



# KENYA

## POVERTY REDUCTION STRATEGY PAPER—JOINT STAFF ADVISORY NOTE

March 2014

The attached Joint Staff Advisory Note (JSAN) on the Poverty Reduction Strategy Paper (PRSP) for Kenya, prepared jointly by staffs of the World Bank and the IMF, was distributed to the Executive Boards of the two institutions. The objective of the JSAN is to provide focused, frank, and constructive feedback to the country on progress in implementing its Poverty Reduction Strategy.

Copies of this report are available to the public from

International Monetary Fund • Publication Services  
700 19<sup>th</sup> Street, N.W. • Washington, D.C. 20431  
Telephone: (202) 623-7430 • Telefax: (202) 623-7201  
E-mail: [publications@imf.org](mailto:publications@imf.org) Internet: <http://www.imf.org>

Price: \$18.00 a copy

**International Monetary Fund**  
**Washington, D.C.**



# KENYA

## POVERTY REDUCTION STRATEGY PAPER—JOINT STAFF ADVISORY NOTE ON THE VISION 2030 SECOND MEDIUM-TERM PLAN 2013-2017

February 11, 2014

Approved By  
**Roger Nord (AFR) and  
Chris Lane (SPR) and  
Diarietou Gaye (IDA)**

Prepared By the Staffs of the International Monetary  
Fund and the World Bank.

### OVERVIEW

- Under the first Medium-Term Plan (MTP-1) (2008-12) of Kenya's Vision 2030 strategy, significant efforts were made to promote growth and preserve sound economic policies under challenging circumstances.** While reforms were being implemented across the board during 2008-12, the biggest achievements under MTP-1, as noted in the MTP-2, were in improving infrastructure as well as some social indicators, such as school enrolment rates. Though short of the targets set in MTP-1, average annual GDP growth reached 3.8 percent despite the impact of repeated droughts, high international commodity prices, the global financial and economic crisis, and political uncertainty in the run up to the 2013 general elections. Furthermore 2.7 million jobs were created between 2008 and 2012 compared with an objective of 3.3 million.
- Kenya's second Medium Term Plan (MTP-2) covers the 2013-2017 period.** It seeks to build on the successes of the MTP 1, including macroeconomic stability, the enactment of the 2010 Constitution, infrastructure development, the growth of the services sector, and improved access to education. At the same time, it recognizes remaining challenges, including a low and declining share of manufacturing, low agricultural productivity, high energy costs, a still limited transport infrastructure, a narrow export base, and major economic and social disparities across the country. The MTP-2 aims to continue the positive trend in areas where substantial progress was achieved, as well as to increase attention on areas where progress was slower while keeping the same priority sectors.
- The overall objectives of the MTP-2 are to accelerate growth to reach double-digit levels, to create jobs for the Kenyan youth, and to further reduce the still high poverty levels.** The key thematic areas that seek to describe how these objectives will be achieved are: (i) the

foundations for national transformation, which cover a broad range of areas including infrastructure, information technology, employment policies, land reform, ending drought emergencies, public sector reform, and national security; (ii) the economic pillar, which identifies the seven sectors that are expected to spur faster growth; (iii) the social pillar; and (iv) the political pillar.

## THE PARTICIPATORY PROCESS

4. **The preparation process for the MTP-2 was participatory.** Stakeholders participated in thematic group meetings. Furthermore, a dedicated website for the preparation of the MTP-2 was created where the meetings were made public. County consultative forums were held in all the 47 counties including targeted focused group discussions and submission of written memoranda. These forums were public but there were also invitations to various interest groups. The draft MTP-2 was circulated to various stakeholders for comments that were extensive. A major public forum was held at which, following the presentation of the draft, thematic sessions were held to solicit comments.

## MACROECONOMIC FRAMEWORK

5. **The macroeconomic framework that underlies the MTP-2 reflects the government's ambitious growth and poverty reduction goals for the next five years.** In order to realize Kenya Vision 2030, the framework targets average annual real GDP growth of 8.2 percent between 2013 and 2017, with double digit growth to be achieved in 2017. Staffs note that attainment of the target would require a significant acceleration from the recent growth levels, especially in agriculture which is projected to grow by 6.5 percent on average annually, compared to an average of 3.5 percent during 1997-2012. Moreover, the MTP framework assumes a near-doubling of gross national saving as a percentage of GDP to 25.7 percent of GDP and a ten percent increase of investment as a share of GDP to 30.9 percent over a short five-year period. Even taking into account the enhanced role played by the private sector and foreign direct investments, efforts to promote a savings culture through financial inclusion and low inflation will need to intensify to meet these objectives.

6. **The staffs are of the view that a more detailed discussion of the costing of the programs and projects envisaged under the MTP-2 would be warranted in order to better assess their potential impact on debt sustainability.** The MTP-2 rightly underscores the role that can be played by innovative funding mechanisms, including public private partnerships, but it would benefit from a discussion of how programs and projects will be incorporated into the government's medium term expenditure framework. Looking forward, attention should be paid to ensure consistency between the MTP-2 and the medium-term expenditure framework that is updated each year during the budget preparation exercise. The objectives of the MTP-2 may need to be adjusted accordingly in the context of the preparation of annual progress reports.

7. **The staffs are of the view that the solid macroeconomic performance of the last three years has laid the basis for faster, sustainable, and inclusive growth.** Four key challenges to

attain the ambitious GDP growth target are (i) the funding and the implementation of the ambitious investment plans, which call for continued domestic revenue mobilization efforts as well as strong public financial management practices; (ii) enhancing the quality and efficiency of public spending; (iii) the reining in of the recent increases in the wage bill that could crowd out spending in much-needed infrastructure investment and social protection; and (iv) the successful rolling out of the devolution process that should lead to enhanced accountability, better delivery of services at the county level, and eventually bolster social cohesion and stability.

## POVERTY DIAGNOSTICS

8. **The MTP-2 identifies poverty reduction as one of its main objectives.** Reducing poverty features prominently in the MTP-2 and the Government sees economic growth and job creation as the main tools for lifting people out of poverty. Consequently, the priority reforms and investments identified in the strategy aim to accelerate GDP growth and increase employment, in particular formal employment.

9. **Analysis of poverty trends is missing in the absence of household income data since 2006.** The national poverty headcount was 47 percent in 2005-06 when the last household budget survey was conducted. The lack of regularly and timely data on poverty, inequality and the labor force are substantive gaps in Kenya's statistics which hamper policy and monitoring. The MTP-2 plans to address these starting with a new integrated household budget survey which will be conducted in 2014-15 and which will anchor a subsequent program of surveys to provide timely updates of these and other key statistics.

10. **World Bank estimates point to progress in poverty reduction since 2006.** According to staff estimates, the national poverty is estimated to have fallen to about 39 percent in 2012-13. This is driven by a decade of sustained positive economic growth, combined with improvements in safety nets and migration from rural to urban areas. The continuing structural economic shift from agriculture to services and sustained economic growth in Nairobi and its expanding suburban areas have been particularly important drivers to lower poverty rates.

11. **The results in the fight against poverty go beyond the measure of household income.** In this regard the MTP-2 notes Kenya's progress across non-income dimensions of poverty by assessing the progress made under the Millennium Development Goals. The successes in reducing child mortality and near universal primary education enrolment are noted. At the same time, the strategy recognizes the lack of success in reducing maternal mortality –which continues to be among the highest in Africa- as well as low secondary school enrolments. To tackle these problems, the MTP-2 outlines measures such as free maternal healthcare at the point of delivery and incentives for school enrolment.

## THE THEMATIC AREAS OF MTP-2

### A. Foundations for National Transformation

12. **The MTP-2 correctly identifies the solution to fighting poverty and income inequality in economic growth and employment.** The MTP-2 targets for GDP growth and job creation will without doubt contribute to poverty alleviation. The impact of GDP growth on poverty will depend on to the “inclusiveness” of growth. Based on the household survey in 2006, inequality in Kenya is relatively high: Kenya’s Gini coefficient of 47.7 was higher than that of neighbors Ethiopia, Tanzania, and Uganda. The strategy’s target of adding 1 million jobs per year, if achieved, would give a big boost to reducing inequality. On the labor market targets, it should be noted that the MTP-2 aims to close the gap on labor market data by introducing a labor force survey.

13. **The MTP-2 sets a goal of structural transformation of Kenya’s economy towards higher productivity.** This transformation is to be achieved through investment in physical infrastructure (including ICT and science) and human capital, as well as through reforms in the public sector, security, land, education, and drought risk management. The areas of reform are well identified overall. However, prioritization may be warranted both across and within the proposed areas. The strategy’s aim is that the proposed reforms for national transformation would lead to higher employment, as well as increased productivity through more formal employment.

14. **Improving public infrastructure is a key precondition for accelerated growth, and the MTP-2 appropriately focuses on improving the transport network and electricity supply.** Staffs recognize that adequate, timely and reasonably priced electricity supply is a necessary pre-condition for the MTP-2 flagship projects and goals. The proposed increase in generation capacity by additional 5,538 MW during the MTP-2 period is extremely ambitious and poses various risks. For example, if flagship industrial projects are delayed and newly created generation capacity outstrips demand for an extended period, the costs of investments in generation capacity will have to be recovered through higher tariffs or government subsidies. Then, the projects may face financing constraints, in particular associated with public private partnerships. Staffs recommend that various scenarios of demand growth be considered in developing new generation capacity. Staffs also note that a predictable retail electricity tariff review policy underpins the financial health of the sector and needs to continue to maintain investor confidence and avoid the need for government subsidies. On transport infrastructure, staffs would like to point to the need to balance new projects with better maintenance of existing infrastructure as well as to promote private sector involvement in the sector.

15. **The proposed actions under some of the areas identified as foundations for national transformation seem overly ambitious given the resources available and the MTP-2 time frame.** For example, in the area of science, technology, and innovation the MTP-2 includes as actions the establishment of an institute of nanotechnology, a space science agency, and a center for nuclear research. While promoting scientific research is desirable, public actions to this end should be linked to the policies to develop industry/manufacturing. Hence, it may be more effective if resources for science and technology are aligned with the needs of Kenya’s industry.

16. **The MTP-2 envisages continued reform of the public sector.** Improvements in PFM under MTP-1 delivered strong results in improving efficiency of public spending. Sustained commitment and implementation of the priorities of the PFM Reform Strategy towards attainment of efficient, effective, and transparent use of public funds would be critical in strengthening the foundation for national transformation.

## B. Economic Pillar

17. **Seven sectors are identified as having high potential for spurring economic development of Kenya.** Six of these -tourism, agriculture, trade, manufacturing, business services, and financial sector- stem from the Vision 2030, and MTP-2 adds the oil sector to this list in light of recent oil discoveries. Some of these sectors, such as tourism and financial services, have already proven their growth potential, and the others could become high growth sectors if actions are taken to remove constraints to growth. Overall, while the identification of growth sectors rests on solid analysis, the strategy could have been more explicit in describing the link between the “emerging issues and challenges” for each sector with the proposed programs and projects.

18. **The MTP-2 accurately identifies tourism as a priority sector, and sets ambitious targets for Kenya to become a top 10 long-haul destination, and to attract 3 million visitors a year by the end of the plan period.** Staffs agree with the constraints identified for the sector, but the strategy stops short of providing clear prioritization of projects. The proposed projects in the MTP-2 would benefit from further details, such as a better understanding of product gaps for regional leisure tourists, plans for medical tourism, and existing capacity for tourism focused on meetings, conferences, and exhibitions. To oversee the progress of the proposed tourism interventions, it may be desirable to set up an implementation structure, such as an inter-ministerial committee. Going forward, building linkages among tourism suppliers should be a priority, using mechanisms such as trade fairs and supplier development programs.

19. **Agriculture has also been identified as one of the key sectors to deliver the 10 percent annual economic growth rate and contribute towards poverty reduction.** The MTP-2 gives high priority to expansion of irrigation with close to 405,000 Ha earmarked for irrigation in arid and semi-arid areas. Staffs note that while the resources required for the irrigation investments will be high they are necessary to address the structural food deficit that the country faces and to modernize agriculture while assisting to cope with the effects of climate change. Nevertheless, staffs encourage the Government to explore the use of public private partnerships (PPPs) to bridge the resource gap and to promote private sector participation in management of the irrigation schemes, while taking care to limit fiscal risks. Staffs also note that although some legal and institutional reforms have been initiated and their implementation prioritized, there is need to fast track them to address some of the long-standing policy environment concerns in the sector.

20. **Promoting exports through special economic zones and supporting micro and small enterprises (MSEs), in addition to infrastructure improvements, are the two main pillars for development of Kenya’s manufacturing sector.** On the former, in addition to the proposed investments and measures in the MTP-2, the authorities should focus on streamlining the

investment climate by making institutions and regulations more “business friendly” having in mind that Kenya ranks quite poorly on the Doing Business index in several areas including “starting a business”, “getting electricity”, “registering property”, “paying taxes”, “trading across borders”, and “enforcing contracts”. Such measures would not only make the country more attractive for foreign investors but would also promote domestic investment in manufacturing. The initiatives related to the MSE sector center on two goals: (1) to promote development of MSEs; and (2) to move towards a formalized domestic trade sector that is efficient and diversified. The list of activities is ambitious, so prioritizing and sequencing would be beneficial. Equally important, rationalizing and clarifying institutional responsibilities and resource allocations for the activities would facilitate implementation. In this regard, the new MSE Authority would ideally coordinate the various activities and if possible, reduce the number of agencies involved in their implementation. Clarifying how the various initiatives relate to each other and identifying opportunities to tap synergies through better integration and coordination would also help strengthen the MSE program. Finally, ensuring consistency of the MTP-2 with the MSE Act and the May 2013 Executive Order regarding the Government’s organization is desirable, as the roles and responsibilities of the entities involved in MSE activities are outdated.

21. **The role of the financial services sector in mobilizing resources, both domestic and international, has been well captured in the MTP-2. This role becomes even more critical given that the goal of higher savings set in MTP-1 was not achieved by a substantial margin.** Consequently, it would have been useful for the reform agenda for this sector to be centered on the revised target for savings. Staffs commend the authorities for pinpointing the key issues for the sector but the strategy falls short on identifying issues relating to the preparedness of the financial sector for the upcoming natural resource economy. Moreover, the flagship Nairobi International Financial Center project seems too ambitious given the MTP-2 timeframe, so a building blocks approach may be considered for this project.

22. **The main objectives for the oil and mineral resources sector are to build institutional capacity to effectively manage the sector and to undertake flagship projects with the objective of establishing commercial viability of the new resource discoveries.** The MTP-2 acknowledges many of the emerging issues and challenges. The exploration for oil and gas is in a nascent stage and more issues and challenges are expected to emerge as the sector develops. The Government is taking appropriate steps to prepare itself in this area. Among the many priorities, transparency stands out as a crucial factor to create sustainable impact from this sector on the economy and the people.

### C. Social Pillar

23. **The focus of the social pillar is on promoting equitable social development in a clean and secure environment.** To this end, the actions in this pillar are grouped in the following categories: education, health, environment, urbanization, gender and vulnerable groups, and sports.

24. **The proposed actions address well the needs of the education sector.** While good progress has been made to increase access to schooling, further attention is still needed in arid and

semi-arid lands as well as in urban slum areas. Raising school completion rates and improving the quality of the learning environment also remain critical. It is appropriate to direct attention at strengthening the post-secondary sector, including by matching to labor market needs. Regular presence of motivated teachers in classrooms who have mastery of their subject and pedagogical material is also a key element, along with a comprehensive curriculum review to ensure relevance of learning.

25. **In the health sector, country-wide scale up of high impact interventions at the community level remains critical for achieving maternal and child health goals.** Health care subsidies for the poor will be critical to provide financial protection as well as to promote quality of care. The flagship projects should take into consideration the opportunities and challenges of devolution to ensure that gains made by Kenya during recent years are sustained. Ownership and building county health systems will be critical for implementation. Sustainable financing is important for the proposed flagship projects and for the delivery of essential health services by counties. Staffs also recommend focus on monitoring and evaluation to assess the progress in order to support evidence based policy making and mid-course corrections where required.

26. **Water resources and sanitation issues have been well captured in the MTP-2.** Staffs endorse the strategy's focus on this sector given that only 60 percent of urban and 40 percent of rural population have access to safe drinking water. In addition, only 90,000 hectares out of a potential irrigated area of 539,000 hectares have been developed. Close to 26 million hectares of agricultural land is dependent on rainfall, leaving farmers highly vulnerable and contributing to food insecurity. Beyond the infrastructure gap, weak institutional setting and governance issues, ineffective water allocation systems, low water use efficiencies, and high system losses plague Kenya's water sector. Moreover, catchment degradation due to deforestation and encroachment is rampant and has resulted in the siltation of water infrastructure, disruption of the natural functioning of lakes and wetlands, and intensification of flood risk to downstream communities. The MTP-2 investment program as well as the devolution of water sector functions will contribute to achieving the goals for the sector.

27. **Promoting gender equality is one of the focus areas of the strategy.** The MTP-2 does not undertake an analysis of gender dimension of poverty but recommends that, as part of gender mainstreaming, gender disaggregated data is critical in guiding policy decision making. To this end, the strategy proposes to collect, analyze and utilize gender disaggregated data to update the gender development index by establishing a Gender Research and Documentation Centre. Staffs support attention being directed to this area.

28. **Concerning protection of vulnerable groups, the MTP-2 builds on the reforms taken so far in this area and puts forward increased attention to meeting needs of vulnerable groups.** Following the adoption of a National Social Protection Policy in 2012, the National Safety Net Program (NSNP) was launched in 2013 which aims to increase the coverage, quality and coordination of the five main cash transfer programs in Kenya. Staffs welcome the large increase in funding for NSNP and recommends attention be focused on the following issues during the MTP-2 period: (i) improving medium term planning process to ensure predictable flows of resources to

beneficiaries; (ii) building complementary linkages between social assistance and other interventions; and (iii) strengthening implementation capacity for targeting, payments, and monitoring and evaluation.

## D. Political Pillar

29. **The objective of the political pillar is to develop a people-centered, result-oriented, and accountable political system.** The actions under this pillar center on the devolution process and on improving governance and rule of law.

30. **The MTP-2 identifies the numerous challenges on the devolution front and proposes a comprehensive program of actions to “making devolution work”.** The devolution process, which includes the creation of 47 counties and transfer of more than 30 percent of public expenditures from central to county level, is the biggest reform that Kenya is facing during the MTP-2 period. Numerous challenges have surfaced since the start of the devolution process in 2013, and the MTP-2 actions address these challenges. Public Finance Management (PFM) is an area that needs critical attention. For devolution to work, PFM systems at the county level will need to ensure fiscal discipline, strategic allocation and efficient use of resources in a transparent and accountable manner. Staffs commend the authorities’ commitment to establishing reliable Integrated Financial Management System (IFMIS), e-procurement, and payment systems. However, training of county officials on critical functions of budget preparation, revenue forecasting, cash management, accounting and reporting, and internal audit amongst others are even more important.

31. **Strengthening governance and rule of law requires a broad program of reforms.** The MTP-2 envisages reforms across a range of institutions to strengthen governance. Staffs note that building capacity of the ‘pillars of integrity’, such as Office of Auditor General, Office of Controller of Budget, Internal Audit, Public Sector Accounting Standards Board, and Public Accounts Committee of National and County Assemblies, should be considered critical for achieving results in this sphere. Furthermore, collaboration with non-state actors will entrench the accountability principles of the Constitution. Therefore, staffs recommend that beyond the IFMIS expected outcome, MTP-2 would benefit from performance indicators on capacity building and accountability measures.

## MONITORING AND EVALUATION

32. **The Monitoring and Evaluation (M&E) Directorate in the Ministry of Devolution and Planning is revising the overall framework for M&E in Kenya, the National Integrated M&E System (NIMES), to include M&E guidelines for the new administrative structures at county level.** Significant progress on M&E was made during the implementation of the MTP-1, including regular production of Annual Progress Reports (APRs) at national, sector and district level. An M&E policy, with a stronger focus on disseminating and using results information to inform policy-making, planning and budgeting, is nearing completion. The production of statistical indicators was expanded across Ministries, Departments, and Agencies (MDAs), and a large number of indicators are now published with gender disaggregation. However, due to delays in the implementation of

the second Kenya Integrated Household and Budget Survey (KIHBS), poverty numbers are out of date. In 2011, Kenya received international acclaim as the first African country to launch an Open Data website. The website contains over 400 datasets, more than 200 of which are on Kenya's newly created counties. Lastly, to monitor the implementation of Government and Development Partner projects, a database, e-PROMIS, is currently being developed.

33. **Staffs endorse the national M&E framework and welcome recent initiatives for M&E to play a more catalytic role in strengthening government transparency and accountability mechanisms.** Whereas the first NIMES contained a clear framework for the roles and responsibilities of different M&E stakeholders, the dimensions of dissemination and use of results were not included. Staffs welcome the new draft M&E Policy that focuses more on making use of M&E to inform the budgeting process and increasing available information on results to citizens. Staffs also endorse the initiative to strengthen the focus on results in Government program/project implementation through the launch of e-PROMIS with a public module as well as the launch of the Kenya Open Data initiative.

34. **Staffs note several areas where further progress could increase the impact of the M&E system.** The Annual Progress Reports (APR) are published very late in the financial year, when the national budget process is nearly completed. The extent to which results inform the budget process is therefore limited. During MTP-2 implementation, it is recommended that the APR is launched earlier in the financial year and used more proactively to inform the budget process and for public dialogue on the value-for-money of Government programs. Whereas data production has generally improved across most MDAs, public access to up-to-date data remains limited. Only a few of the latest surveys produced by Kenya National Bureau of Statistics are available online which puts the sustainability of the Open Data initiative under question. It is recommended that public access to government information is expanded during the implementation of MTP-2. In order to strengthen the focus on results, all Government priority projects should be included in e-PROMIS. Currently the database only includes information on one in 50 government projects. Including all priority projects would increase government's ability to manage effectively for development results. Lastly, a more systematic use of evaluations of flagship and high-priority projects would benefit future policy-making and program formulation.

## RISKS

35. **The main risks to growth and poverty reduction continue to be domestic.** Renewed political uncertainty could hamper economic growth and deter investors and capital inflows. Financing for MTP-2 investments relies on substantial non-budget resources which would be difficult to attract in an environment of weak governance and cumbersome business regulations. Moreover, an unsuccessful fiscal devolution and unchecked growth of the wage bill could derail fiscal discipline, leaving lower buffers to deal with adverse shocks, and disrupt provision of public services. Agriculture remains vulnerable to unpredictable weather patterns and regional droughts and floods, which can significantly affect output and progress on poverty reduction. Stepping up measures to make agriculture more climate-resilient, for instance through the construction of

irrigation facilities and terracing will be important for attaining MTP-2 targets. Additionally, Staffs encourage the government to step up efforts to create a more conducive environment for private sector development, including through securing energy infrastructure and using the VAT reform to reconsider high effective corporate income tax rates adversely affecting doing business in Kenya. Finally, success in poverty reduction will depend on the inclusiveness of economic growth hence attention should be maintained on promoting higher employment generation and labor productivity.

36. **The main external risks relate to the prospects for global recovery.** On the external front, while the global recovery has started, new vulnerabilities have surfaced in emerging markets that are now fast becoming key economic partners for Kenya. Building buffers is essential and the CBK should continue gradually accumulating foreign exchange reserves until they cover 4.5 months of projected imports, and thereafter intervene only occasionally to smooth out excessive exchange-rate volatility. The authorities should also redouble their efforts to promote regional trade integration, as these have in the last five years contributed to stimulate demand and helped reduce the negative economic impact of slower growth in traditional export markets. In that regard, the recently signed East African Monetary Union Protocol is an encouraging development that will need to be accompanied by the full implementation of the customs union, the common market, regional infrastructure projects, and further progress in reducing fiscal and financial vulnerabilities in each of the EAC countries.

## CONCLUSIONS

37. **Fund and Bank staffs believe that the MTP-2 provides an adequate framework to accelerate the transformation of the Kenyan economy and reduce social disparities.** The MTP-2 clearly identifies the main challenges that have stood in the way of Kenya fully realizing its growth potential, and sets a broad agenda to overcome these hurdles and achieve faster, more inclusive growth over the next five years.

38. **The staffs recommend the following actions to strengthen implementation and reduce risks in the MTP-2:**

- Macroeconomic policies should cement recent successes by preserving low-inflation, continuing to increase foreign reserves, and aiming at lowering gradually the public debt-to-GDP ratio while raising infrastructure investment
- Improving governance and the business environment should be considered essential for promoting domestic and foreign investment as well as for promoting competitiveness
- Efforts should focus on reining in recent increases in the wage bill that could crowd out spending on infrastructure and social protection
- Given that the projects and reforms of the MTP-2 go beyond available public resources, the authorities should center on those with higher returns as well as on further attracting private

investment. Moreover, borrowing plans should remain anchored within the government's medium term debt management strategy

- Improving public financial management at both central and county levels should be a priority
- in order to enhance the quality of the proposed public investments in the MTP-2 and ensure that the devolution process yields tangible economic benefits and improved delivery of public services
- Enhancing use of results in planning and budget processes at both levels of government is recommended to strengthen the links between financial accountability and accountability for results. Staff also recommends improving timely dissemination of progress reports to inform public debate.