

REPUBLIC OF KENYA

THE NATIONAL TREASURY AND PLANNING

**GOVERNMENT-WIDE INTEGRATED RISK MANAGEMENT
POLICY**

AUGUST 2021

ABBREVIATIONS AND ACRONYMS

DDOS	Distributed Denial of Service
EAC	East African Community
GDP	Gross Domestic Product
GW-IRM	Government-wide Integrated Risk Management
IAGD	Internal Auditor General Department
ICT	Information and Communication Technology
KIPPRA	Kenya Institute for Public Policy Research and Analysis
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MDCAs	Ministries, Departments, Counties and Agencies
MICNG	Ministry of Interior and Coordination of National Government
NACADA	National Authority for the Campaign against Alcohol and Drug Abuse
NIRIMS	National Integrated Risks Information Management System
NRA	National Risk Assessment
NRCC	National Risk Coordination Council
NRP	National Risk Profile
OAG	Office of the Auditor General
OECD	Organization for Economic Co-operation and Development
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SCAC	State Corporations Advisory Committee
SDGs	Sustainable Development Goals
UN	United Nations
VUCA	Vulnerabilities, Uncertainty, Complexity and Ambiguity

WGA Whole of Government Approach
WSA Whole of Society Approach

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DEFINITIONS AND TERMINOLOGIES

Capacity building: The development of human skills or institutional capacity to reduce the level of national critical risks.

Climate change: Alterations in global or regional temperatures and typical weather patterns over an extended period (typically decades or longer).

Cascading effects: Multiple self-reinforcing feedback mechanisms whereby a shock to one system triggers consequences in various connected sub-systems.

Crisis: A situation in which adverse outcomes from national critical risks become so severe and generalized that the functioning of the system is threatened.

Disaster: A serious disruption of the functioning of a community or a society causing widespread human, material, economic or environmental losses that exceed the ability of the affected community or society to cope using its own resources.

Early warning: The provision of timely and effective information, through identified institutions, which allows individuals exposed to a hazard to take action to avoid or reduce their risk and prepare for effective response.

Emerging risks: New risks or known risks that become apparent in new context and conditions.

Entity-specific risks: Risks that can be managed entirely within a single entity's operations and can generally be well understood and effectively managed through entity risk management processes.

Forecast: Definite statement or statistical estimate of the occurrence of a future event.

Governance: Actions, processes, traditions and institutions by which authority is exercised and collective decisions are taken and implemented.

Government-wide Integrated Risk Management: Continuous, proactive and systematic practices and processes to coordinate governance of national critical risks across ministries, public administration and public agencies.

Global risks: Uncertain events or conditions that, if they occur, can cause significant impact on several countries or industries within the next ten years.

Hazard: A potentially damaging physical event, phenomenon or human activity that may cause loss of life or injury, property damage, social and economic disruption or environmental degradation.

Idiosyncratic risk: Risk that is not correlated to overall market; risk that is sector-specific or firm-specific.

Mitigation: Structural and non-structural measures undertaken to limit the adverse impact of various hazards and critical risks.

Monitoring: Continuous checking, supervising, critically observing or determining a status to identify change from the performance level required or expected.

National critical risks: Strategically significant risks due to their unforeseen pathways resulting in adverse impact of national significance.

National risk assessment: The overall process of identification, analysis and evaluation of national critical risks for the purpose of informing priorities, developing or comparing courses of action, and informing decision-making.

National risk profile: A description set of the critical risks relating to a country.

National risk register: A record of all the critical risks' information relating to a country.

Preparedness: Activities and measures taken in advance to ensure effective response to reduce the consequences and likelihood of risks.

Recovery: Actions taken after a disaster with a view to restoring or improving the pre-disaster living conditions of the stricken community, while encouraging and facilitating necessary adjustments to reduce future disasters.

Response: The provision of strategic assistance or intervention during or immediately after a disaster to enhance opportunities and reduce threats.

Resilience/resilient: The adaptive capacity of a system, community or society in a complex and changing environment.

Risk: The effect of uncertainty on objectives. An effect is a deviation from the expected. It can be positive, negative or both, and create or result in opportunities and threats. This policy focuses on negative effects likely to hinder the achievement of set objectives while promoting positive effects.

Risk assessment: The overall process of risk identification, risk analysis and risk evaluation.

Risk governance: The totality of actors, rules, conventions, processes and mechanisms concerned with how relevant risk information is collected, analysed and communicated.

Risk management: The design and implementation of coordinated activities by an entity in regard to risk.

Risk management process: Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing national critical risks.

Shock: A change that may be positive or negative and that may occur gradually or suddenly.

Stakeholder: A person or entity that can affect, be affected by, or perceive themselves to be affected by a decision or activity.

Sustainable development: Development that meets the needs of the present without compromising on the needs of future generations.

Systematic risk: Risk that impacts the entire industry rather than a single company or security.

Systemic risk: An event that can spark a major collapse in a specific industry or the broader economy.

Threats: Potential source of danger, harm or undesirable outcome. A threat is a negative situation in which loss is likely to occur and over which one has relatively little control. A threat to one party may pose an opportunity to another.

Uncertainty: The state of deficiency of information related to, understanding or knowledge of an event, its consequence, or likelihood.

Vulnerability: The intrinsic properties of something resulting in susceptibility to a risk source that can lead to an event with a consequence.

Whole of Government Approach: The joint activities performed by diverse ministries, public administrations and public agencies to provide a common solution to a particular set of problems or issues.

Whole of Society Approach: The involvement of all stakeholders, from individuals to government entities, businesses and non-governmental organizations to provide a common solution to a particular set of problems or issues.

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FOREWORD

The Government maintains a critical role in advancing national interests while protecting business and citizens. Pursuing the collective interests calls for a broader and holistic view of the operating environment.

We live in unpredictable times where the country faces several national critical risks that may jeopardize and harm its interests, the interests of citizens and businesses. In the face of these uncertainties, the need for a Government-wide Integrated Risk Management policy cannot be overemphasized.

In view of this, I am pleased to issue the *Government-wide Integrated Risk Management Policy*. This policy aims to establish a Government-wide Integrated Risk Management (GW-IRM) framework using a holistic approach to enhance Government risk management capacity. It is intended that this policy will improve the Government's ability to anticipate, prepare for, and handle a wide range of possible crises and global shocks, while also seizing opportunities that will help the country achieve its national interests.

The policy formulation process involved a situational analysis to identify gaps in the country's critical risks management interventions. The gaps identified include lack of a mechanism to coordinate management of national critical risks, and insufficient guidelines, procedures and laws to support integrated risk management. The policy takes cognizance of existing State agencies such as the National Disaster Management Unit, and others that respond to national critical risks and disasters in the country, albeit in a limited manner. The policy, therefore, aims to develop new frameworks and strengthen already existing ones to improve risk management capacity in the public sector.

This policy outlines specific objectives to foster national resilience and responsiveness to national critical risks, including developing a legal and institutional framework, and coordinating country-wide risk management activities. The framework will include the establishment of a National Risk Coordination Council whose key role will be to coordinate national critical risk management activities across the country. The policy also proposes the establishment of a National Risk Management Fund.

Finally, it is envisaged that the policy will provide a reference point to Government and its stakeholders in risk management to respond to national critical risks facing the country. This will enable the country to be more resilient to critical risks whenever they emerge. I call upon the National and County Governments, development partners and other stakeholders to support the implementation of this policy.

Hon. (AMB) Ukur K. Yatani, EGH
Cabinet Secretary/National Treasury and Planning

PREFACE

Management of national critical risks through a Government-wide Integrated Risk Management approach is important for the general well-being of the economy, and the safety of Kenyan citizens and businesses.

In one way or another, we have all witnessed the impact of national critical risks, the latest one being the COVID-19 pandemic that has held the world hostage, ravaging and devastating lives and economies.

There is no coordinated approach to management of national critical risks in Kenya, and this occasioned the need to develop a Government-wide Integrated Risk Management policy that will direct critical risks management efforts across Government in Kenya. The policy will enable the country to pay attention to national critical risks and mitigate them within an environment of constrained resources, but with the aim of achieving optimal impact. The successful implementation of this policy will entrench a “Whole of Government” perspective to management of national critical risks.

This policy will guide the design, implementation, conduct and continuous improvement of a Government-wide Integrated Risk Management framework that will coordinate the management of national critical risks across Government. The policy is presented in five chapters addressing the background information, situational analysis of the risk management process in the country, the policy commitments for management of national critical risks, implementation framework and monitoring and evaluation framework.

By implementing this policy and entrenching its philosophy in our service delivery, we can build a vibrant economy and provide a more secure and safer environment for our people. It is important to regularly monitor and evaluate the framework to assess the risk interventions that will be put in place so that in the end, the objectives of the policy are achieved. As a

Government, we will continue to ensure that the country is resilient to national critical risks for sustainable economic growth, and political and social stability.

Julius Muia (PhD), CBS
Principal Secretary/National Treasury

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ACKNOWLEDGEMENT

Development of the Government-wide Integrated Risk Management (GW-IRM) policy involved in-depth literature review and consultative meetings with various stakeholders. It also involved benchmarking with, among others, the Organization for Economic Cooperation and Development (OECD) recommendations on governance of critical risks and leading countries in risk governance.

We would like to thank the Cabinet Secretary, The National Treasury and Planning, Hon. (Amb.) Ukur Yatani, and Principal Secretary National Treasury FCPA Dr Julius Muia (PhD, CBS) for initiating and guiding the policy development process with a view to strengthening the governance of national critical risks.

We express our gratitude to the Public Sector Accounting Standards Board, Internal Auditor General's Department and the Kenya Institute for Public Policy Research and Analysis for availing resources towards this process. We specifically acknowledge the contributions of the technical team drawn from these institutions, which contributed in drafting of this policy.

Hon. Eric Simiyu Wafukho
Chief Administrative Secretary
The National Treasury and Planning

EXECUTIVE SUMMARY

The Government-wide Integrated Risk Management Policy has been developed by The National Treasury and Planning through the Public Sector Accounting Standards Board, Internal Auditor General's Department and the Kenya Institute for Public Policy Research and Analysis to promote effective risk governance in the country and ensure that national critical risks are managed through an integrated approach, and mechanisms that support the achievement of national interests and Government objectives as enshrined in the Constitution of Kenya 2010. The policy will foster national resilience by promoting development of capacity to identify, mitigate and recover from critical risks. The policy will support effective coordination and management of national critical risks in Kenya by building efficient mechanisms of national preparedness to anticipate impacts and likelihoods of national critical risks.

The purpose of this policy is to guide the design, implementation, conduct and continuous improvement of a Government-wide Integrated Risk Management framework. This will integrate management of national critical risks across Government. The policy will be issued along with the Public Sector Risk Management Guidelines, which will guide public entities in the design, implementation, conduct and improvement of their risk management frameworks and capacity to effectively manage entity-specific risks.

The focus of this policy is on national critical risks; risks that if not managed, will have adverse effects to Kenya's interests and the well-being of society. This policy has categorized these risks into nine (9) thematic areas, namely: (i) Environmental hazards; (ii) Threats to public and animal health; (iii) Major accidents; (iv) Disruption of critical infrastructure; (v) Technological threats; (vi) Social threats; (vii) Geopolitical threats; (viii) Economic threats; and (ix) Governance threats.

This policy document is divided into five chapters as follows:

Chapter 1: The Introduction provides background to Government-wide Integrated Risk Management policy and approach and underscores the rationale for the policy. The chapter emphasizes the Government's fundamental responsibility in ensuring resilience to national critical risks by improving its ability to anticipate, prepare for and handle a wide range of possible crises that could harm the country's interests, the interests of its citizens and businesses.

Chapter 2: The situational analysis provides an analysis of the risk management policy issues and challenges. The Chapter highlights the fragmented approach to risk management across Government and the lack of integration of national critical risks management within governance, planning, decision-making and performance management systems. It emphasizes the need to develop a GW-IRM policy that can provide a holistic view of all risks to national interests. This has been informed by a review of global trends in country risk governance, Kenya's national critical risks, the existing policies, legal and regulatory frameworks, key actors in GW-IRM and a SWOT analysis.

Chapter 3: The Policy Commitments for Management of National Critical Risks in Kenya details the strategies the Government of Kenya will use to establish and implement Government-wide Integrated Risk Management approach. The Chapter outlines Government commitments to the development of a legal and institutional framework that supports management of national critical risks; coordination of country-wide risk management activities; promotion of risk informed decision-making across Government; development of national crisis management strategies; enhancement of risk management capabilities in the public sector and among stakeholders; entrenchment and enhancement of risk management

culture across Government; and mobilization of resources for management of national critical risks, strategies and programmes.

Chapter 4: The implementation framework provides coordination and administration mechanisms for policy implementation. The Chapter highlights the need for institutional, legal, and regulatory reforms for successful implementation of the policy and highlights the critical success factors. It proposes the establishment of a National Risk Coordination Council, a National Risk Management Fund and other Government risk coordination structures; their powers; roles; relationship and functions.

Chapter 5: Monitoring and Evaluation (M&E) provides a systematic process of collecting, analyzing and using information to track implementation of the policy. The Chapter outlines the M&E process, which will follow a strategic implementation plan developed by the (to be established) National Risk Coordination Council. The policy monitoring will involve gathering evidence on the policy during implementation and using the findings to influence future courses of action. Evaluation will be undertaken to respond to specific questions regarding the performance of the implementation of this policy.

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CHAPTER ONE: INTRODUCTION

This chapter provides a background of Government-wide Integrated Risk Management (GW-IRM) approach in managing national critical risks. It underscores the rationale and purpose, benefits, policy objectives, guiding values and principles of implementing GW-IRM, the themes under which national critical risks are categorized, and finally the scope of this policy.

1.1 Background

Countries across the world have faced natural and man-made risks emanating from within and outside their boundaries. These risks result in vulnerabilities that impact and disrupt social well-being.¹

Global financial crises, political instability, terrorism, migration, wars, commodity price fluctuations, extreme poverty, adverse weather conditions such as droughts and floods, earthquakes, communal conflicts, diseases and more recently the COVID-19 pandemic have sent financial and economic shocks that have disrupted the world economy and caused social instability. This is amplified by negative aspects of globalization, which include possible disruptions in critical infrastructure, communication, trade, transport and financial systems. The effects of such shocks linger for years, and recovery and reconstruction efforts are constrained by limited resources and slow emergency responses.

Kenya has in the recent past been exposed to several critical risks that threatened national security and economic stability. Some of the national risks and challenges experienced in the past include terrorism, external

¹ Examples of global events that shocked the world economy include: World Wars, The North- South divide (1980s), The Millennium Bug (1999- 2000) and Economic crisis such as the Great Depression 1932; the Suez Crisis 1956; the International Debt Crisis 1982; the East Asian Economic Crisis 1997-2001; the Russian Economic Crisis 1992-1997, the Latin American Debt Crisis in Mexico, Brazil and Argentina 1994-2002, and the Global Economic Recession 2007-2009.

aggression, ballooning public debt, public expenditure pressure, serious crime, ethnic conflict, extreme poverty, inadequate infrastructure, weak accountability systems and corrupt practices, food insecurity, commodity price fluctuations and disruptive technologies. This calls for the Government to enhance risk management capabilities to make risk-informed decisions about the future environment.

While public and business entities focus on managing entity-specific risks that may hinder achievement of their objectives, and individuals and households focus on managing idiosyncratic risks that affect their welfare, some risks are systematic and are caused by economic, political, and social factors beyond the control of Government, businesses and households. These risks can only be managed at country or international level.

1.2 Policy Rationale and Purpose

The Constitution of Kenya outlines Kenya's national interests, which form the basis for identification, categorization, assessment and mitigation of national critical risks. The national interests include: (1) Sovereignty of the People; (2) Peace and Unity; (3) Respect for Environment; (3) Sustainable Development; (4) Commitment to well-being of the Society; (5) Human Rights and Fundamental Freedoms; (6) Social Justice; (7) Democracy and Participation of the People; (8) Leadership and Integrity; (9) Political Stability; (10) Good Governance; and (11) Economic Growth

The environment within which Government and businesses operate is fraught with vulnerabilities, uncertainty, complexity and ambiguity (VUCA). This situation calls for a holistic approach to managing the attendant uncertainties, thus the need for a coordinated approach to managing these vulnerabilities.

This policy aims to ensure a coordinated and integrated approach to management of national critical risks. This shall be achieved by establishing a Government-wide Integrated Risk Management (GW-IRM) framework using “Whole of Government” and “Whole of Society” approach. It is expected to increase the Government risk management capacity by improving the ability to anticipate, prepare for, and handle a wide range of possible crises and global shocks that could harm the country’s interests, citizens and businesses.

Establishing and maintaining a GW-IRM framework requires putting in place appropriate policies, governance structures, processes, resources and systems to coordinate different actors to generate national critical risk information to strengthen the country’s risk resilience and to achieve long-term development and stability at a lower overall fiscal cost (affordability and sustainability).

1.3 Benefits of Implementing GW-IRM

Risk management is an integral part of governance; it enables a proactive approach to identifying, assessing, managing national critical risks and informing risk-based decision-making that promotes improvement, efficiency and effectiveness in Government operations. It also allows for suitable systems of accountability that promote compliance with laws and regulations.

The GW-IRM approach considers national critical risks in a consistent manner using common criteria. It combines risk reduction vehicles and methods in a manner to complement the existing risk management practices.

A GW-IRM approach will be a major step towards managing the complexity inherent in the many national critical risks facing the country through an integrated, transparent, continuous, multi-stakeholder process that

coordinates risk assessment and risk reduction efforts. It will thus increase the systematic integration of the risk factors into a large number of day-to-day strategic decisions and help to more efficiently allocate scarce resources, and monitor progress on multiple fronts.

The specific benefits of GW-IRM include, among others:

- (i) Improved accountability and governance.
- (ii) Consistent identification and prioritization of the national critical risks facing the country.
- (iii) Improved understanding of risk interdependencies to enhance governance of national critical risks.
- (iv) Support risk-informed decision-making, governance and performance management at both strategic and operation levels.
- (v) Enhancing communication and coordination through, among others, common risk language, risk processes and systems across Government and its stakeholders.
- (vi) Provide decision-makers with a complete dashboard of exposure and possible solutions that integrates national critical risk information to foster effective decision-making.
- (vii) Position the country as one of the more active countries around the world on national critical risk management to attract foreign investors.
- (viii) Greater awareness about the national critical risks facing the country and the ability to respond effectively.
- (ix) Achievement of medium- and long-term development goals.
- (x) Seize opportunities to further the country's national interests.

(xi) Nurture a risk management culture in Kenya.

1.4 Policy Objectives

The overall objective of the Government-wide Integrated Risk Management Policy is to ensure implementation of an effective risk management framework that promotes the achievement of the country's development goals as outlined in the Kenya Vision 2030, African Union Agenda 2063 and the UN Sustainable Development Goals (SDGs).

The specific objectives of the Government-Wide Integrated Risk Management Policy are to:

- (i) Develop a legal and institutional framework to support management of national critical risks;
- (ii) Effectively coordinate Government-wide Integrated Risk Management activities and build resilience and responsiveness to national critical risks;
- (iii) Promote risk informed decisions across Government through foresight analysis and risk assessments;
- (iv) Develop crisis management strategies to enhance emergency responses;
- (v) Enhance risk management capabilities in the public sector, and among other stakeholders;
- (vi) Entrench risk management culture across Government; and
- (vii) Mobilize resources for national critical risk management strategies and programmes.

1.5 Values and Principles Guiding Government-wide Integrated Risk Management

The Policy will be guided by the following principles:

(i) Integration of risk management approaches

Risk management will be an integral part of all Government activities, including governance, planning and budgeting, decision-making and performance management at both the strategic and operational levels.

(ii) Good governance

The GW-IRM will promote effective risk governance in the country through an integrated approach and ensure risk-based decision-making.

(iii) Transparency and accountability

Adequate information will be disseminated on implementation of this policy for the Government and all key actors to undertake their responsibilities effectively.

All resources utilized for Government-wide risk management will be accounted for and the results disseminated in formats that are easily accessible to relevant stakeholders.

(iv) Inclusivity

All relevant stakeholders will collaborate to ensure that Government-wide risk management is executed to the benefit of the people of Kenya.

(v) Risk culture

The effect of human behaviour and cultural factors on all aspects of risk management will be considered as they have the potential to facilitate and hinder achievement of the Government-wide risk management objectives.

(vi) Responsiveness

GW-IRM is tailored to respond to Government priorities, risk culture, risk management capacity, and stakeholder interest.

(vii) Sustainability

GW-IRM processes will monitor the use of resources to provide reasonable assurance that the needs of the present have not compromised the ability of future generations to meet their own.

(viii) Holistic

The implementation of this policy adopts Whole of Government (WGA) and Whole of Society (WSA) approaches to management of national critical risks.

(ix) Stakeholder involvement

GW-IRM approach will involve participation and communication with stakeholders to improve their risk awareness and enhance their role in risk mitigation, which would lead to informed risk management decisions.

1.6 Themes of National Critical Risks

The list of risks that can affect a country is virtually infinite and criteria are needed for their identification and disclosure. The threats and risks facing society, which will be the scope of this policy, can be summarized into nine themes:

- (i) **Environmental hazards:** Extreme weather events, which to a large extent are attributed to climate change and can have serious consequences for society. They include drought, floods, landslides, rising water levels, lightning attacks, wildfires, environmental pollution, unsustainable land use practices, human-wildlife conflicts, deforestation, and geological hazards.

- (ii) **Threats to public and animal health:** Large-scale outbreak of infectious diseases, such as a COVID-19 pandemic, and animal disease outbreaks that have a destabilizing impact on socio-economic activities. Threats to public and animal health also include anti-microbial resistance, biohazards, electronic wastes, and non-biodegradable wastes.
- (iii) **Major accidents:** This category covers all accidents that can result in social destabilization, such as transport-related accidents. These include air accidents, largescale fire outbreaks, industrial accidents among others,
- (iv) **Disruption of critical infrastructure:** The emphasis is on the possible vulnerabilities of critical infrastructure and the potential impact of failure irrespective of the applicable circumstances and the reason for the failure, and with great impact due to cascading effects. Such infrastructure include transport (road, air water, and rail), information and communication technology (for example fibre cables, satellite communication facilities), energy and petroleum processing and distribution, among others.
- (v) **Technological threats:** Focuses on disruption of technological systems and disruption of internet, and cyber espionage and cybercrime. Technological threats can cause both direct and indirect damage owing to substantial data leak and the corruption of key systems.
- (vi) **Social threats:** This category focuses on various types of threats that could create large-scale disorder, and subversive practices that threaten, among other things, open society with possible consequences of extremism and terrorism. The threats manifest in frequent industrial actions, widespread public disorder, serious and

organized crime, cartels, illegal immigration, illegal firearms, drug trafficking and drug use, bribery and corruption, child and gender violence, human trafficking, income disparity, youth bulge, unemployment.

- (vii) **Geopolitical threats:** These relate to the effect of geographical factors on (national and international) political issues, and more specifically the battle to control land, water bodies and space to define borders and spheres of influence, regional trade disputes, and international trade alignments.
- (viii) **Economic threats:** This refers to potential incidents or crises that can occur within the financial-economic system, differentiated from the normal pattern of fluctuations in the economy, such as destabilization of the financial system and criminal interference in the business community, public debt, fiscal pressures and instability, global financial crisis, commodity risks, counterfeiting, tax evasion, money laundering, capital flight, unfavourable regional and global trade arrangements, and other economic crimes.
- (ix) **Governance risks:** This category of threats manifest in widespread corruption, threats to democratic systems, lack of mechanisms for democratic transfer of power, inability to hold credible and regular elections, dysfunctional institutions of governance, political violence, lack of clear long-term policies, decrease in investor confidence, lack of freedom of the press, lack of rule of law, and weak inter-governmental relations.

The risks are interdependent and failure in one risk may lead to one other or more risks.

1.7 Scope of Application

This policy addresses the national critical risks, while recognizing that there exists other sector and entity-specific risk management frameworks across Government that require to be managed in a coordinated approach.

The policy will apply to National and County Governments' Ministries, Departments and Agencies, independent bodies, and quasi-autonomous entities. It will also apply to private sector players, civil society, bilateral and multilaterals partners, and other players whose operations have an impact on the achievement of national interests.

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CHAPTER TWO: SITUATIONAL ANALYSIS

The analysis in this section aims to establish gaps in management of national critical risks in Kenya and provide a basis for establishment of a systematic approach to management of those risks.

2.1 Review of Global Trends in Governance of Critical Risks

The 16th edition of the World Economic Forum's Global Risks Report 2021 outlines uncertain events or conditions that, if they occur, could cause significant negative impact for several countries or industries within the next ten years. Among the highest likely global risks in the next ten years are extreme weather, climate action failure, human-led environmental damage, digital power concentration, digital inequality, and cybersecurity failure. Among the global risks with the highest impact in the next decade include infectious diseases, climate action failure and other environmental risks, weapons of mass destruction, livelihood crises, debt crises, and information technology infrastructure breakdown.

The most imminent threats (those that are most likely to occur in the next two years) include employment and livelihood crises, widespread youth disillusionment, digital inequality, economic stagnation, human-made environmental damage, erosion of social cohesion, and terrorist attacks. Economic risks feature prominently in the 3-5-year timeframe, including asset bubbles, price instability, commodity shocks and debt crises, followed by geopolitical risks, including interstate relations and conflict, and resource geopolitization. In the 5-10-year horizon, environmental risks such as biodiversity loss, natural resource crises and climate action failure dominate, alongside weapons of mass destruction, adverse effects of technology and collapse of states or multilateral institutions.

The World Development Report 2014 on Risk and Opportunity—Managing Risk for Development highlighted that the inability to manage risks properly leads to crises and missed opportunities. The report demonstrated that effective risk management can be a powerful instrument for development and called for countries and institutions to move from being “crisis fighters” to becoming “proactive and systematic risk managers” and to include risk management in development.

The Sendai Framework for Disaster Risk Reduction 2015-2030 advanced by United Nations Office for Disaster Risk Reduction, recognizes that a holistic approach to managing risks associated with natural and human-induced hazards, including prevention, preparedness, response, and recovery is required. The Framework emphasises a people-centred approach and builds on its predecessor, the Hyogo Framework for Action, 2005-2015, which focused on proactive approach to risk management.

The Convention on the Organization for Economic Co-operation and Development (OECD) Council of Ministers adopted the Recommendations of the Council on the Governance of Critical Risks on 6th May 2014 that recommended that members establish and promote a comprehensive, all-hazards and transboundary approach to country risk governance to serve as the foundation for enhancing national resilience and responsiveness. The recommendations affirms that successful governance of critical risks is a strategic investment in preserving economic competitiveness and sustainable growth, and in ensuring safer and better lives for the future.

The GW-IRM policy largely aligns with the OECD recommendations of the Council on the Governance of Critical Risks.

2.2 Review of Kenya's National Critical Risks

This section elaborates on the various themes of national critical risks, which include: environmental hazards; threats to public and animal health; major accidents; disruption of critical infrastructure; technological threats; social threats; geopolitical threats; economic threats; and governance threats.

2.2.1 Environmental hazards

Kenya has a long history of climate change-induced hazards, with major droughts recorded in 1975, 1983, 1999-2001 and 2016-2017. Flood episodes define Kenya's pre-independence, with the 1961 flooding (commonly known as Uhuru floods) being the most intense to date. Other flood events in the country include the El Niño-related floods of 1997/98, 2003 and 2018 that affected various parts of the country.

These events had negative effects on the economy, as manifested in disruption of production flows that result in production losses, increased operational costs, lost income, unemployment, among others. For example, in 2004, extreme drought was reported between May and July, which coincided with the planting season in most parts of the country. This resulted in the agricultural sector growing by a mere 1.6 per cent during the year compared to 6.9 per cent in 2005 and 6.4 per cent in 2010, which were considered normal production years. On average, it is estimated that Kenya loses between 2.0 per cent and 2.8 per cent per annum of GDP because of climate-related hazards. More importantly, these hazards cause macroeconomic imbalances. Droughts reduce government revenue following decline in tax collections brought about by production losses and destruction of production infrastructure. Expenditures also increase, especially those related to building resilience and mitigation measures necessitated by the disasters.

An estimated 3 to 4 million Kenyans are affected annually by disasters that disrupt livelihoods. More than 70 per cent of natural disasters that occur in Kenya are because of extreme climatic events, which include droughts and floods. Between 2008 and 2011, total losses arising from drought and damage by floods amounted to Ksh 968.6 billion and resulted to reduction of Gross Domestic Product (GDP) growth rate from an average of 6.5 per cent in 2006/2007 to an average of 3.8 per cent between 2008 and 2012. On average, the economic cost of droughts and floods alone is estimated to create a long-term fiscal liability equivalent to about 2.4 per cent of GDP each year.

2.2.2 Threats to public and animal health

Kenya has always been at risk of widescale epidemics such as Smallpox (1930s and 1950s), Cholera (since 1971), Rinderpest (1980), Malaria (perennial), Influenza, and HIV/AIDS (since 1984). Other emerging threats include anti-microbial resistance, biological hazards, electronic waste, and non-biodegradable wastes. Anti-microbial resistance (AMR) occurs when bacteria, viruses, fungi and parasites change over time and no longer respond to conventional medicines, making infections harder to treat and increasing the risk of disease spread, severe illness and death. The World Health Organization (WHO) has declared that AMR is one of the top 10 global public health threats facing humanity. Among the contributing factors to AMR are misuse and overuse of antimicrobials; lack of clean water and sanitation; and inadequate infection prevention and control. The cost of AMR to Kenya's economy can be significant, through loss of life, prolonged illness results and longer hospital stays, and the need for more expensive medicines hence increasing the country's healthcare costs.

In the recent past, Kenya has experienced army worm and locust invasions, which have created a major threat to food security. Kenya's desert locust

invasion, the worst in 70 years spread into 28 counties in 2019-2020, posing severe food security threat to about 3 million people. It is estimated that the locust invasion flattened about 175,000 hectares of crop and pastureland, upsetting the livelihoods of nearly 164,000 households. By and large, locust invasions posed a risk to food security and undermined economic growth.

2.2.3 Major accidents

The country has in the past witnessed major accidents that have resulted in social destabilization. These include road traffic accidents, fire tragedies and collapse of buildings.

According to the Economic Survey 2020 published by the Kenya National Bureau of Statistics (KNBS), traffic accidents increased by 39.3 per cent from 5,158 in 2018 to 7,184 in 2019. Reported casualties increased by 22.3 per cent to 15,747 in 2019. The seriously injured in the accidents increased by 48.5 per cent to 6,952 while deaths increased by 13.6 per cent to 3,586 in 2019.

The fire tragedies witnessed include Kyanguli Secondary school fire that led to death of at least 59 teenage boys in 2001, Molo tanker fire of 2009 that killed 72 people and affected 373 people, and the Sinai slum fuel fire tragedy of 2011 that led to 82 deaths and more than 100 people injured.

The National Construction Authority in its 2019 Report on Failure and Collapse of Buildings in the construction industry reported that the country recorded 87 building collapses over the past five years, with an estimated 200 people losing their lives and over 1,000 injured.

2.2.4 Disruption of critical infrastructure

The Government of Kenya has invested in various critical infrastructure that is essential in provision of services to citizens and investors. These include energy generation and transmission infrastructure, transportation and water

infrastructure systems, information and telecommunications, and critical government installations.

Dependence on the infrastructure has consequently grown, meaning that any deliberate or accidental disruption of the infrastructure would have serious consequences. In addition, inter-dependencies exist between the various forms of infrastructure, implying that disruption in one set of infrastructure is likely to result in damage or disruption of other dependent infrastructure.

It is estimated that Kenya loses Ksh 2 billion annually due to damage and degradation of vital infrastructure, excluding indirect costs arising from disruption of business operations.

The proposed Critical Infrastructure Protection Bill provides mechanisms for coordinating and strengthening the management of critical infrastructure for the benefit of society.

2.2.5 Technological threats

The digital world is expanding as more people work from home and more organizations conduct their businesses online. As digital activity increases, so does criminals' desire to take advantage of it, leading to advancements in computer security threats and digital crime.

Kenya faces technological threats that relate to disruption, distortion, and deterioration of technological systems. According to the Communication Authority of Kenya, the cyber threats detected in Kenya over the last five years include malware, online abuse, DDOS/Bosnet (Distributed Denial of Service), online impersonation, web application attacks and system vulnerabilities. Over the last five years, the total number of threats increased by 516.4 per cent to 56.2 million cases. During the period, the highest increase in threats has been malware and web application attacks, which increased

by 484 per cent and 538 per cent, respectively, to 46.1 million and 7.9 million incidences, respectively.

2.2.6 Social threats

Kenya faces various social threats that have huge potential to destabilize social order. The effects of these social threats manifest in increased crime, intolerance, extremism, gender-based violence, mental health issues, drug abuse, school dropouts, radicalization, among others.

Unemployment has remained one of the most daunting challenges in Kenya's socio-economic development for most of the post-independence period. According to the Kenya National Bureau of Statistics, unemployment rate in Kenya stands at about 40 per cent of the general population in 2013. According to the Ministry of Labour, about 2.1 million Kenyans work in the formal sector while 9.3 million are self-employed. The main causes of unemployment in Kenya are attributed to high population, global economic recessions, skills set mismatch, capacity under-utilization, among others.

The number of homicide crimes, offences against morality and other offences against persons jointly accounted for 40.9 per cent of all the crimes reported in 2019. Crimes reported on offences against morality increased by 11.3 per cent while those reported on other offences against persons rose by 8.6 per cent in 2019.

Insecurity, especially in crime-prone areas, has greatly contributed to school dropouts. Areas prone to tribal or ethnic activities and terrorism often witness regular displacement of families from certain areas. This results to children dropping out of school. For example, teachers in Mandera, Wajir and Garissa are displaced by insecurity because of terrorism in these areas. In Elgeyo Marakwet and West Pokot areas, cattle rustling has resulted to pupils and teachers avoiding school, and in the long run pupils drop out of school.

Kenya has been ranked eighth globally and sixth in Africa among countries with the largest number of people living in extreme poverty. According to the World Poverty Clock report 2019, 29 per cent (14.7 million) of the 49,684,304 people are very poor and earn less than US\$ 1.90 (Ksh 197) per day or Ksh 5,910 monthly. Poverty leads to many other challenges, including early pregnancies and marriages among girls.

A survey by the National Campaign Against Drug Abuse (NACADA) revealed that 23.3 per cent of Kenyans are abusing at least one drug. Among the most abused substances include alcohol, tobacco, bhang and miraa. Drug use remains prevalent in Kenya despite intensified attempts to create awareness on the effects of drug abuse, with the youth being the majority and the problem getting into schools.

2.2.7 Geopolitical threats

Geopolitical threats relate to the effect of geographical factors on (national and international) political issues, more specifically the battle to control land, water bodies and space to define borders and spheres of influence, regional trade disputes and international trade alignments.

Globally, some of the key geopolitical risks result from competition for resources. In East Africa, Kenya faces threats posed by political instability in some of its neighbouring countries. There are also threats arising from maritime boundaries in Lake Victoria and the Indian Ocean. Kenya has also continually faced threats from terrorist groups operating in some neighbouring countries. The major extremist and terrorist incidents include Bombing of the US embassy in Nairobi in 1998 by al-Qaeda operatives, which killed more than 220 people; the September 2013 siege of Nairobi's Westgate shopping mall, which left 67 people dead and 175 injured; the April 2015 attack on Garissa University in north eastern Kenya in which militants killed 148 people, perpetrated by the Somali-based al-Shabaab; and the January 2019

duisitD2 complex and hotel attack, which claimed 26 lives and injured another 28.

The Government of Kenya has taken an aggressive approach to countering extremism at home and abroad. It has invested significant resources to disrupt terrorism financing and operations. The Security Laws (Amendment) Act No. 19 of 2014 has empowered security forces to deal with geopolitical threats.

2.2.8 Economic threats

Economic threats are potential incidents or crises that can occur within the financial-economic system, differentiated from the normal pattern of fluctuations in the economy. They include destabilization of the financial system and criminal interference in the business community, public debt, fiscal pressures and instability, global financial crisis, commodity risks, counterfeiting, tax evasion, money laundering, capital flight, unfavourable regional and global trade arrangements, among others.

In the recent past, financial disruptions triggered by the US subprime mortgage market precipitated a global financial crisis (GFC), which simultaneously affected all the major world economies, causing a recession. Although Kenya and African markets were remarkably resilient to the GFC, the country experienced decline in demand for exports. Growth in the tourism sector declined due to reduced number of visitors, depreciation of the Kenya Shilling to the US dollar, and decline in foreign assistance for development projects. Disruptions in global commodity markets for exports such as horticulture (cut flowers and vegetables), coffee and tea can lead to major decline in foreign exchange. This was experienced in 2020 when reduction in global travel to contain the COVID-19 pandemic resulted in reduced demand for key agricultural-related commodities. It is estimated that in 2020, Kenya's economic growth will decline to 0.6 per cent compared

to 5.4 per cent in 2019, following negative impacts of the COVID-19 pandemic on most sectors.

A National Baseline Survey conducted by the Kenya Anticounterfeit Authority in 2019/20 revealed that illicit trade costs the Government of Kenya Ksh 100 billion in revenue annually, with building, mining, construction, energy, electrical, electronics, food, beverage and non-alcoholic drinks, textile and apparel sectors being the most affected. Counterfeiting costs the country more than 32.5 per cent of jobs annually, and companies record sales losses of between 37.6 per cent and 42.1 per cent. This situation shows that counterfeiting has the potential to dislocate hundreds of thousands of legitimate jobs, and loss of revenue that could be used to revitalize the economy. It could also expose producers and consumers to dangerous and ineffective products.

2.2.9 Governance threats

Kenya ushered in a new Constitution in 2010. This resulted in a bicameral house (the National Assembly and Senate), with the first election under the new law held in 2013 and the second in 2017. The Speakers of both houses are elected by members, with the seat going to the majority Party in the house. Government business is transacted based on house strength.

There have been several challenges experienced in implementation of the new Constitution, among them: power struggles between the two houses about which is superior, posing a major setback in passing critical laws, for example on division/allocation of revenue to the County Governments; and tension between some functions that are now devolved, especially the health sector, with frequent industrial actions by health professionals, which paralyzes service delivery leading to suffering and loss of lives.

Unending power struggles at the county level between elected leaders has led to impeachment of some Governors by Members of the County Assembly (MCAs), thus affecting county operations and service delivery.

Kenya experiences disparities in equity and equality in sharing resources and opportunities, by region, class, and political inclination, thus compromising national values. Consequently, the national elections held every five years are often contentious, sometimes leading to violence and loss of lives and property. Contentious elections have potential for recurrent violence and destabilization of the economy as investors steer clear of the country before, during and after elections. Moreover, vested interests hinder the passing of critical legislation required for free and fair elections in the country.

According to the Corruption Perception Index 2020, Kenya was ranked 124/184 countries. Bribery, embezzlement, tax evasion, and electoral irregularities are some of the main corruption challenges Kenya faces. The country has trailed its East Africa's peers in the World Economic Freedom Index, ranking position 132 globally on corruption, regulatory efficiency and high tax burden. The Government is enhancing the institutional, legal and regulatory framework to fight corruption.

2.3 Review of Existing Policies, Legal and Regulatory Frameworks

The Constitution of Kenya 2010 outlines the national interests that guide the Government in improving the lives of its citizens. It provides the legal framework that directly or indirectly addresses governance of national critical risks. For example, the Constitution addresses issues of sovereignty of the people, citizens entitlements, rights, and issues of land and environment. It provides values and principles of leadership to ensure social order and good governance. Moreover, it makes various provisions that respond to

economic threats, and management of public finance. It has also created various institutions that ensure delivery of services, and safety of its citizens.

In addition to the Constitution, there are several other frameworks, national and international, that emphasize the need for risk management through a government-wide approach.

The United Nations Sustainable Development Goals (SDGs) emphasize the responsibility of governments to establish effective risk governance capabilities to anticipate, prepare for and handle a wide range of possible crisis and global shocks that could harm citizens and businesses, and hinder the achievement of development goals. The inability to manage risks at national level leads to sub-optimal achievement of the set government priorities and missed opportunities to promote the well-being of society. Effective management of national critical risks would help achieve national development goals and improve the standards of living in a country.

The African Union Agenda 2063 (“The Africa We Want”) highlights the need for governments to manage critical threats facing the continent, including conflict, instability and insecurity, social and economic inequalities, organized crime, trade in drugs, illicit financial flows, poor management of diversities, religious extremism, ethnicism and corruption, failure to harness the demographic dividend, escalation of Africa's disease burden, climate risks and natural disasters, and global shocks, among others.

The East Africa Commission (EAC) Vision 2050 has highlighted the necessity to mitigate disaster risk, economic risk, food security and drought, terrorism among other risks facing the community. It has also emphasized risk management as a capacity and skill requirement towards realizing the Vision.

The Kenya Vision 2030 is anchored on three key pillars: economic, social, and political governance. The Vision has emphasized the need for management of critical risks that may hinder the achievement of the set objectives. For example, the Vision highlights the need to minimize institutional risks related to corruption and insecurity. It is therefore imperative that the country adopts Government-wide Integrated Risk Management (GW-IRM) approach towards management of national critical risks to enhance the achievement of the Governments' strategic national objectives through proactive risk anticipation measures.

Public sector entities are mandated under the Public Finance Management (PFM) Act 2012 and Regulation 165 (1) of the PFM Regulations 2015 to implement entity-specific risk management frameworks. The National Treasury has developed Public Sector Risk Management Guidelines to guide Ministries, Department and Agencies (MDAs) in National and County Governments to develop risk management strategies to manage entity-specific and inter-entity risks in an integrated approach. These guidelines build on the Treasury Circular 3/2009 of 23rd February 2009, which mandated all Government departments and offices to integrate risk management in their activities.

In 2015, the Government through the State Corporations Advisory Committee (SCAC) issued the *Mwongozo* Code of Governance for State corporations, requiring all boards of these entities to ensure that effective processes and systems of risk management and internal controls are put in place.

The Office of the Auditor General (OAG) through the Public Audit Act section 2(b) is required to provide independent assurance on governance, risk management and internal controls and report to the above oversight bodies. The Accounting Officers to the National Assembly and the County Assemblies are required to provide oversight on behalf of the citizens. The

National Assembly and the County Assemblies have powers to summon Accounting Officers to account on use of public funds.

This policy takes cognizance of existing legal frameworks mandating institutions to handle specific critical risks as outlined in Appendix 1. These institutions will continue to discharge their statutory mandates and support the implementation of risk management within the broader GW-IRM framework.

2.4 Review of Key Actors in Government-wide Integrated Risk Management

The management of national critical risks brings together a variety of key actors who need to be coordinated through a GW-IRM framework. Some of the actors will include:

- (i) Executive Office of the President
- (ii) National Government Ministries
- (iii) Commissions and Independent Offices
- (iv) County Governments
- (v) State Departments and Agencies
- (vi) County Departments and Agencies
- (vii) Expert Panels
- (viii) Research Institutions
- (ix) Private Sector
- (x) Development Partners
- (xi) Non-Governmental Organizations

(xii) Communities and Community-Based Organizations

Detailed roles and responsibilities of each actor are discussed in Chapter 4.

2.5 Review of Challenges Hindering Effective Government-wide Integrated Risk Management

There are various challenges hindering effective GW-IRM. These include:

- (i) **Lack of a comprehensive government-wide risk management framework:** Although coordination mechanisms exist to address specific types of risks such as fiscal, disaster and security risks, there is no Government-wide Integrated Risk Management framework and strategy that identifies and sets priorities, develops standards, goals and clarifies the roles and responsibilities for management of all the national critical risks.
- (ii) **Inadequate risk anticipation and preparedness:** The speed of change in technology, cultures, innovation, climate and environment have heightened exposure and vulnerabilities to emerging risks and inadequate technical capacity to anticipate results in a reactive approach to risk management. Risk preparedness increases after a disaster but can abate over time, thus reducing risk resilience to respond and recover from the next crisis.
- (iii) **Inadequate critical risk management capacities:** Although risk management is a management responsibility, the role of risk management in most public entities has been assigned to internal auditors. This creates the challenge of independence because internal auditors are supposed to provide assurance on how the entity manages risks and contributes to weak risk ownership and accountability. In addition, lack of comparable methods, and differing approaches and

protocols for assessing and managing the risks across Government, public entities and social groups makes risk prioritization difficult.

- (iv) **Inadequate crisis management capacity:** There is inadequate crisis management capacity to coordinate resources to prepare for unexpected and emerging national critical risks.
- (v) **Inadequate risk communication and stakeholders' participation:** There is low risk awareness and understanding of risks leading to low risk-informed decisions among stakeholders. Insufficient monitoring and reporting mechanisms for key risk indicators makes it difficult to measure the performance of decision-makers and to hold them accountable for their risk management choices.
- (vi) **Undeveloped risk culture:** The existing culture has not integrated risk management in decision making which consequently lead to decision plans that do not anticipate the uncertainties of the future.
- (vii) **Inadequate risk data:** Weak systems for collecting, analyzing and integrating the data in decision-making support systems. This impedes implementation of Government-wide Integrated Risk Management.

2.6 SWOT Analysis

Analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT) will enable understanding of the environment within which a GW-IRM framework addresses gaps, minimizes risks, and leverages on strengths and opportunities to ensure greatest possible chances of success. It will guide the identification of strategies that enhance implementation of the GW-IRM policy.

Strengths

- (i) Supportive legal framework that requires establishment and implementation of entity risk management.

- (ii) Existing risk management capabilities in some key sectors and awareness among public officers.
- (iii) Existence of risk financing systems.
- (iv) Existence of professional bodies that support risk management capacity building.
- (v) Adopting and domesticating existing international frameworks relating to critical risk management and guidelines supporting GW-IRM.
- (vi) Encouraging research and sharing of knowledge on management of national critical risks, and how they are evolving.

Weaknesses

- (i) Low risk ownership in Government and the assumption that risk management is an internal audit function.
- (ii) Lack of an agency to coordinate management of national critical risks in Government.
- (iii) Limited technical capacities in management of national critical risks.
- (iv) Inadequate allocation of resources for management of national critical risks and implementation.
- (v) Inadequate integration of risk management with performance management and decision-making within Government entities.
- (vi) Insufficient laws, regulations, policies and procedures to support Government-wide Integrated Risk Management.
- (vii) Inadequate integration and coordination of existing laws, regulations, policies and procedures to support Government-wide Integrated Risk Management.

- (viii) Inadequate capacity to anticipate and address national critical risks, their effects, preparedness and response.
- (ix) Weak risk management culture.

Opportunities

- (i) Collaborations with the private sector, such as through public-private partnerships.
- (ii) Collaborations with sector entities in development of key performance indicators on national critical risks.
- (iii) Benchmarking with countries that are at a high level of maturity in management of national critical risks.
- (iv) Existence of International and local networks.
- (v) Existing international risk management frameworks and guidelines supporting GW-IRM.
- (vi) Promoting adoption of modern software, hardware, and systems for national critical risk management.

Threats

- (i) Low adherence to national values and principles.
- (ii) Lack of risk management architecture, including risk managers, standards, methodologies, tools and systems.
- (iii) Competing priorities for resources.
- (iv) Non-compliance with existing legal frameworks and best practices/standards in national critical risk management.
- (v) Social and economic disparities within the society.

(vi) Emerging risks that are difficult to anticipate.

This SWOT analysis provides the basis for development of strategic interventions for implementation of Government-wide Integrated Risk Management in Kenya.

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CHAPTER THREE: POLICY COMMITMENTS TOWARDS MANAGEMENT OF NATIONAL CRITICAL RISKS IN KENYA

This chapter details the policy commitments by Government in establishing and implementing Government-wide Integrated Risk Management approach to national critical risks.

3.1 Develop a Legal and Institutional Framework to Support Management of National Critical Risks

The Government is committed to establishing a legal framework through an Act of Parliament to support the establishment of a comprehensive Government-wide Integrated Risk Management (GW-IRM) approach as the foundation for enhancing national resilience and responsiveness to national critical risks.

The framework will guide on appropriate risk governance structures and systems to manage national critical risks.

3.2 Effectively Coordinate Government-wide Risk Management Activities and Build Resilience and Responsiveness to National Critical Risks

The Government will establish a National Risk Coordination Council (NRCC) as an organ within the Executive Office of the President, to coordinate management of national critical risks, support policy implementation, connect policy agendas and align competing priorities. The Council will work closely with other partners charged with management of risks identified to be of national importance.² The Government will also facilitate transboundary cooperation on critical risks management.

3.3 Promote Risk-Informed Decisions Across Government through Foresight Analysis and Risk Assessments

² The structure for risk management and the roles of the NRCC are detailed in Chapter 4 of this policy.

The Government will ensure government-wide preparedness through foresight analysis, continuous risk assessment and resource mobilization to better anticipate complex and wide-ranging threats and opportunities.

The Government will undertake periodic national critical risk assessments and establish and maintain an information system that will serve as a point of reference for all risk-related public policies. It will pull together and capitalize on existing research capabilities and technical expertise from specialized agencies.

The NRCC through the National Risk Assessment will ensure that all the current, expected and unexpected national critical risk exposures are continuously identified, analyzed, evaluated and appropriately responded to, and that the information is made available to all relevant stakeholders. This will promote transparency and accountability in risk-related decision-making and continuous learning.

To promote efficient and effective management of national critical risks, this policy proposes the establishment of a National Integrated Risk Information Management System (NIRIMS).

3.4 Develop National Crisis Management Strategies to Enhance Emergency Responses

The Government will enhance adaptive capacities in crisis management by developing and implementing a National Crisis Management Strategy.

The strategy will support coordination of resources across Government agencies and broader networks to enhance communication and emergency responses, among other interventions. It will be anchored on existing legal framework and institutional mandates.

NRCC will coordinate information sharing with experts to enhance crisis management capacities across Government. It will strengthen crisis leadership and build Government-wide capacity for recovery, reconstruction and for business continuity.

3.5 Enhance Risk Management Capabilities in the Public Sector and among other Stakeholders

The Government will build human and institutional risk management capabilities to coordinate risk management across its functions and operations. This will be done through training, and establishment of risk management professional cadres.

The Government commits to promote innovation and creativity to ensure flexibility and adaptive capability in dealing with emerging national critical risks. To this end the Government will invest in risk prevention and mitigation measures.

3.6 Entrench and Enhance Risk Management Culture across Government

The Government will strengthen the risk management culture among public decision makers, citizens, business and other stakeholders by implementing sensitization and risk awareness programmes. By adopting a “Whole of Society” approach, the Government will raise awareness through risk registries, media and public communication on national critical risks. This will promote behavioural change, attitudes and actions necessary for dealing with the risks.

The NRCC will ensure that risk management information is continuously communicated to stakeholders and feedback mechanisms provided.

3.7 Mobilize Resources for National Critical Risk Management Strategies and Programmes

The Government will mobilize resources for effective implementation of this policy. To this end, the policy proposes the establishment of a National Risk Management Fund. The Fund will finance national critical risk management interventions. Other than this Fund, every line Ministry, Department, Agency and County will be encouraged to create a budget line for risk management activities.

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CHAPTER FOUR: IMPLEMENTATION FRAMEWORK

4.1. Introduction

This Chapter provides coordination and administration mechanisms for policy implementation as outlined in Appendix 2. It highlights institutional, legal and regulatory reforms that will be undertaken for successful implementation of the policy.

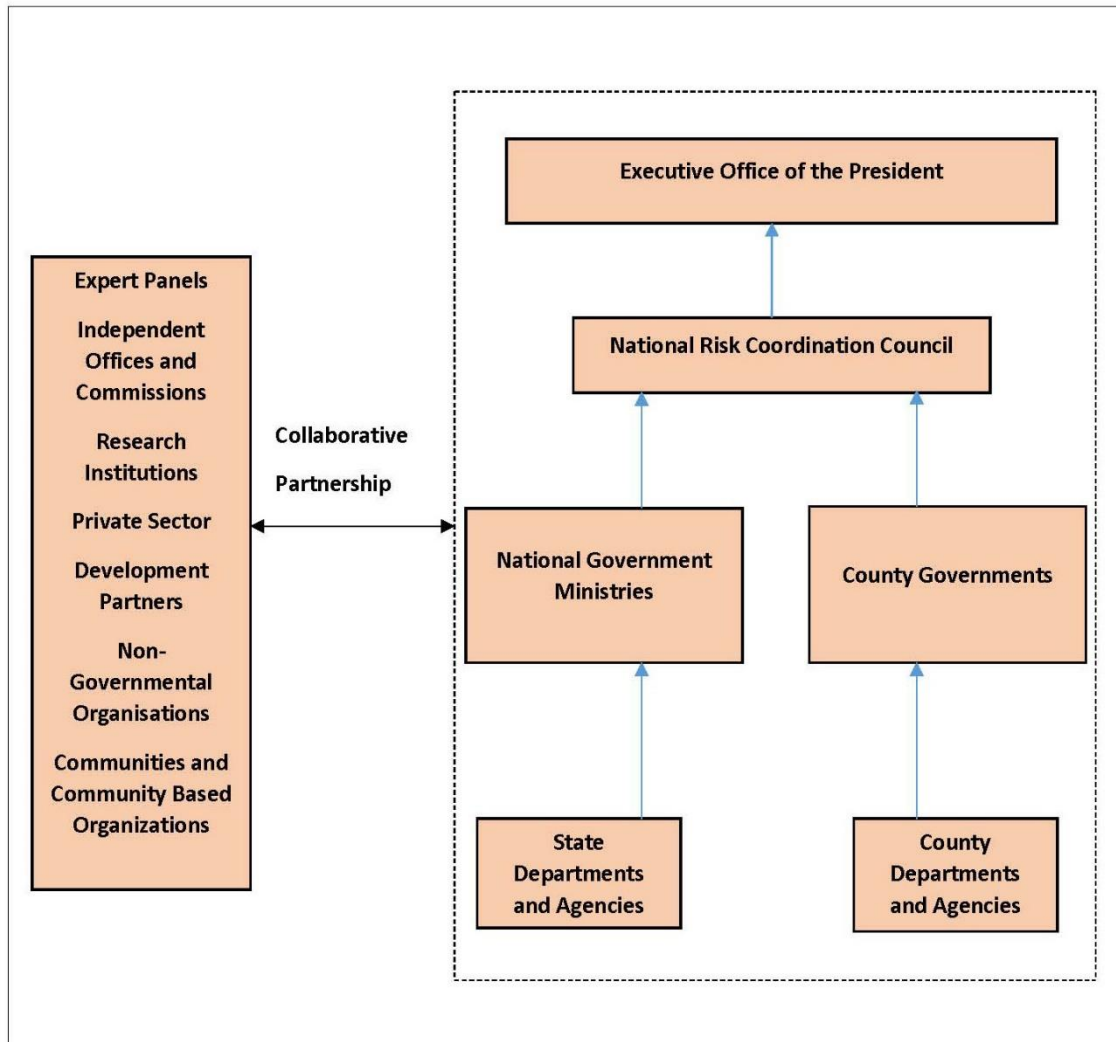
4.2. Legal Frameworks and Institutional Arrangements

A policy/legal framework will be established with provisions for:

- (i) The establishment of the National Risk Coordination Council, and all other Government-wide risk coordination structures;
- (ii) The powers, roles, relationships, functions and funding of NRCC; and
- (iii) The activation of Government-wide Integrated Risk Management plans to respond to national critical risk events.

These institutional arrangements will facilitate collaboration among all stakeholders. This policy proposes that NRCC be domiciled in the Executive Office of the President for effective coordination across Government and ensure that national critical risks are addressed at the top-most level of governance to promote the achievement of the country's national interests. Figure 1 provides information flow in Government-wide Integrated Risk Management approach.

Figure 1: Information flow in Government-wide Integrated Risk Management approach



4.3 Roles and Responsibilities

The roles and responsibilities of the different stakeholders within Government-wide Integrated Risk Management structure are described below.

4.3.1 Executive Office of the President

The National Risk Coordination Council (NRCC) will report to the Executive Office of the President. The Executive Office of the President will:

- (i) Oversee the establishment and implementation of legal and governance frameworks to promote management of national critical risks;
- (ii) Provide strategic direction on governance and management of national critical risks;
- (iii) Oversight Government ministries and key stakeholders to enhance the country's ability to manage national critical risks;
- (iv) Oversee management and response to national critical risks incidences and consequences;
- (v) Provide resources, including finances, to support risk management activities across Ministries.
- (vi) Establish a National Risk Management Fund to address national critical risk management issues and contingent liabilities; and
- (vii) Report to Parliament annually on steps taken to address the country's national critical risks.

4.3.2 National Risk Coordination Council

The National Risk Coordination Council (NRCC) will coordinate and oversee the implementation of GW-IRM policy and activities across Government by providing a platform for sharing of experiences, best practice and support policy. The roles and responsibilities of the Council will be as follows:

- (i) Establish and implement a comprehensive Government-wide Integrated Risk Management framework;
- (ii) Spearhead coordination of both national critical risks and sector-specific risk management activities across Government;

- (iii) Carry out National Risk Assessments (NRAs) and develop a National Risk Profile (NRP);
- (iv) Promote core capabilities in support of country risk resilience;
- (v) Review risk management strategies in Government entities and advise where there are gaps;
- (vi) Monitor and evaluate the implementation of policies on management of national critical risks;
- (vii) Mobilize resources to undertake its programmes;
- (viii) Document, publish and communicate all relevant national critical risk management information and maintain a National Integrated Risk Information Management System on national critical risks, and make it accessible to all stakeholders; and
- (ix) Prepare and submit periodic reports to the Executive Office of the President on steps taken to address the country's national critical risks.

4.3.3 Ministries

To support the implementation of this policy, ministries will:

- (i) Support NRCC in conducting national critical risk assessments and undertake risk reduction activities;
- (ii) Ensure effective flow of information, reporting, and communication on national critical risks;
- (iii) Be responsible for adequate emergency preparedness; and
- (iv) Ensure risk assessment results and mitigation strategies are fed into Government-wide Integrated Risk Management.

4.3.4 Counties

To support the implementation of this policy, counties will:

- (i) Support NRCC in conducting national critical risk assessments and undertake risk reduction activities;
- (ii) Ensure effective flow of information, reporting, and communication on national critical risks;
- (iii) Prepare and submit periodic reports to the County Assembly on steps taken to address the county's national critical risks;
- (iv) Be responsible for adequate emergency preparedness; and
- (v) Ensure risk assessment results and mitigation strategies are fed into Government-wide Integrated Risk Management.

4.3.5 National and County Agencies

To implement this policy, public sector entities will be required to:

- (i) Establish risk management entity-specific risk management structures;
- (ii) Maintain sub-registers of the national critical risks;
- (iii) Establish effective risk management processes;
- (iv) Participate in national critical risk response and recovery programmes; and
- (v) Prepare and submit periodic reports to NRCC on risks that have a national significant impact.

4.3.6 Collaborative Partnerships

The Government will partner with commissions and independent offices, research institutions, expert panels, international organizations, development partners, private sector, non-governmental organizations, communities and

community-based organizations, among others, in implementing Government-wide Integrated Risk Management. These partnerships will strengthen country resilience, minimize disruption caused by occurrence of critical risk events, and safeguard the country's economy.

4.4 Critical Success Factors

The following are the critical success factors that will guide the implementation and administration of the GW-IRM Policy:

- (i) Formulation of the requisite legal and institutional framework to implement GW-IRM.
- (ii) Adopting “Whole of Government” and “Whole of Society” approaches in managing national critical risks.
- (iii) Goodwill and commitment of top leadership at both levels of Government.
- (iv) Citizen participation in assessment of national critical risks, and implementation of mitigation measures.
- (v) Resource mobilization to implement the commitments in this policy.
- (vi) Effective capacity building, sensitization and awareness creation programmes on GW-IRM to achieve change in risk management culture across all stakeholders.
- (vii) Automation of risk assessment and sharing of performance results through an effective National Integrated Risk Management Information System.
- (viii) Effective monitoring, reporting and evaluation on implementation of GW-IRM for continuous learning and improvement.

CHAPTER FIVE: MONITORING AND EVALUATION

5.1 Introduction

Monitoring and Evaluation (M&E) will be an essential strategy in implementation of this Policy. The M&E processes will follow a strategic implementation plan developed by NRCC, and which will be put in place for each component of the policy commitments. The strategy will involve quarterly and annual updates.

5.2 Monitoring and Evaluation

The NRCC will ensure that the policy objectives are monitored, tracked and evaluated. This will be achieved through development and implementation of monitoring and evaluation tools and performance indicators that are integrated in the annual plans of NRCC.

The NRCC will develop templates for collecting periodic monitoring information from all the key actors involved in implementing the GW-IRM. The information collected will be analyzed and used to produce annual M&E reports for dissemination to relevant stakeholders.

A sample M&E framework is provided in Appendix 3.

5.2.1 Monitoring

NRCC will systematically collect qualitative and quantitative data on implementation progress against policy objectives. This data will provide NRCC and other stakeholders with feedback on the extent of progress made towards achieving the set objectives.

Monitoring will focus on assessing the effects of the various interventions against set objectives. Policy monitoring will involve gathering evidence on the policy during implementation and use the findings to influence future course of actions.

5.2.2 Evaluation

Evaluation will be undertaken to answer specific questions regarding performance of implementation of this policy. The evaluations will mainly focus on whether results are being achieved or not. This can either be done internally by NRCC or by external evaluators, with stakeholders participating in all phases including planning, data collection, analysis, reporting, feedback, dissemination and follow-up actions taken. Evaluation will document lessons learnt in implementation of the policy for continuous improvement in implementing GW-IRM, and in decision-making.

5.3 Policy Review

This policy will be reviewed through a participatory process after every five (5) years or more frequently if there is a major change to the country's risk landscape.

APPENDIX 1: NATIONAL CRITICAL RISKS, KEY ACTORS AND THE EXISTING POLICY AND LEGAL FRAMEWORKS

NATIONAL CRITICAL RISK	RISK/ RISK FACTORS	LEAD INSTITUTION(S)	GUIDING LAW AND/OR POLICY
Environmental threats	Geophysical risks, earthquakes, volcanos, landslides	Ministry of Environment and Forestry Ministry of Interior and Co-ordination of National Government National Disaster Management Unit	National Government Co-ordination Act
	Deterioration of biodiversity, deforestation	Ministry of Environment and Forestry National Environment Management Authority Kenya Forestry Research Institute Kenya Forests Service Ministry of Tourism and Natural Resources Kenya Wildlife services	Forest Conservation and Management Act Environmental Management and Co-ordination Act Wildlife Conservation and Management Act
	Food insecurity	Ministry of Agriculture County Governments	Agriculture Act
	Climate change	Ministry of Environment and Forestry National Environment Management Authority	Climate Change Act
	Environmental pollution	National Environment Management Authority	Environmental Management and Co-ordination Act
	Drought and floods	National Drought Management Authority Ministry of Water and Sanitation Water Resources Authority Ministry of Environment and Forestry County Governments	National Drought Management Authority Act Water Act
Threats to public and animal health	Communicable diseases/ Epidemics	Ministry of Health	Public Health Act
	Alcohol and drug abuse	National Authority for the Campaign against Alcohol and Drug Abuse	National Authority for the Campaign against Alcohol and Drug Abuse Act

NATIONAL CRITICAL RISK	RISK/ RISK FACTORS	LEAD INSTITUTION(S)	GUIDING LAW AND/OR POLICY
		Ministry of Interior and Co-ordination of National Government	Narcotic Drugs and Psychotropic Substances (Control) Act
	Pest invasions	Ministry of Agriculture, Livestock and Fisheries Pest Control Products Board	Agriculture Act Pest Control Products Act
	Food and beverage poisoning incidences	Ministry of Health Public Health Standards Board Kenya Bureau of Standards Kenya Plant Health Inspectorate Services	Public Health Act Food, Drugs and Chemical Substances Act Standards Act Kenya Plant Health Inspectorate Services Act
	Antimicrobial resistance	Ministry of Health Pharmacy and Poisons Board	Public Health Act Pharmacy and Poisons Act
	Animal epidemics	Ministry of Agriculture, Livestock and Fisheries	Animal Diseases Act
Major Accidents	Transport accidents	Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works National Transport and Safety Authority Kenya Maritime Authority Kenya Civil Aviation Authority Kenya Railways Corporation	Transport Licensing Act Traffic Act National Transport and Safety Authority Act Kenya Maritime Authority Act Civil Aviation Act Kenya Railways Corporation Act
	Collapse of buildings and physical infrastructure	Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works National Construction Authority	National Construction Authority Act
	Fire tragedies	Ministry of Interior and Co-ordination of National Government National Disaster Management Unit County Governments	National Government Co-ordination Act County Governments Act
	Industrial accidents	Ministry of Health Ministry of Environment and Forestry County Governments	Occupational Safety and Health Act

NATIONAL CRITICAL RISK	RISK/ RISK FACTORS	LEAD INSTITUTION(S)	GUIDING LAW AND/OR POLICY
Disruption of Critical Infrastructure	Disruption of energy generation and transmission infrastructure	Energy and Petroleum Regulatory Authority Ministry of Energy and Petroleum Nuclear Power and Energy Agency	Energy Act
	Disruption / distortion / deterioration of transportation and water infrastructure systems	Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works Ministry of Interior and Co-ordination of National Government Ministry of Water and Sanitation	National Government Co-ordination Act Water Act
	Insufficient / disruption / distortion / deterioration of medical infrastructure	Ministry of Health County Governments	Public Health Act County Governments Act
	Disruption / distortion / deterioration of information and communication technology infrastructure	Ministry of ICT, Innovation and Youth Affairs Ministry of Interior and Coordination of National Government Communication Authority	Kenya Information and Communication Act National Government Co-ordination Act
	Disruption of critical Government facilities	Ministry of Interior and Coordination of National Government	National Government Co-ordination Act
Technological threats	Disruption of digital systems and internet	Ministry of ICT, Innovation and Youth Affairs Ministry of Interior and Coordination of National Government	Kenya Information and Communication Act
	Cyber espionage	Ministry of ICT, Innovation and Youth Affairs Ministry of Defence Ministry of Interior and Co-ordination of National Government	National Security Intelligence Act
	Disruptive technologies	Ministry of Information, Communication and Technology	Kenya Information and Communication Act
	Cyber crime / Insecurity	Data Protection Commissioner; Ministry of Interior and Co-ordination of National Government	Data Protection Act

NATIONAL CRITICAL RISK	RISK/ RISK FACTORS	LEAD INSTITUTION(S)	GUIDING LAW AND/OR POLICY
Social threats	Organized crime / insecurity	Ministry of Interior and Co-ordination of National Government National Police Service	National Police Service Act
	Gender-based violence	Ministry of Public Service and Gender National Gender and Equality Commission	Sexual Offence Act The Penal Code Prohibition of Female Genital Mutilation Act Counter Trafficking in Persons Act (2010)
	Proliferation of illegal firearms	Ministry of Interior and Coordination of National Government	Firearms Act National Police Service Act
	Unemployment	Ministry of Labour and Social Protection National Employment Authority	National Employment Authority Act
	Poverty	Ministry of Labour and Social Protection The National Treasury and Planning County Governments National Gender Equality Commission	National Employment Authority Act Public Finance Management Act National Gender Equality Commission Act
	Mental health	Ministry of Health County Governments	Mental Health Act Mental Health Policy
	High rate of school drop-out	Ministry of Education Ministry of Interior and Co-ordination of National Government County Governments	Basic Education Act
	Insecure settlements	Ministry of Lands and Physical Planning Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works County Governments	National Government Co-ordination Act Urban Areas and Cities Act
Geopolitical threats	Cross-border conflicts	Ministry of Defence Ministry of Foreign Affairs	National Police Service Act National Security Council Act
	Intra-border conflicts	Ministry of Interior and Co-ordination of National Government	National Police Service Act National Security Council Act

NATIONAL CRITICAL RISK	RISK/ RISK FACTORS	LEAD INSTITUTION(S)	GUIDING LAW AND/OR POLICY
		National Security Organs	
	Influx of refugees	Ministry of Foreign Affairs Ministry of Interior and Co-ordination of National Government	National Government Co-ordination Act Refugees Act
	Constrained international relations	Ministry of Foreign Affairs	Kenya Foreign Policy Kenya Diaspora Policy
	Terrorist attacks	Ministry of Interior and Co-ordination of National Government	National Government Co-ordination Act
	Regional trade disputes	Ministry of Foreign Affairs Ministry of Trade	National Government Co-ordination Act
Economic threats	Fiscal risks	The National Treasury and Planning	Public Finance Management Act
	Monetary risks	Central Bank of Kenya	Central Bank of Kenya Act Banking Act
	Financial risks	The National Treasury and Planning Capital Markets Authority Insurance Regulatory Authority Central Bank of Kenya	National Government Co-ordination Act Capital Markets Authority Act Insurance Act Central Bank of Kenya Act
	Unsustainable public debt	The National Treasury and Planning	National Government Co-ordination Act
	Contingent liabilities	The National Treasury Public Private Partnerships Unit	Public Private Partnerships Act
	Energy and petroleum shortages	Ministry of energy	Energy and Petroleum Regulatory Authority
	Adulterated, counterfeit, substandard goods	Kenya National Bureau of Statistics Anti-Counterfeit Authority	Standards Act Anti-Counterfeit Act
	Poverty	Ministry of Labour and Social Protection	Social Assistance Act
Governance threats	Political violence	Independent Electoral and Boundaries Commission Ministry of Interior and Co-ordination of National Government National Cohesion and Integration Commission Registrar of Political Parties	Political Parties Act Elections Act

NATIONAL CRITICAL RISK	RISK/ RISK FACTORS	LEAD INSTITUTION(S)	GUIDING LAW AND/OR POLICY
	Poor labour relations	Ministry of Labour, Social Security and Services	Employment Act
	Slow judicial process	Judiciary	Judicial Services Act
	Inadequate long-term policies	The National Treasury and Planning	National Government Co-ordination Act
	Constrained Intergovernmental relations	Ministry of Devolution and Arid and Semi-Arid Lands Intergovernmental Relations Technical Committee Council of Governors County Assemblies Forum	Intergovernmental Relations Act
	Interference with freedom of the press	Ministry of ICT, Innovation and Youth Affairs	National Government Co-ordination Act Kenya Information and Communication Act Media Council Act
	Corruption	Ministry of Interior and Co-ordination of National Government Ethics and Anti-corruption Commission	Ethics and Anti-corruption Commission Act
	Non-adherence to the National Values and Principles of Governance	Ministry of Interior and Co-ordination of National Government	Constitution of Kenya National Government Co-ordination Act Leadership and Integrity Act Public Officers Ethics Act

APPENDIX 2: IMPLEMENTATION MATRIX

POLICY COMMITMENTS	ACTIVITY	RESPONSIBILITY	KEY PERFORMANCE INDICATOR(S)	OUTPUTS/MEANS OF VERIFICATION	TIMEFRAME
Develop a legal and institutional framework to support management of national critical risks	Establish a legal framework through an Act of Parliament	Executive Office of the President	The Act	The Act	Within 3 years after policy approval
	Develop a government-wide integrated risk management framework	National Risk Coordination Council	Approved government-wide integrated risk management framework	Approved government-wide integrated risk management framework	12 months after establishment of NRCC
	Develop national critical risks management standards aligned to international best practices	National Risk Coordination Council PSASB	Risk management standards	Risk management standards	12 months after establishment of NRCC
	Develop risk management guidelines, manuals and templates	National Risk Coordination Council PSASB	No. of risk management guidelines, No. of manuals No. of guides No. of templates	Risk management guidelines, manuals, guides and templates	12 months after establishment of NRCC
Effectively coordinate government-wide risk management activities and build national	Establish the National Risk Coordination Council	Executive Office of the President	Council in place Gazette Notice	Council in place Gazette Notice	6 months from policy adoption
	Coordinate government-wide integrated risk management	National Risk Coordination Council	No. of national critical risk assessment reports	National critical risk assessment reports	Annual

POLICY COMMITMENTS	ACTIVITY	RESPONSIBILITY	KEY PERFORMANCE INDICATOR(S)	OUTPUTS/MEANS OF VERIFICATION	TIMEFRAME
resilience and responsiveness to national critical risks	Guide the establishment of risk management structures across public sector entities	National Risk Coordination Council	No. of public sector entities supported No. of annual reports	Annual report	Continuous Annual
	Provide assurance on implementation of risk management	IAGD/OAG/Other assurance providers	No. of Audit Reports	Audit reports	Continuous
Promote risk informed decisions across Government through foresight analysis and risk assessments	Foresight analysis	National Risk Coordination Council Key actors	National Risk Profile	National Risk Profile	12 months after establishment of NRCC Annual updates
	Risk assessment	National Risk Coordination Council Key actors	No. of risk assessment reports	Risk assessment reports	Every 3 years
	Develop a National Integrated Risk Information Management System	National Risk Coordination Council	NIRIMS	NIRIMS	Within 3 years after establishment of NRCC
Develop national crisis management strategies to enhance emergency responses	Develop and implement a national crisis management strategy	National Risk Coordination Council	National crisis management strategy	National crisis management strategy	Within 2 years after policy adoption
	Coordinate information sharing with experts to enhance crisis management capacities across government	National Risk Coordination Council	No. of reports	Reports	Continuous

POLICY COMMITMENTS	ACTIVITY	RESPONSIBILITY	KEY PERFORMANCE INDICATOR(S)	OUTPUTS/MEANS OF VERIFICATION	TIMEFRAME
Enhance risk management capabilities in the public sector and among other stakeholders	Build human and institutional risk management capabilities	National Risk Coordination Council	No. of training reports	Training reports	Continuous
	Establish risk management professional cadres	National Risk Coordination Council State Corporations Advisory Committee Public Service Commission County Public Service Boards	No. of Professional cadres	Professional cadres	Two (2) years after establishment of NRCC
	Promote innovation and creativity to ensure flexibility and adaptive capability in dealing with emerging risks	National Risk Coordination Council Public sector entities	No. of innovations documented	Innovations	Continuous
	Encourage businesses, public sector entities and communities to take steps to ensure business continuity, with a specific focus on critical infrastructure operators	National Risk Coordination Council/Public Sector Entities	No. of business continuity plans developed by public sector entities	Business continuity plans developed by public sector entities	3 years and then continuous
Entrench risk management culture across government	Implement sensitization and risk awareness programmes	National Risk Coordination Council	No. of programmes No. of people sensitized No. of institutions Categories of stakeholders No. of sensitization reports	Annual report	Continuous

POLICY COMMITMENTS	ACTIVITY	RESPONSIBILITY	KEY PERFORMANCE INDICATOR(S)	OUTPUTS/MEANS OF VERIFICATION	TIMEFRAME
	Communicate risk management information to stakeholders	National Risk Coordination Council	Communication strategy No. of Information, Education, and Communication (IEC) materials No. of media engagements No. of feedback reports	Communication strategy Annual report	Strategy within 2 years from establishment of NRCC Continuous
	Sharing information, including lessons learned from previous events and research through post-event reviews, to evaluate the effectiveness of prevention and preparedness activities, and response and recovery operations	National Risk Coordination Council Review agencies	Communication strategy No. of "After Action" Reports No. of internal and external review reports	Communication strategy Annual report	Strategy within 2 years from establishment of NRCC Continuous
Mobilize resources for national critical risk management strategies and programmes	Establish a National Risk Management Fund	Executive Office of the President National Risk Coordination Council	National Risk Management Fund Amount of contingency budget	National Risk Management Fund Annual report	Within 2 years from establishment of NRCC
	Develop a resource mobilization strategy	Executive Office of the President National Risk Coordination Council	Resource mobilization strategy	Resource mobilization strategy	Within 2 years from establishment of NRCC

POLICY COMMITMENTS	ACTIVITY	RESPONSIBILITY	KEY PERFORMANCE INDICATOR(S)	OUTPUTS/MEANS OF VERIFICATION	TIMEFRAME
		The National Treasury Development partners			
	Mainstream risk management budgeting among MDCAs	National Risk Coordination Council MDCAs The National Treasury	No. of MDCAs with risk management budget lines Amount of MDCAs annual budget for risk management	Annual report	Annual

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Appendix 3: SAMPLE M&E FRAMEWORK

POLICY COMMITMENTS	ACTIVITY	KEY PERFORMANCE INDICATOR(S)	INPUTS	OUTPUTS	MEANS OF VERIFICATION	OUTCOMES	TIMEFRAME	KEY ACTORS	RESOURCES

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