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OPPORTUNITIES AND CHALLENGES UNDER DEVOLVED SYSTEM OF GOVERNMENT

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To provide quality public policy advice to the Government of Kenya by conducting objective research and analysis and through capacity building in order to contribute to the achievement of national development goals

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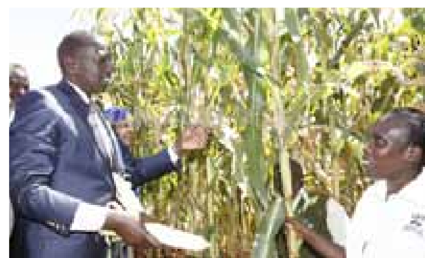


Challenges and Opportunities in Input and Extension Provision as a Devolved Function in Kenya

.....and many more stories

Editorial

Welcome to the October-December 2018 KIPPRA Policy Monitor edition that focuses mainly on opportunities and challenges of devolution in the country. The edition delves into some experiences of devolved units in Kenya including county expenditures, own county revenues and county pending bills; role of counties in enterprise development; emergence and prospects of counties' regional economic blocs; prospects of blockchain technologies in the counties; and opportunities and challenges of providing inputs and extension services in the sub-national units.

The counties' expenditures are largely financed by the sharable revenues and conditional grants from the national government and grants from development partners. However, most counties still have challenges in generating own source revenues as only three counties met their own revenue targets in 2017/18. Moreover, pending bills in most counties are becoming a major concern. The national government has developed the National Policy to Support Enhancement of County Governments' Own Source Revenue and County Governments Revenue Raising Regulation Process Bill 2018 to enable the counties improve their revenue collections, enhance revenue administrative capacity and address the concerns of double taxation as goods and services move across counties.

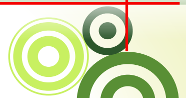
Formation of counties' regional economic blocs is fast taking shape in the governance landscape. Key motivating factors informing the establishment of counties' regional economic blocs include pursuit of joint economic and social goals, pooling and leveraging of shared resources among member counties in respective blocs and securing access to external markets as a bloc to enhance bargaining power. However, the blocs face certain risks and constraints including budget challenges, multiple memberships, lack of public participation and conflicting interests among member counties.

The edition also brings to our readers the Institute's exciting activities in inducting the newly appointed Board of Directors, rolling out of capacity building programmes, richness in research and policy analysis activities of the Institute, county level validation workshop of the Public Expenditure and Financial Accountability (PEFA), engagement with Kenya think-tanks in exploring a platform for policy dialogue with the policy makers and a demonstration of the Institute's commitment to tree planting among other activities in the second quarter of 2018/19.

The Institute held the KIPPRA Mentorship Programme for Universities (KMPUs) at Maasai Mara University and Karatina University. The KMPUs forum was well received by students and staff in the two universities. In early November, KIPPRA hosted a Think-Tanks' Forum that aimed at building synergies in public policy research and analysis. More than 20 policy think-tanks were represented at the forum. In the last week of November, the Institute conducted a public policy making process training in Bungoma County.

Welcome to read these and other news.

We wish you all a Merry Christmas and a Happy and Prosperous New Year 2019.



Economic Performance and Growth Prospects

By Benson Kiriga, Daniel Omanyo, Hellen Chemnyongoi and James Ochieng'

Recent Economic Performance

The modest upturn in Kenya's economy continues, driven to a large extent by improved agricultural production and higher economic activities in the services sector. The economy expanded by 6.0 per cent in the first half of 2018 compared to 4.7 per cent in the first half of 2017. This expansion was bolstered by the 6.3 per cent growth gained in the second quarter of 2018. During the second quarter, agriculture, forestry and fishing sector expanded by 5.6 per cent compared to 5.2 per cent in the previous quarter. This was largely attributed to the favourable weather conditions that were spread evenly across the country, leading to improved agricultural production. The agriculture sector's improved performance was buoyed by growth in the volume of tea produced (18.4%), increased volume of coffee production (44.1%), increased volume of cane deliveries to millers (28.1%), and increased volume of milk deliveries to processors, among others.

The services sector remains the main contributing pillar of growth, although growth was uneven across the services sub-sectors. Accommodation and restaurants continued to grow at a robust pace of 15.7 per cent, building on the strong growth in the preceding quarter (13.5%). This was mainly supported by improved security and political climate in the country and the aggressive marketing strategies being undertaken by the government. Other services sub-sectors that recorded notable growth include information and communication (12.6%), transport and storage (7.8%) and wholesale and retail trade (7.7%). Nevertheless, certain services sub-sectors grew at a slower pace. Notably, financial and insurance witnessed a marginal decline of 0.3 per cent on the back of a drop in the growth of credit to the private sector. Real estate also experienced slower growth from 6.8 per cent in first quarter of 2018 to 6.3 per cent in the second quarter.

In industry, the highest growth was recorded in electricity and water supply. The sub-sector grew by 8.6 per cent in quarter two compared to 5.1 per cent in the first quarter. This growth was mainly driven by decline in the cost of electricity generation during the review period, thereby enhancing growth of value added in the sub-sector. Manufacturing reported a steady growth, rising from 2.3 per cent in the first quarter of 2018 to 3.1 per cent in the second quarter. This improvement was attributable to, among other things, robust agro-processing activities that benefited substantially from increased agricultural production during the period under review. Meanwhile, the construction sub-sector registered a marginal decline during the review period. The sub-sector grew by 6.1 per cent during the quarter compared to 7.2 per cent in the preceding quarter. This was largely influenced by the 6.8 per cent decline in cement consumption during the quarter.

Inflation in the year to November 2018 has been within the government's target band of 5 ±2.5, signifying a stable macroeconomic environment. Overall inflation remained stable at 5.58 per cent in November 2018 compared to 5.53 per cent in October 2018. Food inflation remained low, while

electricity and diesel prices declined. Petrol prices, *matatu* and bus fares rose slightly. The low food inflation was sustained by the lower prices of maize and maize products compared to the previous month. Increase in petrol prices was attributable to the 8 per cent VAT on petroleum products which came into effect in September 2018. Bus fares increased on the account of implementation of the *Michuki Rules* which saw *matatu* industry players increase their fares. On a brighter side though, over the past 11 months of 2018, overall inflation remained well within the government target band of 5 ±2.5, averaging at 4.6 per cent. The outlook for inflation is positive and this will provide fundamentals for a better third and fourth quarter performance in terms of economic growth.

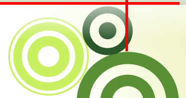
The Monetary Policy Committee meeting held on 27th November 2018 resolved to retain the Central Bank Rate at 9.0 per cent. This signifies the continued phase of low and stable interest rate to support economic growth. By end of November, the average interbank interest rate increased slightly to 5.6 per cent from 3.8 per cent in October 2018, indicating the robustness of liquidity in the money market. The 91-Day Treasury bills closed the month of November at an average rate of 7.34 per cent compared to 7.49 in October.

The exchange rate remained competitive and less volatile. As at 6th December 2018, average exchange rate stood at Ksh 102.59 per US Dollar and Ksh 130.96 per Sterling Pound compared to Ksh 102.53 per US Dollar and Ksh 131.46 per Sterling Pound recorded as at the end of November 2018. The slight movement in the foreign exchange market indicates the stability of the shilling, which reflects strong capital inflows from tea and horticulture exports, strong diaspora remittances and tourism receipts.

National Fiscal Developments

The total National Government cumulative revenue collection including A-I-A for the period July 2018 to September 2018 amounted to Ksh 369.6 billion (3.7% of GDP) against a target of Ksh 446.4 billion (4.6% of GDP). The revenue fell below the target by Ksh 76.8 billion. This under-performance was due to shortfalls in Income Tax, Excise Duty and A-I-A collection.

During the same quarter (July 2018–September 2018), total cumulative expenditure and net lending inclusive of transfers to county governments totalled Ksh 452.5 billion against a target of Ksh 503.0 billion. The shortfall amounting to Ksh 50.5 billion was attributed to low domestic interest payments, low absorption of wages and salaries,



low absorption of payments of pensions and low absorption of development project funds by the National Government.

The gross domestic public debt increased by 10.3 per cent from Ksh 2,176.3 billion in September 2017 to Ksh 2,401.7 billion as at end of September 2018. The external public debt stock including International Sovereign Bond stood at Ksh 2,605.3 billion by the end of September 2018. The debt stock comprised multilateral debt (33.7%), bilateral debt (31.2%), suppliers credit debt (0.64%) and commercial debt (34.5% – including international sovereign bond).

County Level Fiscal Analysis

The total county expenditure for the 2017/18 financial year amounted to Ksh 303.83 billion, which was 74 per cent of the aggregated annual county governments' budgets. The expenditure was financed by Ksh 302 billion allocated to the counties as equitable share of revenue raised nationally and total conditional grants from the National Government and development partners amounting to Ksh 27.27 billion. In addition, the county governments were expected to generate own source revenue (OSR) amounting to Ksh 49.22 billion. However, as at the end of the financial year, the counties had cumulatively raised only Ksh 32.49 billion from own sources. In the 2018/19 financial year, the budget allocation for the counties is Ksh 376.4 billion comprising a sharable revenue of Ksh 314 billion and Ksh 62.4 billion conditional allocations.

Pending bills have become a serious concern for the Office of the Controller of Budget. As at June 2018, pending bills for all the 47 counties were totalling Ksh 108.4 billion. Out of this, the stock of pending bills in Nairobi County was 60 per cent of the total, the largest among the 47 counties. With exclusion of Nairobi County whose pending bills were not disaggregated into recurrent and development, recurrent pending bills accounted for 35.7 per cent while development oriented pending bills accounted for 64.3 per cent.

The aggregate revenue raised by the counties in 2017/18 amounted to Ksh 32.49 billion, a slight decline compared to Ksh 32.52 billion generated in 2016/17 financial year. Only three counties met their revenue targets, four counties attained 90 per cent of their targets, 20 counties attained a target of 70-100 per cent and seven counties did not attain even 50 per cent of their targets. The analysis of OSR collection as a proportion of annual targets shows that only Tana River, Migori and Kwale counties exceeded their annual targets at 188.8 per cent, 111.1 per cent and 100.5 per cent, respectively. Nairobi County generated the highest amount of OSR at Ksh 10.11 billion whereas Lamu generated the lowest amount at Ksh 55.29 million.

The National Government in a bid to support county governments to improve revenue collection

formulated the National Policy to Support Enhancement of County Governments' Own Source Revenue which was approved by the Cabinet in August 2018. The policy was formulated following concerns on the performance of counties' OSR and its diminishing share vis-à-vis total resources, and the way counties plan and budget for the local revenue. The two objectives of the policy are: the need to have a standardized institutional, policy and legal framework for OSR raising measures and enforcement that would be applicable to all county governments; and to provide measures to broaden the counties' revenue bases and enhance revenue administrative capacity.

To further enhance revenue collection, the National Government prepared the County Governments Revenue Raising Regulation Process Bill 2018 which was forwarded to Parliament for approval. The Bill provides for regulation of the process of introducing new taxes, fees and charges by county governments. Its main objective is to address the concerns of double taxation as goods and services move from one county to another.

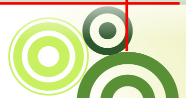
Counties with automated revenue collection systems are more likely to meet their revenue targets compared to those with non-automated systems. According to CRA 2018 'County Revenue Enhancement and Automation Conference', 14 counties are yet to automate their revenue collection systems; 18 of the 33 with automated systems reported increase in revenue collection. Therefore, automation of revenue collection by counties is important in improving own revenue collections as it limits handling of cash by various revenue officials.

Economic Outlook

The Third Medium Term Plan 2018-2022 (MTP III) was officially launched on 23rd November 2018. The MTP III is themed "Transforming Lives: Advancing Socio-economic Development through the Big Four". It outlines the main policies, legal and institutional reforms, and programmes and projects that the Government plans to implement during the 2018-2022 period; it is anchored on the "Big Four" initiatives.

Kenya's growth prospects appear robust. Household consumption is expected to remain strong, and exports are expected to recover. Investments will be supported by ongoing policy reforms and infrastructure improvements. Improvements in tourism activities following the relative peaceful and secure business environment that the country enjoys in the recent times will continue. Considering the continued stability in the macroeconomic conditions and prudent economic policies by the government, economic growth is expected to pick up to 5.9 per cent in 2018 and stabilize at around 7.0 per cent over the medium term.

Household consumption is expected to be steady at 6.8 per cent in 2018 and 7.2 per cent in 2019 mainly due to government's commitment to maintain inflation within the target band of 5 ±2.5 per cent, strengthen usable foreign exchange reserve position to over 4.5 months of import cover, stabilize interest rates to bolster credit to private sector credit, and continue strengthening exchange rate to support productive activities. These, together with government commitment to create an average of 1.3 million new jobs annually to address the problem



of youth unemployment will impact positively on household's disposable incomes, thus increasing consumption.

As the economy expands, the government will continue its fiscal consolidation strategy targeting to reduce fiscal deficit from 7.2 per cent of GDP in 2017/18 to 6.0 per cent of GDP in 2018/19 and 3.0 per cent in 2021/2022. The fiscal consolidation strategy will be enhanced by slowdown in ministerial related expenditures and domestic revenue enhancement initiatives, including the roll out of Integrated Customs Management System (ICMS) to seal loopholes at the customs; implementation of Regional Electronic Cargo Tracking System (RECTS) to tackle transit diversion; expansion of the tax base through introduction of the presumptive tax to bring the informal sector into the tax net, among others. The fiscal consolidation strategy will improve the country's nominal public debt position from 53.0 per cent of GDP in 2017/18 to 52.8 per cent of GDP in 2018/19 and further down to 43.6 per cent of GDP in 2021/22.

Over the medium term, savings and investment ratios to GDP will rise from 13.6 per cent and 19.7 per cent, respectively, in 2017/18 to 19.2 per cent and 23.4 per cent in 2021/22. This will be enhanced through continued strict implementation of contributory pension scheme by public servants and introduction and support of innovative financial instruments, including mobile money banking platforms to enhance savings culture among the rural and low-income segments of the economy. The government will ensure stabilized interest rates, competitive exchange rates and stable macroeconomic and business environment to encourage private investment by both locals and foreigners.

The foregoing economic outlook is not without risks. At the global stage, an abrupt tightening of global financing conditions or a sudden rise in financial market volatility could set back growth prospects over the medium term. For instance, normalization of monetary policy in advanced economies such as the US will significantly lead to depreciation of the Shilling, thus intensifying external market vulnerabilities particularly as the country is expecting to make bullet payments for the 2014 Eurobond and other syndicated loans. Domestically, the main risks to the outlook include fiscal slippages (loss of public funds through corruption scandals), unprecedented corporate and financial sector balance sheet deterioration, disruption of economic activity due to natural disasters, and insecurity challenges. Threats arising from adverse weather conditions will persist until the mitigating measures of food security as stipulated in the "Big Four" initiatives are put in place.

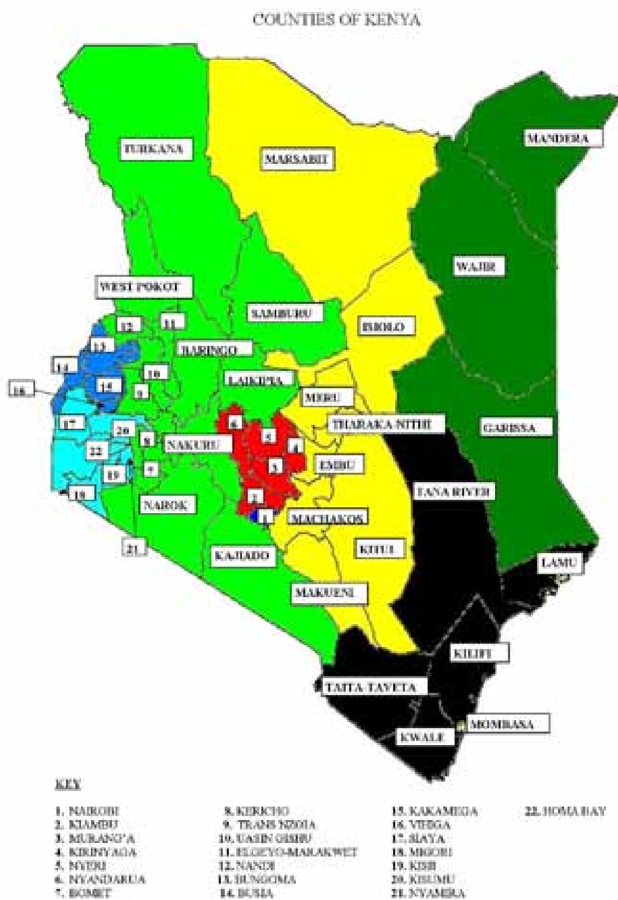
The Role of Counties in Enterprise Development and Enterprise Service Delivery

By Anne Gitonga-Karuoro and Rogers Musamali

The Government of Kenya has re-emphasized its commitment to promoting local enterprise development as presented in the "Big Four" agenda in which the manufacturing sector has been singled out and is targeted to produce 1,000 small and medium enterprises (SMEs). Micro, small and medium size enterprises (MSMEs) are a critical component of the country's industrial base. They are also a critical source of employment and important source of goods and services. The 1999 National MSE Baseline Survey established that MSEs employed half of the working population while the 2016 MSME Survey puts this figure at 81 per cent of the total working population. With respect to economic contributions, the 1999 National MSE Baseline Survey established that MSEs contributed 18.9 per cent of GDP while the 2016 MSME Survey indicates that MSEs account for 24.7 per cent contribution to national output and 23.6 per cent to gross value added. The 2016 Survey included medium enterprises not included in the earlier one. Despite this importance, the sector is characterized by low survival rate of MSEs, and limited skills, capital and workspaces. A number of government (both national and county) and non-government institutions play a role in addressing these challenges, some of which are discussed here.

The role of government in supporting local enterprises is very wide; this happens at the county level through both levels of government (County and National). The functions of the government at the county level can be categorized as county specific, national or cross cutting. Counties perform several functions including licensing, regulation, infrastructure, funding, enterprise development, market access, training, *inter alia*. However, it is difficult to discuss the role of counties without contextualizing the environment that they operate in from a national perspective. The Ministry of Industry, Trade and Co-operatives is mandated with "promotion and development of micro and small enterprises." Institutions such as Economic Processing Zones, Special Economic Zones and Industrial Parks, though spread throughout the country, are overseen by this Ministry. The Ministry, through the State Department for Industrialization, is also in charge of industrial training, capacity development and promotion and protection of innovation. The State Department of Trade is charged with trade promotion which includes promoting fair business practices and combating illicit trade activities such as counterfeiting. This is implemented by government agencies such as Kenya Bureau of Standards, Competition Authority and Anti-Counterfeit Agency, which have national outreach approaches, and activities are therefore not centralized in Nairobi. Promotion, supervision and oversight of co-operative societies is also a key mandate of the State Department of Co-operatives.

However, some aspects that relate to cooperative development have been devolved to the county, such as regulation of cooperative societies and development of markets for trade. For industrial and enterprise development functions that have been retained by the national government, county officers are deployed to ensure service delivery. The State Department of Industrialization, for instance, has County Industrial Development Officers stationed in selected counties, representing the different industrial zones. Their key mandate is to promote and implement industrial development policies and programmes in the county in liaison with relevant national government ministries and agencies. Micro and Small Enterprise Authority (MSEA), which is



domiciled at the Ministry of Industry, Trade and Co-operatives established by the Micro and Small Enterprise Act of 2012, also has field officers known as County Enterprise Development Officers. The officers are charged with promoting, developing and regulating the MSE sector, given this is the key mandate of MSEA. Promotion of innovation, which is critical to MSMEs, is a mandate of both MSEA and Kenya National Innovation Agency (KENIA) under the Ministry of Education. The Ministry of Education is further mandated to improve access, quality and relevance of higher and technical training. The training is, however, provided around the country by different training institutions including the Ministry of Labour and Social Protection which is mandated to promote industrial training. Skills upgrading through capacity building and training of enterprises has also been a key strategy adopted by several counties.

In regulating MSEs, the approach adopted by MSEA is collective action approach where small business associations form an important interaction point between individual MSEs, the government and other stakeholders. Small business associations (or Jua Kali associations) are basically individual business owners who are either manufacturers, producers or service providers who come together under a common agenda/objective that relates to the business or business environment or general business welfare. Membership is often a requirement where most have a subscription implication which varies with the association. These Jua Kali associations provide a wide array of services and support to their members, including lobbying and advocacy, access to finance, access to markets, value addition, infrastructure development and training.

In Kenya, the emergence of Jua Kali associations in the 1980s were initially policy driven. This is evidenced in Sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth; 1989-93 National Development Plan and Sessional Paper No. 2 of 1992 on Small Enterprise and Jua Kali Development in Kenya, all of which encouraged establishment of Jua Kali associations. The main motivating factor was the drive to organize the sector. Majority of Jua Kali associations are either registered with the Registrar of Societies or as a Self-Help groups with the Department of Social Development. The Micro and Small Enterprise Act of 2012 introduced a Registrar of MSEs which was designed for MSEs but may be more relevant as a registration point for Jua Kali associations, instead of building on the initially collective approach.

MSEA is also further mandated to promote innovation, access to market and to facilitate technology development and acquisition amongst MSEs. MSEA promotes market access through county, national, regional and international trade exhibitions. Jua Kali associations play a critical role particularly in the identification of exhibitors. Some counties have further adopted the Jua Kali association approach to identify recipients of the training while others have focused on training cooperative societies.

MSEA, in liaison with county governments, identifies suitable locations to develop markets and industrial parks. Infrastructural support for MSEs is critical. To this end, as evidenced in various County Integrated Development Plans (CIDPs), counties have prioritized and implemented the establishment of Jua Kali sheds, industrial parks, special economic zones, incubation centres, operationalizing Constituency Industrial Development Centers (CIDCs), and construction and rehabilitation of

other markets.

Constituency Industrial Development Centres (CIDCs) were constructed under Kenya's Economic Stimulus Programme (ESP) which was established in 2009/2010 with the aim of stimulating economic growth. Currently, there are 188 CIDCs located around the country at different stages of implementation, with some to be operationalized, some to be equipped while others are operationalized in partnership with the Medium and Small Enterprises Authority (MSEA), Kenya Industrial Research and Development Institute (KIRDI) and Kenya Industrial Estates (KIE). KIRDI and KIE, both domiciled in the Ministry of Industry, Trade and Co-operatives provide critical infrastructural and technical support to MSEs. Both have a national outreach with 35 KIE SME/Industrial Parks and 8 KIRDI centres.

The support provided at the county level is coordinated by the county departments which take different forms most of which use terms such as Trade Industrialization and/or Enterprise Development. County governments through their trade departments play a role in market access for MSEs by organizing for exhibitions and trade fairs locally or regionally. This is done in liaison with County Enterprise Development Officers who identify the deserving beneficiaries through the Jua Kali associations. Further, although fair trade and consumer protection is provided by national government ministries and agencies such as indicated earlier, counties play a role in trade development and regulation by ensuring fair trading practices, which prevents exploitation of both the traders and consumers.

Licensing of enterprises is also a key function of counties. Trade licensing is a function of the county governments implemented through county relevant laws. Nairobi County, for instance, enacted the Nairobi City County Finance Act No. 8 of 2015 which provides the licensing framework, fees and charges for Nairobi. County licensing has, however, come with some additional licenses including increased costs and multiplicity of charges, particularly for enterprises that have an intra-county presence. This challenge was highlighted by the National Treasury Cabinet Secretary in the 2016-2017 Budget Statement where it was reported that counties were introducing charges in a haphazard manner, resulting in double taxation and numerous licenses and permits for businesses. The Own Source Revenue and Draft Revenue Raising Process Regulation presented in the 2018-2019 Budget Statement is aimed at addressing these challenges by regulating the process of introducing new taxes, fees and charges by county governments. This demonstrates the need to harmonize licensing at the national and county government.

It is evident that MSEs receive government support at the county level in form of infrastructure, market access and training and are permitted to undertake economic activity through the county licensing regimes. The support provided is not limited to county governments as government ministries and agencies also play a role at the county level as evidenced above. Due to the complex institutional framework, coordination challenges emerge. There are multiple government institutions at the national and county level offering support to the MSE sector, with some overlapping functions. Support activities in some areas such as infrastructure support, market access and training are undertaken by the county and a number of government ministries and agencies. The MSE sector further lacks a central coordination authority or central point of information. Further, there are no MSE sector integrated plans or interagency or inter-county platforms or committees that focus primarily on MSEs. This leads to duplication, wastage of time and resources within the public sector and among MSEs. There is need for improved coordination of the sector. This was a key policy intervention in the Sessional Paper No. 2 of 2005 on Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction but the issue is yet to be addressed effectively.

The government needs to rethink and strengthen the collective approach, given associations have the potential of supporting MSEs and contributing to the policy process from formulation to monitoring and implementation. There is need to amend the MSE Act of 2012 (s.4) to confine the role of Registrar of MSEs to the registration of micro and small enterprises associations (Jua Kali associations) as opposed to individual MSEs with the aim of regulating, supporting and strengthening them.

The licensing reforms proposed through the Own Source Revenue and Draft Revenue Raising Process Policy and Regulation will ensure regulatory impact assessments of the licenses, fees and charges imposed by national and county government on MSEs in Kenya are consistently conducted.

County Regional Economic Blocs: Opportunities and Threats

By Paul Lutta, Beverly M. Musili and Douglas L. Kivoi

H.E. President Uhuru Kenyatta admires artifacts when he officially opened the inaugural investment conference of the Lake Region Economic Bloc (LREB)

Several county governments have recently embarked on the formation and establishment of county regional economic blocs to foster development in their regions. Article 189 of the 2010 Constitution of Kenya gives opportunities to governments at each level to cooperate and to set up joint authorities in performance of their functions, therefore enabling counties to forge collaborations to spur economic growth and development within their regions. According to the Council of Governors, at least 35 out of the 47 county governments are involved in intercounty blocs. Thus far, six (6) county regional blocs have been formed in Kenya namely North Rift Economic Bloc (NOREB), Lake Region Economic Bloc (LREB), Frontier Counties Development Council (FCDC), South Eastern Kenya Economic Bloc (SEKEB), Central Kenya Economic Bloc (CEKEB) and Jumuiya ya Kaunti za Pwani (Coast Counties Bloc).

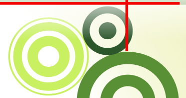
Region-based development blocs are not new in Kenya. This has been practiced since early 1970s through establishment of Regional Development Authorities (RDAs). Their mandate is to plan, implement and coordinate development programmes in regions under their jurisdiction to ensure development through integrated planning and management. Similarly, the national government proposed the establishment of six metropolitan regions as part of the Kenya Vision 2030 aimed at bringing development to major and minor cities within the country. It is, therefore, critical that the emerging counties' regional economic blocs learn lessons from the RDAs as they integrate relevant national government's six metropolitan regions' development models so that the objectives of county regional blocs contribute to the country's overall development agenda.

The intercounty regional blocs are brought together by common interests such as marketing agricultural produce and tourism sites, and enacting trade and investment laws that cut across their regions. The counties are to maximize on shared resources, securing access to new external markets and expand the existing markets for their products in other counties and the region at large. The quest to forge regional economic blocs as a working unity has been driven by a desire to pursue joint economic and social goals. Apart from the economic gains, the blocs can be used in promoting stronger community partnership and cooperation thus enhancing cohesion and appreciating diversity.

Different blocs have identified strategic focal points for collaboration. The Frontier Counties Development Council (FCDC) has seven-member counties which are Lamu, Tana River, Garissa, Wajir, Mandera, Marsabit and Isiolo. Though the region is largely semi-arid and arid, it has huge resources including livestock, potential solar and wind energy, vast land, untapped tourism resources and proximity to Ethiopia and Somalia. Its objective is to promote cooperation, coordination and information sharing between the member counties in view of enhancing socio-economic development and promoting peaceful co-existence among its members. FCDC region has already embarked on joint projects demonstrating the potential benefits of intercounty collaboration. FCDC has signed a Memorandum of Understanding (MOU) with the Water Sector Trust Fund (WSTF) for implementation of water-related projects. The MOU offers investment opportunities in areas of rural water and sanitation, urban water and sanitation, water resource management, climate change and disaster management, result-based and commercial financing and research and special programmes.

The Jumuia ya Kaunti za Pwani that comprises coastal counties of Tana River, Taita Taveta,

H.E. President Uhuru Kenyatta during the opening of a modernized Sotik milk factory that is going to benefit farmers from Bomet County, neighboring counties and the Lake Region Economic Bloc



Lamu, Kilifi, Kwale and Mombasa has a focus on joint promotion of tourism, youth and women empowerment and addressing issues of food security, land and unemployment through various projects. The Jumuiya ya Kaunti Za Pwani came together to host a Jumuiya Agribusiness and Blue Economy Investment Conference from 19th – 20th November 2018 to precede the National Sustainable Blue Economy Conference in pursuance of its objectives to exploit the blue economy. During the Jumuiya Agribusiness and Blue Economy Investment Conference, the bloc also focused its attention towards unlocking the large potential of the blue economy by leveraging economies of scale and shared resources. The Coast region is rich in unique sea and land resources, among them the Indian Ocean, rivers, lakes, marine resources, tree crops, forestry (mangroves), *kayas*, minerals, wildlife, tourism, diverse cultures, monuments, heritage and history that have remained largely underutilized and which the regional bloc seeks to exploit.

The LREB, which comprises 14 counties including Siaya, Homa Bay, Migori, Kakamega, Bungoma, Busia, Vihiga, Trans Nzoia, Kisii, Nyamira, Bomet, Nandi, Kisumu and Kericho, seeks to leverage the economies of scale and shared resources such as Lake Victoria by exploiting the interface between the features of the Lake region to grow the economies of the region and improve the livelihoods of the people. The LREB has advanced in terms of regional economic blocs. The inaugural LREB Trade, Investment and Blue Economy Conference held in October 2018 in Bomet County under the theme "Optimizing Shared Resources for Prosperity" to showcase the region's investment opportunities to leading international, regional and national investors demonstrates the seriousness taken by some regional economic blocs.

The LREB has developed a Joint Regional Economic Blueprint with 7 pillars and flagship projects identified under each pillar. Overall, LREB flagship projects include the establishment of a regional commercial bank to increase access to formal banking services, increase access to capital and financial services to build and sustain development in the region, make credit available to low income people, and support farmers and other residents engaged in SMEs in accessing affordable finances to support agricultural and business activities. Other major projects include deployment of information and communication technology to improve service delivery; creation of a Lake Region Ring Road to improve the road infrastructure; enhancement of tourism activities through the establishment of a Lake region tourism circuit; improvement of health care by establishment of specialist hospitals in each of the member counties; and the establishment of an agricultural commodities exchange.

Agribusiness and Blue Economy Investment Conference 2018, in Mombasa County

Noreb Tourism Stakeholders Meeting

North Rift Economic Bloc (NOREB) comprises of Uasin Gishu, Trans Nzoia, Elgeyo Marakwet, Baringo, Nandi, West Pokot, Samburu and Turkana counties. The economic bloc seeks to exploit common resources and investment opportunities and urges members to plant short term crops such as passion fruits, mangoes and avocados with the East African Community being its primary target. The bloc also seeks to develop and establish a harmonized system of legislation and taxation to attract investors.

The South Eastern Kenya Economic Bloc (SEKEB) formed between Kitui, Machakos and Makueni aims to pool and leverage on regional resources, county synergies and economies of scale to spur trade and investment in the region and to provide food security by revamping agriculture.

The Central Kenya Economic Bloc (CEKEB) whose membership consists of Nyeri, Nyandarua, Meru, Tharaka Nithi, Embu, Kirinyaga, Murang'a, Laikipia, Nakuru and Kiambu has directed its focus on agriculture and agri-business, energy, healthcare, tourism and water resource management.

The organizational management and structures differ across each bloc. Each established regional intercounty bloc has a Chairperson as Governor of one of the member counties. Some blocs such as NOREB have also developed constitutions but these still require member counties to enact legislation through their respective County Assemblies to operationalize the objectives of the bloc. The LREB has developed a Joint Regional Economic Blueprint and comprises of a Summit, Council, Pillar Committees and a Secretariat headed by a Chief Executive Officer.

The FCDC has set up the Sector Forum for Agriculture and Livestock to promote cooperation, coordination and information flow between counties and with the national Ministry of Agriculture, Livestock and Fisheries on issues related to agriculture and livestock. CECs of the 7 FCDC counties form the General Assembly and meet regularly to deliberate on issues and topics raised by the counties, the Government of Kenya and development partners. They decide on what issues and businesses their Secretariat should work on. The Secretariat is responsible for the day to day running of the Forum, mobilizes resources and implements requests and decisions taken by the General Assembly. County Executive Committee members of the seven FCDC counties hold meetings and the SFAL Secretariat implements decisions taken by the Forum. The Forum intends to harmonize county polices and sector plans, create synergies among counties, debate on inter-county issues related to agriculture and livestock and develop recommendations or binding agreements to resolve issues or enhance collaboration. For 2017/18, the Forum identified regional rangeland management, regional disease control, advocacy and knowledge management, institutional strengthening

of their departments, and diversification of livelihoods as their key priorities.

Way Forward

A key motivating factor informing formation of intercounty regional blocs is pooling and leveraging of shared resources among member counties and to benefit collectively from unique resources found within the region by tapping into underexploited expanse of the region's natural resources. Investment conferences have been the platforms through which member counties of regional intercounty blocs demonstrate and showcase their commitment, unity, resources, investment opportunities and planned projects to attract investors and publicize the potentials of their regions.

As much as regional economic blocs are welcome and some blocs have already demonstrated progress and success in their activities, there are emerging issues of concern that need to be addressed.

Ultimately, the success of the county regional blocs will depend on goodwill among counties, prudent management of resources, visible results and deliverable outputs which arise as an outcome of the intercounty collaboration and partnerships.

Strategic focal areas and development strategies envisaged in these economic blocs may not be harmonized and/or aligned with national development goals such as the Kenya Vision 2030 and the "Big Four" agenda. It is important for counties to self-interrogate their needs and priority areas which may not necessarily be achieved through regional blocs but can be pursued through other alternative means by collaborating and partnering with the national government. Thus, these blocs ought to ensure that their development blueprints are in sync with national priorities envisaged in the Kenya Vision 2030 and the "Big Four" agenda.

Some counties are yet to enact enabling legislation to operationalize these blocs and guide the management, distribution and sharing of resources. The LREB is the only regional bloc with an overarching legislative framework guided by the Lake Region Economic Bloc Bill which each member county is required to enact through their respective County Assemblies to implement joint projects such as the proposed regional development bank. Kakamega, Kisumu and Kisii counties are the only counties in the LREB to have enacted the Bill. Operating without a legal framework governing and regulating formation and composition of regional blocs is a risk that needs to be addressed. County governments could partner with national government agencies such as the Kenya School of Government, Office of Controller of Budget, Office of Auditor General, Kenya Law Reform Commission among other institutions to build the technical and institutional capacity and legal frameworks of these regional blocs to ensure sustainable development.

The justification behind formation of such blocs may not be clear to all stakeholders including residents in the sub-national regional blocs. Further, lack of confidence that regional blocs will achieve what individual counties have not been able to achieve may hamper the viability and longevity of the intercounty regional blocs. There is need for clear articulation of the benefits to be realized from county regional blocs for the success and ownership of these blocs. To ensure sustainability and ownership of these economic blocs by residents of these regions, there is need for comprehensive public participation and concerted access to information. This will ensure that local communities own the development initiatives of these blocs even when there is change in county leadership.

Ultimately, the success of the county regional blocs will depend on goodwill among counties, prudent management of resources, visible results and deliverable outputs which arise as an outcome of the intercounty collaboration and partnerships.

Transforming County Governments through Blockchain Technologies

By Humphrey Njogu and Charity Kageni

Emerging technologies such as blockchain, artificial intelligence, cloud computing and Internet of Things are unfolding on many fronts and some have the potential to drive massive economic transformations and disruptions in the coming years. Technologies have influenced the pattern and trend of economies across the globe. Digital economy, popularly known as Internet economy, is a new term that refers to economic processes, transactions, interactions and activities that are based on digital technologies. Digital economies are thriving because of well-known innovations such as MPesa which has transformed the financial sector and contributed significantly to the growth of the national economy. Similarly, mobile phone applications such as Uber and LittleCabs have drastically transformed the transport sector. Blockchain technologies have huge potential to transform the services and operations of any government.

Information is a critical resource for any government in delivering public services. This, however, requires that the data collected is reliable, complete and timely in facilitating effective decision making. A key challenge though is limited digitization of critical information. Manual processes are adopted by many governments, making management of critical information to be time consuming, costly and inefficient. Cases of records which are generally in paper form being misplaced, or damaged are common. This has adverse effects including loss of government revenue; inadequate planning, execution and evaluation of government programmes; inefficiency in infrastructure maintenance; and overall wastage of public resources.

Blockchain is a disruptive technology that has the power to address challenges that governments face in service delivery. As evidenced in several countries, such as United Arab Emirates and Estonia, blockchain has been applied in the public sector to improve the quality

of government services and processes, manage assets, preventing fraud, cutting red tape and waste while improving transparency. Blockchain has brought collaboration between governments, businesses and citizens. The Government of Kenya has since recognized the importance of the technology and has recently formed a national taskforce to explore how blockchain technologies can be integrated in the development of the country. In addition, the Vision 2030 has articulated the need to adopt relevant technologies for transforming and building an information economy.

Blockchain is simply a chain of blocks that are shared on a distributed public ledger. The word “block” refers to digital information and “chain” refers to storing the digital information in a public database (ledger). Participants in a given transaction have access to information on that transaction in a block.

Application of blockchain in service delivery has been witnessed by a few early adopters globally. In United Arab Emirates (UAE), the government is integrating blockchain into all its public services including visa applications, payment of bills and renewal of licenses among other services, which could save as much as US$ 1.5 billion every year by a paperless transaction blockchain-based system. Similarly, in 2012 the government of Estonia started working on blockchain development for various public services. Estonia has since implemented the decentralized ledger technology in its registry database across various sectors including health, security, and legislative sectors. China too recognizes that blockchain technology could potentially usher in massive economic developments within sectors such as manufacturing. Other countries include Brazil which uses blockchain to handle election petitions while Chile uses the technology to fight corruption. United States of America has implemented blockchain in federal governments in sectors such as procurement, appropriated funds, asset and supply chain management, financial management and Federal personnel workforce data. Additional countries that have adopted blockchain in delivering public services including at the devolved levels are India and United Kingdom.

County governments in Kenya could apply blockchain related solutions to facilitate effective legal enforcement. For instance, county governments can use data from public blockchains to track any financial transaction. Such implementation is a key tool towards making sure that operations of the county are trackable. In case of illegal activities, it will be easy to identify culprits and details of the illegal dealings. Blockchain solutions

also facilitate all authorized personnel to have access to every transaction made, therefore enhancing transparency in transactions.

County governments across the country face tax-related issues particularly during collection and management of tax funds. Ordinarily, there are many loopholes that defaulters use to avoid paying taxes and fees. Blockchain solutions offer a new approach to identify and track the defaulters and ensure that taxes and fees are paid and thus widening the tax collection base. With smart contracts, county governments can collect taxes and link this to the tax payers in real time,which is a more dynamic way for governments to collect revenue and enhance transparency. Similarly, county governments can use blockchain to enhance efficiency in billing and payment processes and thus facilitate revenue collection.

Blockchain technology can also boost the efficiency of welfare distribution at the county levels. County governments experience challenges in identification and allocation of resources to the right beneficiaries. The use of decentralized ledger technology can significantly improve the process of registration and payment, thus enhancing more efficiency and proper allocation of resources. The platform simplifies the processes of identifying and tracking beneficiaries of resources. Blockchain solutions ensure faster service delivery, allowing citizens to benefit directly and reducing the amount of money lost or wasted along the way.

The county governments have opportunity to create incorruptible asset registers that manage and track all assets owned by the county governments, including their conditions and their locations and owners. This will facilitate dynamic and real-time reporting of county-based assets. Similarly, blockchain technologies offer a smart way to preserve the confidentiality, integrity and availability of government critical records such as policy and legislation records and other vital records such as finance, human resource and procurement.

Finally, blockchain technologies could ensure counties have up to date statistics at the county levels on a decentralized public ledger. For instance, household data could easily be linked to other related critical data such as births and deaths data and consumption data on a decentralized public ledger. This would save statistical agencies billions of shillings and time spent collecting data at the county levels. Updating and sharing of such data would be much easier. In addition, the county governments could apply a decentralized ledger to manage information used in project management; enhancing safety and security; and management of disasters. Similarly, provision of notarization service which acts as proof of action and validates the exact time an action takes place could be possible in blockchain.

Conclusion

County governments are tasked with ensuring transparency especially in governance and delivery of public services. Although blockchain is a topic of discussion and is least known among policy makers, blockchain applications for county governments would come in handy towards eliminating major issues experienced in the public sector. Blockchain solutions could facilitate more effective deployment, distribution and utilization of resources. Blockchain offers a viable solution that can help county governments go digital. To increase the adoption of blockchain, collaboration between the public and private sector in developing smart standards and regulation, and creating enabling environment for blockchain start-ups through tax incentives, grants and other mechanisms are necessary.

Finally, blockchain technologies could ensure counties have up to date statistics at the county levels on a decentralized public ledger. For instance, household data could easily be linked to other related critical data such as births and deaths data and consumption data on a decentralized public ledger.

Challenges and Opportunities in Provision of Inputs and Extension Services as a Devolved Function in Kenya

By Evelyne Njuguna and Dennis Kyalo

Introduction

The 2010 Constitution of Kenya, in the Fourth Schedule, devolves the function of agriculture to the counties. County governments are responsible for crop and animal husbandry, livestock sale yards, county abattoirs, plant and animal disease control and fisheries, while the national government has the mandate on agricultural policy.

Through County Specific Legal Notices issued in 2013, in accordance with sections 23 and 24 of the Transition to Devolved Governments Act 2012, the county functions to be transferred to the counties were unbundled. Some of these functions include provision of agricultural extension services or farm advisory to deliver agricultural technologies through farm demonstrations, farmer field days, farmer field schools, agricultural shows, farmer training courses and barazas. Similarly, the counties were further mandated to role avail farm inputs such as certified seeds, fertilizer and other planting materials such as cassava or potato vines to farmers. In addition, enforcement of regulations and standards on quality control of inputs, produce and products from the agricultural sector were transferred to the county governments.

So far, the devolved functions have been taken up and according to the Council of Governors (CoG), there was substantial increase in food production in the counties from 26 per cent in 2013 to 31 per cent in 2015 following devolution. That said, almost all the County Integrated Development Plans (CIDPs) identify access to quality farming inputs and provision of extension services as key gaps. These constraints may hinder delivery of the counties' development agenda of food security and nutrition. An attempt has been made to unravel the challenges and opportunities that exist in farm input and extension services delivery as a devolved function.

Provision of Inputs and Extension Services

There are underdeveloped and/or mismatched legal and regulatory frameworks related to agriculture in counties. For counties to execute their roles, they are required to formulate and review county-specific policies; and develop, enact and implement legislation and regulatory frameworks. Several county legal and regulatory frameworks concerned with agriculture have been put in place in the last five years. For instance, Busia County has Agricultural Development Act of 2015, Isiolo has Animal Welfare Act of 2015 and Samburu County has Agricultural Machineries Services Act. However, out of the 47 counties, only 16 counties (34%) have set up legal and regulatory frameworks related to agriculture. This is despite the acknowledgement of low agricultural productivity from the sector. For instance, Trans Nzoia County's study on agricultural value chains improvement and investment plan in 2014 recognized a few challenges in the agricultural sector. These include reduced effectiveness in the county's agricultural extension services and lack of existing structured institutional arrangement linking county extension service providers to the available research, knowledge and to the farmers. Yet, Trans Nzoia County has not formulated any agricultural-related policy framework in addressing these challenges. This is despite the existence of the National Agricultural Sector Extension Policy (NASEP) which the County can borrow from and domesticate to define the modalities for effective agricultural extension management and organization in a system that incorporates both public and private extension service providers as active stakeholders.

The Agricultural Sector Development Strategy (ASDS) (2010-2020) is still used as the key national policy instrument in agriculture, although it was constituted before the devolved system of government and has not been updated to reflect county governments. Districts were used as the implementation units with de-concentrated offices that take orders from the national level. Development of agricultural policy frameworks at the county level is important to create an enabling environment for delivery of agricultural inputs and extension services. The frameworks will guide implementation of agricultural policies and measures in a manner that promotes, supports and enhances productivity of the sector.

Cross-cutting policy formulation and implementation roles between the national and county governments hinder services delivery. The national level of government is mandated with agricultural policy formulation, but implementation is undertaken by the county governments. However, some of the devolved functions are still being carried out by the national government through various parastatals. An example is the requisition of fertilizer under the subsidy programme by the National Cereals and Produce Board (NCPB). While importation of fertilizer should be specific to the different soil requirements of different counties, this does not seem to be the case. Farmers is some counties often get non-recommended fertilizer and, moreover, the subsidy fertilizer is not provided in a timely manner due to delayed clearance of fertilizer at Mombasa port (which takes more than 60 days).

The counties have relatively inadequate extension service staff with adequate skills. Counties are still operating with extension staff who were under the previous government structure with few new employments. Most extension service staff have not been exposed to post-basic training or upgrading of skills over time. An example is Trans Nzoia County where the average age of an extension officer is 45 years. Without any succession arrangements in place, counties will have no qualified staff to offer the services in the next few years. Further, the demand driven approach to access extension services limits access to the same service especially where farmers are located far from the extension providers or are not aware that they can seek help from the extension providers. Overall, this has led to low absorption of modern technologies and inputs.

Inadequate financing of the agricultural sector poses a challenge in counties. The county governments are heavily reliant on the national government to disburse funds to finance most of their activities. In most cases, disbursement of funds is delayed, thus affecting timely delivery of extension services and inputs to farmers. Further, most of the counties allocate less than 10 per cent of their budget to agriculture, which is contrary to the 2003 Maputo Declaration that requires 10 per cent of the national budget be allocated to agriculture. For example, in 2017/18, Uasin Gishu had the highest allocation at 9.01 per cent of its budget to Agriculture, Livestock, Veterinary and Fisheries, which is close to the recommended proportion of 10 per cent (Table 1). The County

also led in budget allocation to agricultural development which encompasses facilities, machinery, input and extension services delivery. However, Kiambu, Kisumu and Nakuru counties, for example, allocated 5.41 per cent, 4.47 per cent and 4.05 per cent of their budget which is relatively low. In addition, according to an Intergovernmental Relations Technical Committee (IGRTC) report, most national level institutions in the agricultural sector such as Agriculture and Food Authority (AFA) have retained their budgetary allocations and operational space without clearly integrating their operations with the county governments. As a result, the staff lack budgetary resources and associated logistical facilities to do their work while farmers receive delayed inputs which affects production.

Opportunities in Inputs and Extension Services Delivery as a Devolved Function

Use of technology presents an opportunity that counties can take advantage of to enhance delivery of agricultural inputs and extension services. Technology has evolved over the years particularly in the era of mobile telephony that can be tapped into in the provision of extension services to farmers. While the one on one education is important, follow-up on trainings can be done through mobile phone text message services which would greatly reduce the pressure to deliver extension services on the already strained staff. The farmers can also interact with the extension officers without necessarily meeting, which would greatly save on transaction costs in terms of time that can be used in farming. This can include use of online extension service platforms such as mfarm, icow, and Agri-wallet.

Counties can also tap into use of technology in distribution of inputs especially in fertilizer subsidy programmes to ensure proper targeting. This includes use of e-vouchers among the targeted farmers which can go a long way in reducing distortion of input markets when there are universal subsidies. Secondly, use of technology in distribution of inputs would reduce quality related issues such as adulteration as the technology ensures traceability of the inputs. For example, Seed Trade Association of Kenya (STAK) in collaboration with Kenya Plant Health Inspectorate Services (KEPHIS) and Ministry of Agriculture, Livestock and Fisheries are using mobile SMS technology to distribute authentic seeds. Close collaboration among all stakeholders including counties, Ministry of Agriculture and national bodies such as KEPHIS, Kenya Bureau of Standards (KEBS) and Anti-Counterfeit Agency (ACA) is paramount in ensuring supply of quality inputs and in curbing counterfeits and substandard inputs. Further, proven input supply models could also be adopted. For instance, farmer registry and farming credit in kind as opposed to cash with flexible repayment terms has been demonstrated by One-Acre Fund in East African countries.

Kenya has recently been ranked second in Sub-Saharan Africa after Rwanda in the ease of doing business. This creates an opportunity for investment by the private sector from both local and international organizations. Secondly, the National Agricultural Sector Extension Policy (NASEP) reforms have changed the structure and approaches in extension services in the country to include commercialization and privatization of farmer extension services. Counties could use the opportunities presented by enhancing partnerships with the private sector to offer extension services and in ensuring availability of inputs to farmers throughout the year. To tap into opportunities in public private partnerships (PPPs), counties can create an enabling environment to attract investors in input provision and civil society organizations to complement in both input and extension service provision.

Non-Governmental Organizations (NGOs) and Community-Based Organizations (CBOs) present a huge potential for partnerships that can be tapped into in the supply of inputs and extension services especially in marginalized areas such as ASALs. Currently, there are several NGOs offering piecemeal extension services that are directed to the interest of the NGOs. Mapping of and coordination with these NGOs will create synergies and reduce duplication of efforts. This includes documenting the specific services offered by each NGO or CBO and sharing the roles based on comparative advantage. An example is the work being done by One Acre Fund in Western Kenya that provides access and distribution of tailor-made farm inputs in terms of quantities and quality.

There are existing facilities within counties that present as opportunities in delivery of agricultural inputs and extension services. These include Agricultural Training Centers (ATCs) and agricultural

Deputy President William Ruto with a farmer at Baringo ASK Show

mechanization stations whose management is a fully devolved function. These facilities can be used particularly in provision of extension services such as demonstration plots, farmer field schools and group extension that are most effective in terms of farmer education. While these facilities exist, there should be budget allocation towards running the agricultural training centres. The country has many trained personnel in agricultural-related courses who are unemployed. Counties could employ these certificate, diploma and degree holders who are tech savvy to increase their extension services staff.

In conclusion, a well-functioning extension services structure aims at improving agricultural productivity by enhancing farmers skills and knowledge on good agricultural practices (including use of inputs). The goal is contribution to increased commercialization, improved incomes and enhanced food security. To achieve the set goal, there is need to re-evaluate the current inputs and extension services delivery structures and techniques at the county level. Adoption of techniques that are more effective in terms of costs and reach to farmers is necessary. In enhancing the capacity of extension staff to deliver their services and address conflicting roles in service delivery, each county government could design and implement own staffing plans that suits their needs. Further, counties could formulate agricultural-related policy framework to address county-specific challenges. While the national level policies are relevant, proper coordination and involvement of counties in their implementation is important. For instance, counties could inform specific fertilizers that they require based on county mapping of fertilizer requirements.

......a well-functioning extension services structure aims at improving agricultural productivity by enhancing farmers skills and knowledge on good agricultural practices (including use of inputs). The goal is contribution to increased commercialization, improved incomes and enhanced food security.

Acts of Parliament

Kenya Coast Guard Service Act No. 11 of 2018 - This Act was gazetted on 21st September 2018 and it establishes the Kenya Coast Guard Service ("the Service") and provides for its functions, discipline, organization and administration. Its functions are enforcing maritime security and safety; pollution control; preventing trafficking of narcotic drugs, prohibited plans and psychotropic substances; preventing trafficking of illegal firearms and ammunitions; enforcing sanitation measures; and prosecuting maritime offenders. The Service will also be responsible for port and coastal security, search and rescue, protection of maritime resources including fisheries and protection of archaeological or historical objects or sites.

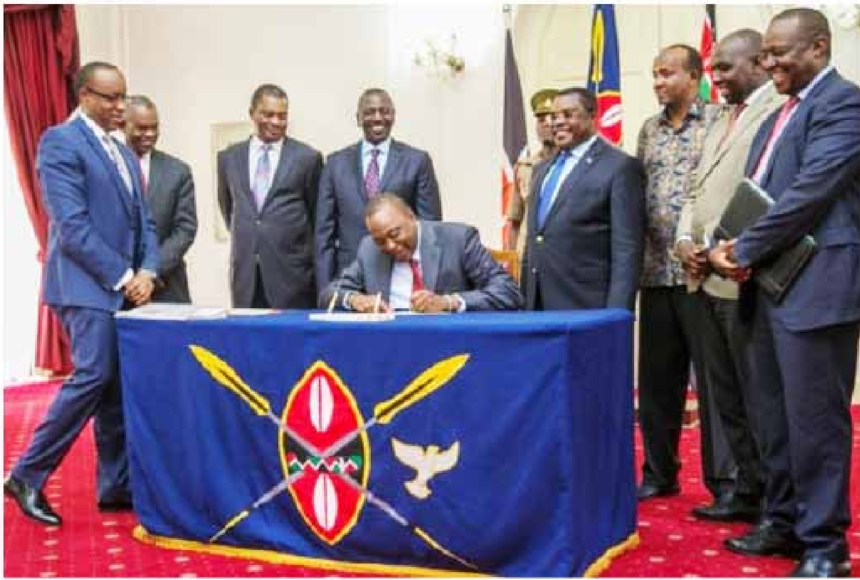
The Service has been granted powers within Kenya's territorial waters to stop, enter, board, inspect or search any structure, place, vessel or aircraft engaged in or suspected to be engaged in any unlawful activity; seize or detain any vessel or aircraft engaged in or suspected to be engaged in any unlawful activity; investigate any offence; arrest any person who it has reason to believe has committed an offence provided that the Service is required to hand over the arrested person to a member of the National Police Service; and to expel any vessel or aircraft whose presence in the territorial waters is detrimental to Kenya's national interests or is likely to endanger order and safety in the territorial waters.

Division of Revenue (Amendment) Act No. 12 of 2018 commenced on 25th October 2018. This Act amends the Division of Revenue Act No. 1 of 2018, to provide for additional conditional allocations to the county governments for financial year 2018/2019.

The Supplementary Appropriation Act (No. 2), No. 13 of 2018 was gazetted on 25th October 2018 and will be deemed to have commenced on 21st September 2018. It authorizes the issue of certain sums of money out of the Consolidated Fund and their application towards the service of the year ending on 30th June 2019, and to appropriate those sums for certain public services and purposes as specified in the Act. To this effect, the National Treasury is permitted to issue out of the Consolidated Fund the sum of Ksh 47,254,066,048 and apply it towards the supply granted for the service of the year ending on 30th June 2019.

National Assembly Bills

The National Youth Service Bill, No. 26 of 2018 was gazetted on 26th October 2018 and passed by the National Assembly in December 2018. It is awaiting Presidential Assent which is required to turn a bill into law and give it effect as an Act of Parliament. It establishes the National Youth Service to provide for its functions, discipline, organization and administration. The National Youth Service has been established as a body corporate to be headed by a Director General appointed by the President on the recommendation of the Council of the National Youth Service. The Council of the National Youth Service is responsible for formulation of policy, control, oversight and supervision of the Service; monitoring implementation of the policies of the Service; recruiting members of the Service; promoting members of the Service and staff upon recommendation of the Director-General; and developing the criteria for appointments, posting or promotions of senior officers of the Service. The Director General is, *inter alia*, responsible for the day to day administration of the National Youth Service (subject to the general directions of the Council), advises the Council and the Cabinet Secretary on any military, operational and administrative matters, implements the policy and strategy of the National Youth Service and is responsible for the training, education and deployment of the members of the Service.



Uhuru signs into law supplementary budget bill

The National Youth Service is required to cooperate with and assist the Kenya Defence Forces, National Police Service Commission and other public authorities during emergencies, disasters, war or insurrection or in the execution of the mandates of the public authorities as the Council may determine. Members from the National Youth Service may also be deployed to assist the Kenya Defence Forces during war, insurrection, hostilities or public emergency. Further, the Inspector-General may with the approval of the National Security Council request the National Police Service Commission to appoint members of the National Youth Service to be special police officers for a specified period to maintain public order and safety. The Bill prescribes offences by members of the National Youth Service and penalties for disciplinary offences including reprimand, demotion in rank, dismissal from the Service; confinement to base for a period not exceeding fourteen days; and extra drills or parades or fatigues. It also prescribes a re-organized ranking structure.

Debate on legal reform of two-third gender rule: The National Assembly begun debating on the Constitution of Kenya (Amendment) Bill 2018 which was published on 12th February 2018. This Bill proposes to amend Articles 97 and 98 of the Constitution which provide for the membership of the National Assembly and the Senate to ensure the two-third gender rule is realized. The Constitution of Kenya (Amendment) Bill seeks to introduce a proviso that the National Assembly and the Senate will also maintain a number of special seat members necessary to ensure that no more than two-thirds of their members are of the same gender. The Bill also seeks to amend Article 90 of the Constitution to incorporate the proposed amendments to Articles 97 and 98. However, due to apprehension that the Bill would not succeed due to lack of the 233 members required to pass it, the vote on the Bill was deferred until February 2019.

Data Protection Bill: The Taskforce on Development of the Policy and Regulatory Framework for Privacy presented the Data Protection Bill and Policy to the Cabinet Secretary, Ministry of Information, Communications and Technology (ICT) in November 2018. The Taskforce which was constituted through Gazette Notice No. 4367 on 3rd May 2018 was formed in recognition of the government to protect personal data to guard against misuse and unwarranted invasion of privacy in accordance with Article 31 of the Constitution of Kenya. KIPPRA's Dr Humphrey Njogu was among the 11 Taskforce members. The Taskforce was mandated to undertake a comprehensive audit of the regulatory framework, identify the gaps and propose appropriate policy, legal and institutional framework.

The Bill is aimed at establishing a suitable institutional framework to regulate the processing of personal data including the Office of the Data Protection Commissioner and to provide the rights of data subjects and obligations of data controllers and processors. The principal object of this Bill is to protect personal data collected, used, processed or stored by both private and public entities in recognition that data protection forms part of the right to privacy under Article 31 of the Constitution. Specifically, the Bill seeks to give effect to Article 31(c) and (d) of the Constitution; to promote the protection of personal data; to regulate the manner in which personal data may be processed; to provide persons with rights and remedies to protect their personal data; to prescribe the rights of data subjects and how they will be exercised including provisions related to consent, data portability, retention and rectification of personal data and personal data breach notification; to regulate processing of sensitive personal data and archiving of personal data; and to regulate cross border transfer of personal data.

Senate Bills (those concerning county governments)

The Natural Resources (Benefit Sharing) Bill No. 31 of 2018 was gazetted on 23rd October 2018 to establish a system of benefit sharing in resource exploitation between resource exploiters, the national government, county governments and local communities. The Act relates to the following natural resources; sunlight, water resources, forests, biodiversity and genetic resources, wildlife resources, industrial fishing and wind. The Bill proposes to appoint the Commission on Revenue Allocation ("the Commission") to implement the Bill once enacted, in addition to its principal functions under the Constitution. The Commission is granted powers to, *inter alia,* review and determine the amount of royalties and fees payable by affected entities in respect of a particular sector where there is no written law prescribing royalties or fees. Further, the Bill seeks to empower the Kenya Revenue Authority to collect the royalties as determined by the Commission from affected entities and any other payment of royalties from natural resource exploitation undertaken under any other written law. The monies collected are to be paid into a Fund to be established under the Bill known as the Natural Resources Royalties Fund. Any organization or person involved in the exploitation of a natural resource is required to enter into a benefit sharing agreement before the exploitation of a natural resource in an affected county. Each county that has a natural resource as defined under the Bill is required to establish a County Benefit Sharing Committee.

The County Oversight and Accountability Bill 2018 was published on 21st September 2018 and seeks to provide a framework for effective oversight over county government budgets by the Senate. This Bill gives effect to the Constitutional provisions on oversight, public participation and participatory democracy as enunciated in Articles 96, 174 and 201 of the Constitution.

The Mental Health (Amendment) Bill 2018: This Bill was published on 1st November 2018 and proposes to impose obligations on each level of government to address the issue of accessibility to mental health services including care, treatment and rehabilitation of persons with mental illness. Article 43 (1) (a) of the Constitution guarantees every person the right to the highest attainable standard of health which includes the right to health care services. The Bill proposes to incorporate within the membership of Kenya Mental Health Board representation of the county governments. The Bill further reviews the membership of the Kenya Mental Health Board from the current 14 executive members to nine to make the workings of the Council more efficient and representative.

The Election Laws (Amendment) Bill 2018 was published on 1st November 2018 and its objectives are to amend the Elections Act No. 29 of 2012 to ensure that a document containing election returns is signed by the candidates or the representatives of the candidates. The Bill proscribes failure to fill out election return forms to ensure that candidates in an election or their representatives are unable to deny being given the opportunity to oversight the tallying of results.

The County Wards (Equitable Development) Bill 2018 was published on 8th November 2018 and seeks to promote the decentralization of development within the counties by providing a framework for the promotion of equitable growth in the wards within the counties. It proposes to provide allocation of funds for ward-based development projects; mechanisms for selection of projects; and an oversight mechanism for the utilization of funds allocated for ward-based development projects.

The Tea Bill 2018 was published on 13th November 2018. The principal object of the Bill is to liberalize the tea industry. This will be done through reorganization of the tea industry by transitioning of the regulatory and commercial roles currently undertaken by the Agriculture and Food Authority to the Tea Regulatory Authority of Kenya. The proposed headquarters of the Authority will be in Kericho County.

County Benefit Sharing Mechanism for Water Resources

The Council of Governors and the Ministry of Water and Sanitation, in October 2018, agreed to develop a benefit-sharing mechanism aimed at ensuring counties where dams are located benefit from the resources. This follows a series of inter-county disputes such as between Nairobi and Murang'a counties, related to water resource use and benefits. Murang'a County has raised the issue regarding water sourced from the county and consumed in Nairobi, with local residents unable to enjoy similar benefits. In the interim, Nairobi County reached out to Murang'a County administration in a bid to stop a plan to charge 25 per cent tax on water sourced from Ndakaini Dam, which is Nairobi's main source of water.

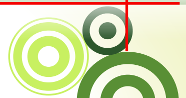
Ndakaini Dam

Streamlining Anti-Corruption Agencies

The government seeks to streamline the powers and functions of the Ethics and Anti-Corruption Commission (EACC) vis-à-vis those of the Directorate of Criminal Investigations as part of its strategy to bolster the war against corruption. President Kenyatta directed EACC to prepare regulations and guidelines that will enable all investigative agencies to access wealth declarations of all state and public officers.

Regulation of Internet-Based Service Providers

Kenya is considering regulating online services such as WhatsApp and Skype which, if implemented, would require the internet-based service providers to share data with the government. The Communications Authority of Kenya is searching for a consultant to conduct a study and determine how the so-called over-the-top services (OTTS) operated by groups such as Facebook, which runs WhatsApp, and Skype owner Microsoft, could be regulated. Regulators in Europe argue that OTTS, which allow users to make and receive calls and messages via the internet, should be regulated in a similar way to the services they have rapidly replaced, including text messaging and traditional voice calling.



Direct Flights to USA

Kenya Airways (KQ), launched its inaugural flight to the United States of America (USA) in October 2018. The KQ Boeing 787-8 Dreamliner finally left Jomo Kenyatta International Airport (JKIA) for New York City in a historic flight in Kenya's aviation industry. The new flight service is expected to enhance economic cooperation between the two countries by reducing travel time and cost between the two destinations. Sectors set to benefit from opportunities brought about by the new service include tourism and travel, horticulture and trade. KQ also resumed flights to Libreville in Gabon after a six-year hiatus. The national carrier will operate two daily flights through Yaoundé in Cameroon to Leon-Mba International Airport in Libreville five days a week. The new development signifies KQ's efforts to restructure its operations and establish new frontiers of growth to enhance its performance.

Nairobi Bus Rapid Transit (BRT) Project

The proposed Nairobi Bus Rapid Transit (BRT) project received a Ksh 5 billion grant commitment from the European Union (EU) towards its implementation. This is expected to significantly contribute to total budget which is estimated at Ksh 9.6 billion. The remainder of funds are expected to be generated by the national and county governments. The project was launched in 2015 by President Uhuru Kenyatta and has been on hold for lack of funds to buy high-capacity buses and support infrastructure. The project is designed to address the road transport challenges such as traffic congestion. The project is one of the initiatives the government is pursuing to reform the broader public transport in the country.

Laikipia County Infrastructure Bond

County Government of

Laikipia

Laikipia County proposes to float a Ksh 5 billion infrastructure bond. The County may be the first devolved unit to fund its infrastructural development from the capital market. It is working in conjunction with the National Treasury and Central Bank of Kenya to develop a prospectus for the bond. Infrastructure bonds do not attract withholding tax, making them attractive to investors. The constitution allows county governments to borrow on condition that they get approval from the county assembly and the national government which acts as the debt guarantor.

China Gradually Opening its Market to Kenya's Exports

Following the signing of the Sanitary and Phytosanitary agreement between Kenya and China, agricultural producers will be able to access the Chinese market by January 2019. This was among the outcomes of the Export Promotion Council led delegation to China International Import Exposition in China from 5th to 10th November 2018 where several negotiations were concluded. Nairobi and Beijing also signed a Memorandum of Understanding establishing a technical working group to commence negotiations on expansion of trade opportunities and review of tariff and non-tariff barriers.

Trade Export Promotion in Kenya

Deputy President William Ruto during the official opening of the Kenya Trade Week at the Kenyatta International Convention Centre (KICC), Nairobi

The Cabinet in October 2018 approved the merger of Export Promotion Council (EPC) and the Brand Kenya Board to establish the Kenya Export Promotion and Branding Agency (KEPROBA). The establishment of KEPROBA is in line with the National Exports Development and Promotion Strategy (NEDPS) which identified branding of Kenyan export products as an opportunity given the low effective branding by Kenyan producers. The strategy further identified Brand Kenya as a critical stakeholder in meeting NEDPS objectives. KEPROBA will be a one-stop-shop for all trade promotion and branding activities covering locals, and regional and international engagements. However, this presents a slight shift from what was recommended by the Presidential Taskforce on Parastatal Reforms Report of 2013 which recommended the establishment of Kenya Investment Corporation (KIC) by merging and amalgamating the mandates and functions of the Export Promotion Council (EPC), Kenya Investment Authority (KenInvest), Kenya Tourist Board (KTB) and Brand Kenya Board.

Doing Business in Kenya

According to the 2019 Doing Business Report for Kenya, the government has introduced several reforms which have contributed to the country's improved rank from to 61 from 80 with the score improving from 65.06 in 2018 to 70.31 in 2019. A score of 100 represents the best performance and the rankings are out of 190 economies. The reforms include introducing an online system to settle land rent rates. The introduction of laws such as new

Secured Transactions Law creating a unified secured transaction legal framework and establishing a new unified and notice-based collateral registry informed by Movable Property Security Rights Act 2017 thus improving access to credit. iTax platform has increased efficiency and tax compliance. Other top ranked African countries were Mauritius ranked 20 with a score of 79.58 and Rwanda ranked 29 with a score of 77.88.

Universal Health Coverage Pilot in Four Counties

President Uhuru Kenyatta launched the pilot phase of Universal Health Coverage (UHC) in Kisumu County on 13th December 2018. The UHC will be implemented in Kisumu, Isiolo, Nyeri and Machakos counties before it is scaled up to the rest of the country. The four counties were selected on the basis of the priorities laid down by the Ministry of Health in the Health Sector Plans and medium-term plans. Machakos is prone to road traffic accidents while Nyeri has high prevalence of non-communicable diseases such as hypertension, diabetes and cancers. Isiolo is among the top 15 high maternal mortality counties and representative of mobile population and Kisumu is among counties with high prevalence of communicable diseases such as HIV and malaria. The UHC programme seeks to enhance access to medical services by citizens through a scheme in which Kenyans are enrolled through the National Hospital Insurance Fund. The Ministry of Health will work together with the private sector to realize the UHC objectives.

President Uhuru launches Universal Health Coverage pilot programme

Upshot in Teenage Pregnancies

Teenage pregnancies have become a menace that needs urgent intervention. During the last Kenya Certificate of Primary Examination (KCPE) and Kenya Certificate of Secondary Education (KCSE) examination, a high number of teenage pregnancies were recorded where around 449 girls failed to sit for their examinations both in KCPE and KCSE. The Education Cabinet Secretary (CS) is cognizant of the high number of teenage pregnancies noting that it is an issue of great concern. The Ministry will partner with international agencies and civil society groups to help curb teenage pregnancies. In addition, the CS has ordered the quality assurance team in the Ministry of Education to investigate and file a report of all cases of pregnancies among school girls to enable the Ministry come up with appropriate interventions.

POLICY NEWS
Regional

East African Community Single Currency

The East African Legislative Assembly (EALA) passed the EAC Statistics Bureau Bill 2017 advancing efforts to introduce a single currency for the regional bloc. The bill awaits approval by the six presidents of EAC partner states. The bill seeks to establish a regional statistics bureau that will develop, produce and disseminate regional statistics. The EAC Statistics Bureau Bill 2017 alongside the East Africa Monetary Institute (EAMI) Bill 2017 are key legislations that support the establishment of EAC Monetary Union. The EAC Monetary Union Protocol adopted in accordance with the EAC Treaty lays the foundation for member states to have a single currency by 2024.

One Network Area faces hurdles from EAC Partner States

The One Network Area (ONA) established by the three EAC Partner States could be on the verge of 'collapse' due to discordant taxes in the region. ONA was one of the flagships projects of the Northern Corridor Integration Projects carried out by the three 'coalition of the willing' as a strategy by presidents Kenyatta, Yoweri K. Museveni (Uganda) and Paul Kagame (Rwanda) to fast-track EAC integration. The ONA is aimed at promoting regional integration by lowering the charges of mobile roaming on voice calls. Setting a uniform price cap presents a challenge given the economic, tax and networking cost disparities that exist across the region. Moreover, a 2016 report by International Telecommunication Union (ITU) reveals that operators indicate that routing calls to roamers generates costs which should be reflected on the tariff. This may render implementation of the ONA price cap on receiving calls on roaming difficult.

Foreign Policy Developments

Multilateralism is one of the fundamental components of Kenya's foreign policy due to the country's commitment to the promotion of international cooperation and collaboration in finding lasting solutions to global challenges. Kenya's commitment to multilateralism has been demonstrated by the country's national leadership engagement in various multilateral forums during the quarter in review. President Uhuru Kenyatta attended Global Peace Forum held in France on 11-13 November 2018. During the meeting, the President affirmed the country's support for global support for environmental conservation, commitment to green energy and the fight against climate change. He reiterated that Kenya's commitment to 'going green' can be demonstrated by the Lake Turkana Wind Power Project and geothermal power generation in Olkaria, among others.

Foreign Affairs Cabinet Secretary Ambassador Monica Juma led Kenya's delegation to 2018 TICAD Ministerial meeting which was held in Japan on 6-7 October 2018. The main objectives of the meeting were to review the progress of measures announced at TICAD V and TICAD VI and to prepare for TICAD VII to be held in Yokohama, Japan on 28-30 August 2019. During the visit, the CS took part in a Japan-Africa roundtable in which she reiterated the need for businesses from Japan to deepen their investment in Kenya's Big Four, ICT and Africa's MSMEs. She also called for consolidation of Africa-Japan trade by reducing trade imbalance by opening up Japanese market and enhancement of value addition for exports from Africa. TICAD (Tokyo International Conference for Africa Development) is an international forum led by Japan and co-organized by the UN, UNDP, World Bank and African Union Commission to discuss developments in Africa. The TICAD VI was held in Nairobi in August 2016.

Foreign Affairs Chief Administrative Secretary Hon. Ababu Namwamba led the Kenyan delegation to the 18th meeting of the Indian Ocean Rim Association (IORA) Council of Ministers held in Durban, South Africa on 2nd November 2018. Pertinent issues discussed during the meeting include regional integration in the Indian Ocean region, sustainable exploitation of resources in Indian Ocean, blue economy, maritime safety and security, and women economic empowerment. Kenya also hosted the first global conference on sustainable blue economy on 26-28 November 2018.

Argentina Hosts the 2018 G20 Summit

The 2018 G20 summit was held in Buenos Aires, Argentina on 30th November -1st December. The G20 was formed ten years ago as an international forum to better coordinate economic and financial policies in response to the global crisis in 2008. The four key priorities include the future of work, infrastructure for development, food security and gender equality. During the summit, the G20 leaders also discussed a range of global issues including climate change, sustainable development, counter terrorism, impacts of the digitalization of the economy on the international tax system and the need to build a positive trade agenda and reforming the World Trade Organization to improve its efficiency.

The European Union (EU) also advocated for multilateralism and international rules-based trade. In addition, the summit provided an opportunity for the United States and China to resolve their escalating trade wars. Ahead of the summit, leaders of North America signed the United States-Mexico-Canada Agreement (USMCA), the successor treaty to the 1994 North American Free Trade Agreement (NAFTA). The membership of the G20 includes the United States, China, Russia, India, Britain, Brazil, Mexico, France, Germany, Canada, Japan, Australia, South Africa, Saudi Arabia, Indonesia, Turkey, Argentina, South Korea, Italy and the EU.

President Paul Kagame (Rwanda) was invited to this year's G20 summit in his capacity as the Chair of the African Union. He outlined major continental integration milestones realized this year including the signing of the African Continental Free Trade Area, the Free Movement of Persons Protocol and the Single African Air Transport Market. Further, he called for the inclusion of the African Union Commission in the G20 for Africa to play a considerable role in international financial governance and global development agenda. President Kagame reiterated the global economic opportunities in the continent hence urging the G20 and the rest of the world to take advantage of the youth population, fastest growing economies and cities for the benefit of Africa and the world at large. The Rwandan leader also emphasized that Africa needed to increase its participation in global value chain by mastering the productive technologies and narrowing the digital capabilities gap.

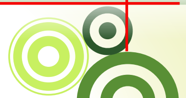
G20 leaders pose for a family photo during the G20 summit in Buenos Aires, Argentina

Institutional Reforms at the African Union Takes off

The 11th Extraordinary Session of the African Union summit was held in Addis Ababa from 5th to 18th November 2018, with the focus on institutional reforms of the continental body. The Assembly decided that the new structure of the AU Commission should be composed of eight members namely Chairperson, Deputy Chairperson and six commissioners. In addition, the Assembly established a panel eminent Africans to oversee the pre-selection of candidates of the senior leadership of the Commission. The Assembly also proposed the transformation of the NEPAD Planning and Coordinating Agency (NPCA) into the African Union Development Agency (AUDA).

The mandate of the AUDA will include coordinating and executing priority regional and continental projects to promote regional integration; strengthening capacity of the AU member states and regional bodies, advancing knowledge-based advisory support, undertaking the full range of resource mobilization and to serve as Africa's technical interface with all AU's development stakeholders and partners. The Assembly also recommended the strengthening of the African Peer Review Mechanism (APRM) to track implementation and oversee monitoring and evaluation in key governance areas in Africa. The AU has strengthened its sanctions regime to ensure that the member states meet their financial obligations to the Union in time.

11th AU Extraordinary Summit in Addis Ababa



Current KIPPRA Research Projects

Field Survey: Economic Inclusion of Youth and Women through Inclusive Business in Kenya

KIPPRA is undertaking a research project on Economic Inclusion of Youth and Women through Inclusive Business in Kenya, in partnership with the Economic Policy Analysis Unit of CIRES (CAPEC) which is based in Côte d'Ivoire. The project is being implemented in Côte d'Ivoire and Burkina Faso by partner institutions: CAPEC in Côte d'Ivoire and the University of Ouagadougou in Burkina Faso with funding from IDRC. The aim of the project is to analyze the contribution of inclusive business to youth and women well-being and firm performance in the three countries to make results available to policy makers and private sector players, so as to encourage them to adopt inclusive business popularization. The project was launched on 16th February 2018 (presentation of the desktop review on practices of inclusive business in Kenya) with the pilot phase of the project done during the months of June to August 2018 and a stakeholder workshop to share pilot findings was held on 12th September 2018. The main survey commenced on 19th November 2018 and is expected to end by 15th December 2018, covering 12 counties: Nairobi, Kiambu, Kericho, Nakuru, Kakamega, Eldoret, Mombasa, Kilifi, Kisumu, Kisii, Machakos and Meru. The current phase of the survey targets both inclusive and non-inclusive businesses; while the second phase that will be rolled out on completion of the current phase will target the beneficiaries of the inclusive businesses.

What Works, What Doesn't and Why: Assessing the Efficacy of Anti-Corruption Strategies in Kenya

KIPPRA is undertaking a research project to assess the effectiveness of anti-corruption strategies in Kenya. The project which was conceived in 2017 aims to map out the entire scope of strategies, initiatives and reforms which Kenya has adopted towards the goal of reducing corruption and to ascertain which among these strategies have worked, which ones have not and why. Towards realizing this overarching objective, the study involves a comprehensive analysis of Kenya's legal and policy framework established to tackle corruption, beginning with the Prevention of Corruption Ordinance of 1956 to Kenya's most recent anti-corruption provisions enshrined in the Constitution and other operational policies and legislations. A comparative analysis of relevant laws and policies from foreign jurisdictions is also incorporated in this review. In addition, the study assesses the past and present institutional arrangements relevant to Kenya's fight against corruption, spanning institutions principally mandated to tackle corruption and those engaged in supportive capacities. Finally, the study investigates the effectiveness of Kenya's legal and institutional frameworks in addressing corruption, as viewed against related literature and a longitudinal empirical analysis of Kenya's country scores across several global corruption-related indices. The project is in its final phase of reporting and is scheduled to be completed in December 2018.

Improving Productivity of the Informal Sector in Creating Decent Jobs for the Youth

The 2018/19 cohort of KIPPRA's Young Professionals are conducting a research project titled "improving productivity of the informal sector in creating decent jobs for the youth in Kenya". The study's broad theme examines how to improve the productivity of the informal sector and enhance decent jobs. The study is at its conceptualization stage and its concept/proposal will be presented before stakeholders during the month of December. Paired teams of twelve (12) researchers will seek to address various questions revolving around the overall theme (on productivity improvement). The key questions proposed for analysis include: what are the key institutional structures supporting the development of the sector? What are the processes and incentives to formalizing? How is technology acquired and/or transferred in the informal sector? Do gender dynamics matter in the performance of the sector? and, what lessons can Kenya learn from other countries regarding the sector's development? It is expected that the study will be completed in mid-2019.

KiPPRA

The KENYA INSTITUTE for PUBLIC POLICY RESEARCH and ANALYSIS

NEWS & EVENTS

Roll out of the KIPPRA Mentorship Programme for Universities

KIPPRA rolled out the KIPPRA Mentorship Programme for Universities (KMPUs) in collaboration with Maasai Mara University, in Narok County, on 16th November 2018. This was followed by a similar event at Karatina University, Nyeri County on 22nd November 2018. The overall objective of the programme is to develop capacity of the youth to understand public policy making process and tools necessary for their career development.

The theme of the event was "Public Policy Making Process and the Big Four Agenda". During both events, students made presentations focusing on: Food security; Manufacturing (job creation); Affordable Universal Health Care; and Affordable housing. A panel discussion with selected students elicited debate on the "Big Four" agenda with students and lecturers identifying key areas for their action and contribution.

A group photo after the signing of an MoU between Karatina University and KIPPRA

KIPPRA Board Chair Dr Linda Musumba issues certificates to the students who participated

KIPPRA Board Chair, Board Director and Executive Director pay a courtesy call to the Karatina University VC at his office before the event

Participants at the Maasai Mara University event

Student panelists discuss the Big Four agenda

KIPPRA Executive Director Dr Rose Ngugi speaks to the media during the Maasai Mara University event

KIPPRA hosts the Kenya Think Tanks Forum

On 1st November 2018, KIPPRA hosted a Think Tanks Forum aimed at building synergies in public policy. The theme of the forum was "Role of Think Tanks in Delivering the Big Four Agenda". The forum provided a platform for discussing opportunities to strengthen networking of think tanks in Kenya in sharing of knowledge and contributing to the national development agenda.

Planning PS, Dr. Julius Muia speaks during the meeting

A forum of Kenyan think tanks hosted by KIPPRA

Participants following proceedings at the forum

KIPPRA Conducts PEFA Validation Workshops in Six Counties

KIPPRA in collaboration with the World Bank conducted validation workshops for the first sub-national Public Expenditure and Financial Accountability (PEFA) assessment between 16th and 23rd October 2018. The workshops were held in six counties, namely: Nakuru, Kajiado, Baringo, Makueni, West Pokot and Kakamega. The forums provided a chance for participants to interrogate the reports and seek clarification on several issues, including the allocation and distribution of marks. Participants also got to learn that the process was strictly evidence-based and backed by requisite documentation.

PEFA Validation Workshop in Kajiado County

PEFA validation workshop in Nakuru County

KIPPRA Policy Analyst Manasseh Otieno presents the PEFA findings

KIPPRA Leaves Indelible Mark in Mtito Andei School

The KIPPRA fraternity spent this year's Moi Day (10th October 2018) touching the lives of pupils, teachers and the community members of Mtito Andei Primary School in Makueni County. Led by the KIPPRA Board Chairperson Dr Linda Musumba, Board Director Dr Phoebe Josiah, and Executive Director Dr Rose Ngugi, the team planted trees in the school compound. A total of 1,500 seedlings were donated by KIPPRA. The KIPPRA team also commissioned a 10,000-litre water tank with a rain-water collection system; donated sanitary towels and pants; and sensitized the pupils, teachers, school board and parents on the national values, HIV/AIDS and drug abuse. KIPPRA identified the school's need for water and more trees during a recent survey on the effects of droughts and floods in various parts of the country. Through their Environment Club, the pupils were already engaged in tree-planting and KIPPRA came in to support their efforts.

Dr. Musumba watering the seedlings after planting

Dr. Rose Ngugi engages the pupils in some exercise

KIPPRA Board Chair Dr Linda Musumba unveils the 10,000-litre tank donated by KIPPRA

KIPPRA staff engage with the boys during the event

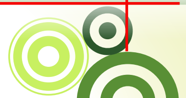
KIPPRA staff Evelyn Onyango creates awareness on the national values and principles of governance

Pupils confirm the presence of water in the 10,000-litre capacity water tank donated by KIPPRA

Presentation of gifts

Time for fun with the pupils

Time for the visitors to display their dancing skills



KIPPRA trains Bungoma County Officers on Public Policy Formulation

Between 26th and 30th November 2018 KIPPRA trained officers from the County Government of Bungoma on the *Public Policy Formulation Process.* The officers from the Monitoring and Evaluation Unit were trained on the role of stakeholders in public policy, problem identification, agenda setting in public policy, policy design, policy implementation, public policy monitoring and evaluation, public policy making in Kenya and evidence-based policy making. Through selected case studies, the trainees sharpened their understanding on key aspects of the policy formulation process. The training was conducted in line with KIPPRA's mandate on capacity building and in furtherance of support to County Governments in public policy formulation.

A Group Photo During the Training.

Bungoma County Executive Committee (CEC) for Finance Officially Welcomes the KIPPRA Team to the County.

KIPPRA Policy Analyst Eluid Moyi Facilitates the Introductory Session.

KIPPRA Participates in 2019/20 Budget and MTEF Public Hearings

KIPPRA participated in the 2019/20-2021/22 Medium Term Expenditure Framework (MTEF) Budget - public hearings at Kenyatta International Convention Centre (KICC) between 4th and 6th December as discussants, providing feedback on the draft sector reports including; Social Protection, Culture and Recreation; General Economic and Commercial Affairs; Education; Governance, Justice, Law and Order; Health; Agriculture, Rural and Urban Development; Energy, Infrastructure and ICT; Environment Protection, Water and Natural Resources; and Public Administration and International Relations.

Puntland State Officials visit KIPPRA

KIPPRA hosted a delegation from the Puntland State of Somalia on 29th November 2018. The purpose of the visit was to learn about KIPPRA and how it participates in the public policy process in Kenya. The delegation was informed on how KIPPRA engages with stakeholders in the public policy making process and how the United Nations development agenda, such as the Sustainable Development Goals, are integrated in the Institute's research agenda. The visiting team expressed interest in building future partnerships with the Institute especially on training and capacity building.

A group photo after the event

KIPPRA Undertakes 2017/18 Performance Contract Evaluation

The KIPPRA 2017/18 Performance Contract (PC) evaluation took place on Tuesday 27th November 2018 at the Institute's offices. The exercise was chaired by Ag. Head of the Private Sector Department, Mr Moses Njenga and in attendance were two evaluators from the Public Service Programme Management Unit Mr George Ngige and Mr Robert Ngei, KIPPRA management staff and various representatives of departments and committees.

The goal of the evaluation was to ascertain KIPPRA's performance in the 2017/2018 financial year as per the targets set. Unlike previous years when the evaluation was carried out outside the Institute, this year's exercise took place at KIPPRA to enable the evaluators easily access and verify the indicated evidence. The exercise provided the staff with an opportunity to understand and identify data for assessing the Institute's performance.

KIPPRA Board Induction

After almost one and half years, KIPPRA had the full board constituted in the quarter. The newly appointed Board of Directors went through two induction sessions in preparing them for their oversighting and providing policy direction to the Institute. The Board led by the chairperson Dr Linda Musumba was taken through an overview of the Institute's mandate, structure, staff capacity, successes and challenges during a two-day induction programme conducted by the Management in Nairobi from 6th -7th December 2018.

Further, in the week of 10th -14th December, the Board underwent an induction session with Kenya School of Government, introducing them to their expected role as a key organ in the Institute's governance structure. This is a major boost in enhancing delivery of the core mandate of the Institute.

The Kereita Forest Challenge 2018

KIPPRA was among the organizations that participated in Kereita Forest Challenge 2018 held on 8th December. The annual event was organized by the East African Wild Life Society (EAWLS), Kijabe Environment Volunteers (KENVO) and the Kenya Forest Service (KFS). The event provided an opportunity for organizations to bond, have fun and participate in environmental conservation activities. 15 KIPPRA staff participated and completed the 14 challenges. The participants from different organizations were grouped into teams. Each team had five members. There were three KIPPRA teams.

The teams were flagged off in the morning hours. The experiences were tough since the day was rainy and the ground was slippery. There were various learning lessons especially on team work. Evaluation was done at the end of each stage to allow teams to move to the next challenge. It came out clearly that teamwork was imperative. On various occasions, team members had to assist each other to ensure that they completed on time. After the challenges, KIPPRA staff joined other organizations in tree planting. KIPPRA and other organizations received certificates.

KIPPRA Hosts Visiting Professor Murinde

KIPPRA hosted Prof. Victor Murinde, AXA Chair in Global Finance Director, Centre for Global Finance SOAS University of London, who visited the Institute on 10th December 2018 to explore possible areas of collaboration. Prof Murinde's visit began with a brief meeting with the Private Sector Development Department where he held discussions on various issues, including possible research subjects in relation to source and structure of financing for various sectors such as the Jua kali industry. From the discussions, it was also agreed that KIPPRA could collaborate with the University of London in developing sectoral models in the financial sector.

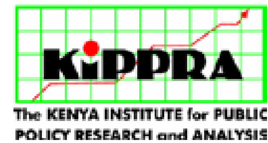
Prof. Murinde then presented a paper on: "Climate Vulnerability and the Cost of Debt" whose objective was to investigate the impact of climate vulnerability on bond yield using indices from the Notre Dame Global Adaption Initiative. The discussions contributed additional information to KIPPRA's ongoing work on disaster risk management, the outcome of which will support development of policies and frameworks related to financing climate change resilience and mitigation programmes in the country.

ABOUT KIPPRA

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) is an autonomous institute whose primary mission is to conduct public policy research leading to policy advice. KIPPRA's mission is to produce consistently high-quality analysis of key issues of public policy and to contribute to the achievement of national long-term development objectives by positively influencing the decision making process. These goals are met through effective dissemination of recommendations resulting from analysis and by training policy analysts in the public and private sectors. KIPPRA therefore produces a body of well-researched and documented information on public policy, and in the process assists in formulating long-term strategic perspectives. KIPPRA serves as a centralized source from which the Government and the private sector may obtain information and advice on public policy issues.

KIPPRA acknowledges generous support from the Government of Kenya and the Think Tank Initiative (TTI) of IDRC. The TTI is a collaborative initiative of Hewlett Foundation, International Development Research Centre (IDRC) and other partners. Other organizations are welcome to contribute to KIPPRA research either as core support, or support to specific projects, by contacting the Executive Director, KIPPRA.

Send to us your comments on the articles published in this newsletter and any other aspects that may help to make the *KIPPRA Policy Monitor* useful to you. This may include policy issues you would like KIPPRA to prioritize.



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