Expenses
Quarterly workplan (included in Quarterly Report)	Quarterly	15th working day of the second month following the relevant quarter	• Setting out the proposed activities with a breakdown of the related staff input days, expenses and costs for each month of the next quarter.
Risk register (included in Quarterly Report)	Quarterly	15th working day of the second month following the relevant quarter	▪ As per risk register template (TBC)
Quarterly report	Quarterly	15th working day of the second month following the relevant quarter	• See Reporting Format Section (TBC)
Annual Report	Annually	15th working day of the second month following the final quarter of the previous year	• See Reporting Format Section

What	Frequency	Attendance	Contents
Working level progress meetings	Fortnightly	• BHC programme team • Project manager • PFRC technical team • Technical experts as appropriate	• Using the weekly emails to guide the discussion • Discuss upcoming visits • If required: Discuss and approve requests from counterpart tracker to progress to scoping note • If required: discuss and approve scoping notes to progress to scoping mission • If required: discuss and approve concept notes to progress to full TA intervention

Progress dashboard meeting	Monthly (with each third meeting being used to discuss the quarterly report)	• BHC programme team • FCDO PFRC regional advisor • Project manager • Project director • PFRC technical team • PFRC managing supplier team • Technical experts as appropriate	• Get updates on progress of activities, challenges and a focus on resolution mechanisms to inform decision making. • Each third meeting to be used to discuss the quarterly report and risk register.

a. Reporting Format:

For the duration of the Intervention quarterly reports will be submitted to the BHC no later than the 15th of the month following the end of the quarter. The format of the reports (which may evolve over the life of the Intervention) will be as follows:

- An executive summary (maximum two-pages)
- An update on relevant contextual developments, with a focus on change to the political economy context (maximum three-pages)
- An update on delivery against the work plan
- A work plan for the coming quarter
- A section on relevant intervention management issues, including a financial summary, high level forecast for the next quarter and reconciliation of previous quarter actual spend vs forecast with a narrative to explain any variation
- A section on cross-cutting issues (covering social value, GESI and sustainability-related issues)
- A section on adaptive management, including a description of any significant lessons learnt, adaptations made or planned to the delivery approach, etc.
- A section presenting evidence on the value for money performance of the intervention,
- Summary of performance against KPIs for the quarter
- An annex detailing progress against logframe output-level indicators
- An updated risk register (annexed) short

The fourth quarterly report of the year should be treated as an annual report. This will follow the broad format of the quarterly report, but will consolidate information for the year and include as annexes an updated exit plan and asset register.

14. Team requirements

Required Skills and Expertise

A small core team, proportionate to the requirements of the intervention is required. The core team will need to include individuals with the following skills, experience and expertise:

- Strong communication, leadership, collaboration and relationship building skills
- Demonstrated ability to work with diverse stakeholders, support inclusive and locally owned processes and navigate complex political environments
- Relevant experience relating to tax administration.

The core team structure must have the flexibility to scale up and down rapidly as required.

The core team is expected to include:

Role	Responsibilities	Requirements
Project Director / Team Leader	A senior team member to lead the team to deliver the objectives of the intervention for the performance of the intervention.	An appropriately senior individual with more than 10 years' experience leading a large and complex team to successful change management. Knowledgeable on tax administration with a minimum of 5 years working with revenue administrations towards organisation transformation ideally in a developing country. Strategic thinker, with excellent communication skills and able to simplify strategies to different pools of staff across KRA offices in the country. Expected to be part-time.
Project Manager/Managers *(One for each workstream)*	Responsible for effective financial management, human resource management (recruitment, contracting, mobilisation and HR support for team members), programme risk management, client relationship management and quality assurance of deliverables. Maintain contact with key KRA stakeholders, gather information, facilitate meetings, coordinate deployments, support logistical arrangements, maximise outreach, contribute to reports, and participate in risk discussions.	Strong project management and financial management experience. Individuals should possess strong knowledge in the workstream assigned, excellent communication and networking skills, experience in stakeholder engagement and relationship management, knowledge of Kenyan political landscape, logistical coordination abilities, and a background in project risk management and reporting.
Technical Expert(s) *(Comprises the Project Implementation Team with technology, business, change management and communication expertise)*	Lead on technical delivery; engage with the BHC programme team and KRA on technical programme deliverables, acting as the primary point of contact. Maintain and cultivate key relationships with senior counterparts. Manage daily interactions with mid-level and junior counterparts. Identify and leverage opportunities to build political access and influence within the KRA to support intervention objectives.	In-depth expertise and experience of Tax Administration, revenue reform issues, and change management in the context of revenue agencies; strong relationship management skills; strong communication skills; successful leadership experience, particularly in long-term technical assistance programmes; demonstrated expertise and experience working on PFM and revenue reform issues in Kenya; demonstration of established relationships with key actors in the KRA; demonstration of comprehensive knowledge and

	Provide technical support for priority projects; Support capacity strengthening of local counterparts.	understanding of Kenya's political economy; experience in stakeholder mapping and management; Commitment to promoting social value through exclusive team design and delivery;
Results Lead	The core team will need to be able to access expertise required to inform decision making and to support the design and oversight of interventions (e.g. GESI, and MEL)	Expertise and experience of relevant good-practice and methodologies; demonstrated knowledge and understanding of the context.

The above should not be read as prescriptive and the team structure should be focused on maximising effectiveness and value for money.

In addition to the above positions, the core team will need to be able to field and draw upon high quality experts with relevant experience and expertise to fulfil the requirements of both short-duration and long-duration TA missions related to revenue reform issues through a pool of experts) comprising high-quality national, regional and international experts with technical and geographic experience relevant to the Intervention.

15. Gender Equality and Social Inclusion (GESI)

The Intervention will be implemented in a way that accords with the FCDO's commitment to achieve GESI objectives, including ensuring compliance with the UK's International Development (Gender Equality) Act 2014.

The benefits of the intervention for women, youth, and the most vulnerable and marginalised people should be maximised. This should include ensuring that the specific needs of women and girls, of people with disabilities and of people from other vulnerable groups are considered in the design and delivery of the programme. GESI should not be treated as a discrete component, instead GESI issues should be mainstreamed across the project.

Consideration of the interaction between revenue mobilisation in Kenya and GESI outcomes at all phases should be considered, with the aim of ensuring that the ongoing design and implementation of the programme responds appropriately to those dynamics in order to support achievement of the FCDO's GESI objectives and ensure that efforts to broaden the tax base do not inadvertently reinforce existing inequalities but promote inclusive economic participation and empowerment. This analysis will need to be revisited regularly during the implementation phase. GESI analysis will be expected to inform design and approach to delivering TA throughout implementation.

GESI performance will be continually assessed throughout implementation through reporting and monitoring.

16. Monitoring, Evaluation, Reporting and Learning (MERL)

Theory of change

A draft theory of change statement for the intervention is set out in the box below. This remains provisional and is based on a number of assumptions, including that:

- There remains high level political and organisation appetite for reform, including demand for BHC funded TA. Key leaders such as the Commissioner General remain in place

- The KRA has sufficient capacity to absorb TA.

Theory of Change statement
The intervention will work to build on existing demand for reform through engagement with key KRA officials. The project will use insights from existing and ongoing Political Economy Analysis to identify opportunities for impactful TA support to the KRA's organisation transformation agenda. Assuming that the demand for change exists within the KRA, that there is both the capacity and the appetite to engage with FCDO support provided through the TA project, and that the project focuses on activity that is in line with the delivery principles outlined in this ToR, these activities are expected to contribute to: • Strengthened the organisational structure of the KRA to dedicate more staff to front-line work, reduce internal bureaucracy and improve efficiency. • Strengthened capacity to effectively use data to target staff effort in a more productive way; and • The development of an evidence based and effective approach to the taxation of MSMEs. Strengthened capacity means that the counterpart staff have the skills and abilities to do their jobs. Strong systems are appropriately structured and resourced, use efficient and effective tools, processes and models. Those systems are guided and governed by policies and procedures that are aligned with effective and equitable tax administration, taking into account the priorities of different groups, particularly those most in need. If the objectives are delivered this will contribute to improved systems for domestic resource mobilisation. This in turn is expected to contribute at impact level to increasing the sustainability and effectiveness of Kenya's economic structures, promoting fiscal sustainability and reducing reliance on debt to finance development.

MERL approach

The Intervention will be delivered in line with a flexible results framework, to be developed in the Inception Phase, which will be reviewed regularly to ensure that it is able to evolve in line with the nature of the support being provided and in response to the evolving circumstances and opportunities. This logical framework will utilise – where practicable – indicators drawn from the PFRC indicator menu already developed by the PFRC MERL lead, in order to enable effective nesting of the results framework within the broader PFRC results framework (however, this will not be mandated where it would be at the expense of relevance).

Learning. In a programme with regular review points, strong systems will need to be put in place to reflect on progress, the approaches that are working well and those that need action. Quarterly report should be used for lesson learning and to identify course corrections as required

All programme documentation, deliverables, and outputs must be stored securely and shared with the BHC programme team through an agreed platform or mechanism. This could include secure folders, shared drives, or direct access to a cloud-based system (e.g. SharePoint), depending on what is mutually agreed during the Inception Phase. Accessibility and version control must be maintained throughout the intervention.

17. Value for Money and Social Value

Value for Money is to be considered in all aspects of their delivery of the Intervention and reported on in quarterly/annual reports.

18. Risk management

The overall risk for the intervention is currently assessed as **major**. This rating reflects the contentious nature of tax in Kenya and the changing context in which the project is expected to operate.

The MS/Delivery Team will maintain a risk register and provide updates with the quarterly reports.

19. Financial Management and Payment

Budget

The maximum budget for this intervention is £1,000,000 in FY 25/26. Budget for future financial years is as yet unknown.

Payment

Inception Phase

Payment for the Inception Phase will be based on fees and expenses incurred and will be paid monthly in arrears with 20% of gross fees in the inception phase linked to the completion and formal acceptance by the FCDO of the key Inception Phase deliverables set out below:

Deliverable	% Gross Fees Attributable
Gap Analysis and Recommendations	2
Risk Register with Mitigations	2
Draft Results Framework	3
Agreed Key Performance Indicators	8
Inception Report	5

Monthly invoices will be paid in full throughout the Inception Phase. The deliverables will be reviewed at the end of the Inception Phase, if any deliverable is not accepted there will be one opportunity to revise and resubmit the deliverable. If any deliverables are not accepted by BHC Nairobi upon resubmission a service credit equal to the attributed percentage of fees will be applied to the next invoice.

Implementation Phase

Payment will be made monthly in arrears on a fees and expenses basis in line with the monthly financial forecast provided and quarterly workplan.

20% of fees will be linked to the achievement of the KPIs agreed during the Inception Phase which will be assessed on a quarterly basis and a service credit applied for KPIs not achieved.

Invoices will be submitted to BHC Nairobi following the period being invoiced by the Managing Supplier on the date set out in the financial calendar which will be agreed during kick-off call. A breakdown of the fees and expenses incurred will be submitted with the invoice.