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Republic of Kenya

Program-for-Results: Kenya Devolution Support Program

March 15, 2016

Chair Summary*

The Executive Directors approved a credit to the Republic of Kenya in the amount of SDR 144 million (US$200 million equivalent) for the Kenya Devolution Support Program-for-Results (PforR) on the terms and conditions set out in the President's Memorandum.

Directors noted that devolution will help bring about the much needed bottom-up and more accountable form of government. They were encouraged by the objectives of the operation, noting that strengthening core county-level institutions and establishing basic fiduciary, human resource, procurement, and M&E capacity, as well as building environment and social management capacities. will collectively form a solid foundation for effective and efficient delivery of devolved services.

Directors appreciated the choice of instrument as it introduces a results orientation to the government's capacity building program for devolution, which will provide valuable lessons for replication in other countries. They observed that the P-for-R instrument provides a useful tool in managing expectations of increased budgetary allocations by linking them to the delivery of outcomes. Directors noted that development should ultimately link service delivery to public financial management and domestic resource mobilization at both national and local levels. They also stressed the importance of a balanced and fair process of grant-making to counties.

Directors stressed the importance of linking the program results to the delivery of devolved services and improving public participation and citizen engagement in the design and implementation of development programs. Directors emphasized that it was necessary to have comparable baseline data on service delivery at county level and to link services to development outcomes to monitor results and ensure that program outcomes are achieved. They expressed interest in assessments of the impact of improved service delivery on the goals of poverty reduction and boosting shared prosperity.

Directors emphasized that the project faces substantial risks related to capacity constraints, weak institutions, and governance problems. They stressed the need to strengthen Public Financial Management capacity at county level, to develop effective partnerships at the county level, and to carefully coordinate with other donor initiatives in decentralization. Directors recognized that capacity building is a long-term initiative and underscored the importance of adequate resources and training for the Auditor-General office and county-level officials. They called for more support to the institutions that oversee compliance and monitor fiduciary risks. Directors also commented on the importance of incentives to maintain and increase staffing in marginalized or poor-performing counties, especially those housing vulnerable and displaced populations.

*This summary is not an approved record.