25 KENYA

INTRODUCTION

KENYA, A UN MILLENNIUM PROJECT PILOT COUNTRY, has a population of approximately 33 million. In 2006, the country had a gross national income (GNI) of USD 1 300 per capita (in purchasing power parity terms). The most recent poverty survey (carried out in 2005/2006) estimates indicate that 23% of people live below the dollar-a-day international poverty line; 58% live below the two-dollars-per-day line.[1] The UN's monitoring indicates that Kenya is on track to meet one of the eight Millennium Development Goals (MDGs): MDG 2 on universal primary education. Noteworthy progress is also being made on MDG 6, combating HIV/AIDS, malaria and other diseases.

In 2006, total net official development assistance (ODA) provided by members of the OECD Development Assistance Committee amounted to USD 943 million, with the United States, the European Commission, the United Kingdom and Japan being the four largest donors for 2005-06. Aid accounts for 4.5% of GNI.

OVERVIEW
Box 25.1: Challenges and priority actions

DIMENSIONS	2007	CHALLENGES	PRIORITY ACTIONS
Ownership	Moderate	Building political stability following post-election conflict	Review and implement draft 2008-12 medium-term development plan
Alignment	Moderate	Weak systems for managing aid information; donor concerns about governance	Improve country systems to build donor confidence in using them
Harmonisation	Low - moderate	Capacity constraints in some ministries; limited use of programme-based approaches	Donors to implement the Kenya Joint Assistance Strategy and to share information about missions
Managing for results	Moderate	Limited quality and accessibility of information due to capacity constraints	Implement plans to improve quality of and access to information; facilitate its use in policy processes
Mutual accountability	Low	No mechanism for mutual assessment	Ensure that Kenya Joint Assistance Strategy provides a mechanism for mutual assessment

[1] The World Bank Poverty Assessment uses the national poverty, rather than the USD a day indicator. The survey showed that 47% of Kenyans were below the poverty line in 2005/06 compared with 53% in 1997. The hardcore poor comprised 20% of Kenyans in 2005/06 compared with 31% in 1997.

Twenty-one donors responded to the 2008 Survey, with their aid constituting around 90% of total ODA provided by members of the OECD-DAC. The survey process has helped to focus attention on aid effectiveness issues and may, in itself, promote improvement. The political and social unrest subsequent to the disputed elections of December 2007 has now subsided; however, the country's governance environment remains challenging. With aid inflows on an upward trend in recent years, it is imperative that government and donors work together to deliver progress on aid effectiveness and development results. ■

OWNERSHIP

OWNERSHIP IS CRITICAL TO ACHIEVING DEVELOPMENT RESULTS and is central to the Paris Declaration on Aid Effectiveness. Aid is most effective when it supports a country-owned approach to development; aid is less effective when countries feel that aid policies and approaches are driven by donors that provide assistance. In the context of the Paris Declaration, ownership specifically concerns a country's ability to carry out two, inter-linked activities: exercise effective leadership over its development policies and strategies; and co-ordinate the efforts of various development actors working in the country.

INDICATOR 1
Do countries have operational development strategies?

Ownership has many dimensions. Indicator 1 – assessed as part of the World Bank's review on *Results-Based National Development Strategies: Assessments and Challenges Ahead* – provides an entry point to the issue. The World Bank assesses the operational value of a country's development strategy and policy against three criteria, all of which are essential features of any serious effort to harness domestic and external resources for development purposes: the existence of an authoritative, country-wide development policy which clearly identifies priorities and is well costed.

The World Bank rates the operational value of a country's development strategy against a five-point scale running from A (highest score) to E (lowest score). The Paris Declaration 2010 target is to raise, to at least 75%, the proportion of partner countries having operational development strategies – *i.e.* meriting a rating of A or B.

In the 2006 Baseline Survey, Kenya received a rating of D for ownership, along with 21% of assessed countries participating in the 2006 Baseline Survey. Such a rating implied that some elements of an operational development strategy were in place, but that gaps remained, particularly in relation to the long-term vision for development and the capacity and resources for implementation.

In the 2008 Survey, Kenya receives a C for the extent to which it has an operational development strategy, indicating that progress is being made. This is very encouraging and suggests that with strong government leadership Kenya could achieve the 2010 target of a B rating.

Kenya's development strategies clearly aim to meet the MDGs, with Kenya Vision 2030 providing the long-term framework for the country's development from 2008 to 2030. Its aim is for Kenya to be a newly industrialising, middle income country, that provides high quality of life for all its citizens by the year 2030. The vision rests on three pillars. The economic pillar aims for annual GDP growth of 10% or more over the next 25 years. The social pillar aims to build a just and cohesive society with social equity in a clean and secure environment. The political pillar aims at realising a democratic political system, founded on issue-based politics that respects the rule of law and protects the rights and freedoms of every individual.

From 2003 to 2007, the medium-term development plan was provided by the Investment Programme for the Economic Recovery Strategy for Wealth and Employment Creation (IP-ERS). This plan, which was Kenya's Poverty Reduction Strategy Paper (PRSP),set out clear and prioritised objectives, as well as a results framework with verifiable indicators to track progress. It was supplemented by a number of sectoral plans. Over the course of the IP-ERS, the rate of economic growth increased substantially – from 0.6% in 2002 to 6.1% in 2006. A series of five-year, medium-term plans (the first of which covers 2008-12) will be the successor to the IP-ERS. The draft 2008-12 medium-term plan is currently being refined by the new coalition government.

Kenya's long- and medium-term development plans provide clear guidance on the government's objectives. The government has made considerable efforts to link these plans with the budget process through the introduction of a medium-term expenditure framework (MTEF). This approach is used by working groups concerned with nine sectors, and is helping shape public expenditure around developmental priorities in education, health, agriculture and infrastructure. However, implementation bottlenecks, off-budget expenditure and in-year budget reallocations still hamper effective use of resources. The government is seeking to address these and other issues through a reform programme of public financial management (PFM).

The World Bank's Aid Effectiveness Review reports that some efforts are being taken to enhance government leadership of aid co-ordination. The government made commitments to holding meetings at least once per quarter through the Kenya Co-ordination Group – a forum for government and donors, chaired by the Ministry of Finance. In fact, the group has met infrequently and been somewhat ineffective. The latest meeting took place in May 2008. In the absence of effective government leadership, donors have co-ordinated their activities through a 17-member Harmonisation, Alignment and Co-ordination group. Since 2003, two consultative group meetings were held in-country; each was co-chaired by the government and the World Bank.

In terms of ownership more widely, the World Bank's Aid Effectiveness Review reports that the development of the IP-ERS involved extensive consultation with representatives of national stakeholders and that participation is a mark of Kenya's policy processes. Civil society is active and engaged in policy processes; private sector participation is stronger still. Parliament approves the budget but appears to have a relatively marginal role in relation to implementing and monitoring development plans. ■

ALIGNMENT

FOR AID TO BE EFFECTIVE, it must be aligned with national development strategies, institutions and procedures. The Paris Declaration envisions donors basing their support fully on country partner aims and objectives. Indicators 2 through 8 examine several dimensions of aid to assess the degree to which partner countries and donors achieve alignment.

For Kenya, progress on alignment has been modest at best. However, this may also reflect the considerably more robust results for the 2008 Survey compared to the 2006 Baseline Survey.

BUILDING RELIABLE COUNTRY SYSTEMS

INDICATOR 2a
How reliable are country public financial management systems?

Indicator 2a of the Paris Declaration assesses the degree to which partner countries either have public financial management (PFM) systems that are in line with broadly accepted good practices or have credible reform programmes in place to establish reliable PFM systems. The assessment is based on the World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of PFM systems, which uses a scale running from 1 (very weak) to 6 (very strong) with half-point increments. To score highly, a country needs to meet all three of the following criteria: a comprehensive and credible budget linked to policy priorities; effective financial management systems to ensure that the budget is implemented as intended in a controlled and predictable way; and, timely and accurate accounting and fiscal reporting, including timely and audited public accounts. The 2010 target is that each country will move up at least one measure (*i.e.* 0.5 points) on the CPIA scale for measuring the quality of PFM systems.

In the 2006 Baseline Survey, Kenya received a rating of 3.5 for its PFM systems, placing it just above the average score of 3.2 for all International Development Association (IDA) countries. The country chapter noted that progress was being made on strengthening the country's PFM systems. Since then, further progress has been made in three areas: implementation of the PFM reform programme continues; the Finance Act has been amended to enhance alignment; and steps have been taken to improve systems for the management of financial information.

The global 2010 Paris Declaration target is for half of partner countries to register a half-point increase in the rating they receive for the reliability of their PFM systems. For Kenya this entails moving from the 2006 baseline of 3.5 to a "moderately strong" rating of 4.0. The latest CPIA scores give a rating of 3.5, indicating that further progress will be required if the 2010 target is to be reached.

INDICATOR 2b
How reliable are country procurement systems?

At the time of the 2006 Baseline Survey, no mechanism was in place to systematically assess and quantify the quality of procurement systems in partner countries. Thus, it was impossible to set country-level targets on progress towards Indicator 2b.

The reliability of Kenya's country procurement systems was not assessed for the 2006 Baseline Survey, although the country chapter noted that corruption remained a problem in Kenya. This remains the case, despite the government's efforts to raise awareness of the issue. Some efforts have been made to strengthen Kenya's procurement systems. The launch of the Public Procurement Oversight Authority in 2008 will help to streamline and accelerate processing of procurement requests. However, significant weaknesses remain. The government has not yet adopted standard bidding documents for international competitive bidding, nor has it adopted guidelines for procurement of consultancy services. Kenya is a pilot country of the Joint Venture for Procurement, but no rating has been provided for 2008.

ALIGNING AID FLOWS ON NATIONAL PRIORITIES

INDICATOR 3

Comprehensive and transparent reporting on aid, and how it is used, is an important means of ensuring that donors align aid flows with national development priorities. The degree to which development assistance to the government sector is fully and accurately reflected in the budget provides a useful indication of the degree to which serious effort is made to connect aid programmes with country policies and processes. It also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

Indicator 3 is a proxy for alignment. It measures the percentage of aid disbursed by donors to the government sector that is included in the annual budgets for the same fiscal year. The indicator is a joint measure of two components: the degree to which donors report aid flows comprehensively to partner countries; and the degree to which partner countries accurately record aid.

TABLE 25.1:
Are government budget estimates comprehensive and realistic?

	Government budget estimates of aid flows for 2007 (USD m)	Aid disbursed by donors for government sector in 2007 (USD m)	2005 (for reference)		2007*	
	a	b			c = a / b	c = b /a
African Dev. Bank	90	16	--		18%	
Canada	7	7	86%		96%	
Denmark	19	19	50%		98%	
European Commission	101	52	47%			51%
Finland	3	3	61%		97%	
France	29	24		56%		81%
GAVI Alliance	0	14	0%		0%	
Germany	40	27	75%			67%
Global Fund	65	52		93%		79%
IFAD	0	10	--		0%	
IMF	0	--			--	
Italy	0	3	57%		1%	
Japan	9	35	22%		26%	
Netherlands	3	5		56%	67%	
Norway	14	5	43%			39%
Spain	17	0	--			0%
Sweden	25	27	91%		94%	
United Kingdom	45	37	97%			81%
United Nations	33	40	74%		83%	
United States	9	4		37%		49%
World Bank	184	66		36%		36%
Average donor ratio	--	--	58%		53%	
Total	**660**	**445**	**91%**		**67%**	

* Ratio is c=a/b except where government budget estimates are greater than disbursements (c=b/a).

The final figure highlights any discrepancy between the government's budget estimates and actual disbursements by donors. The discrepancy (or gap) can be in either direction: budget estimates can be higher or lower than disbursements by donors. In order to have a single measure of discrepancy under 100%, the ratio is inverted when budget estimates are higher than donor disbursements. The 2010 target is to halve the proportion of aid flows to the government sector that is not currently reported on government budget(s), ultimately arriving at a point where at least 85% of aid is reported on the budget.

In the 2006 Baseline Survey, an impressive 91% of aid disbursed was accurately estimated in Kenya's budget; however, it should be noted that for the average donor the proportion recorded was 58%. With the global 2010 target being to halve the proportion of aid flows to the government sector that are not reported on the government's budget, Kenya's 2010 target was set at 95%.

The 2008 Survey reports a significant slippage to 61% on aggregate, although the slippage for the average donor is negligible. Several factors explain the gaps between aid disbursements and aid estimated in the budget: over-optimism on the part of donors regarding the time required to obtain approval for planned projects; the inability of the Ministry of Finance to capture information about disbursements; weak management information systems; and an absence of linkages between donors' information systems and those of the government.

Meeting the 2010 target presents a considerable challenge for Kenya. It is necessary to introduce an effective system for managing information about aid needs. Donors need to do a better job of informing the Ministry of Finance about their disbursements. Government and donors need to agree on how and when to report on disbursements. Finally, greater transparency and accountability is needed on both sides of the aid relationship.

CO-ORDINATING SUPPORT TO STRENGTHEN CAPACITY

INDICATOR 4

Capacity constraints significantly undermine the ability of partner countries to capture, co-ordinate and utilise aid flows more effectively. Under the Paris Declaration, donors committed to providing technical co-operation in a manner that is co-ordinated with partner country strategies and programmes. This approach aims to strengthen capacities while also responding to the needs of partner countries. Likewise, there is greater recognition that successful capacity building is endogenous – *i.e.* is led by the partner country. To this end, the partner country defines clear objectives to ensure that existing capacities are used effectively and that external support is harmonised within this framework.

TABLE 25.2:
How much technical co-operation is co-ordinated with country programmes?

	Co-ordinated technical co-operation (USD m) a	Total technical co-operation (USD m) b	2005 (for reference) c = a / b	2007
African Development Bank	4	4	--	100%
Canada	0	2	100%	3%
Denmark	11	14	87%	80%
European Commission	9	9	23%	100%
Finland	1	1	100%	92%
France	2	2	0%	99%
GAVI Alliance	--	--	--	--
Germany	13	14	100%	96%
Global Fund	--	--	--	--
IFAD	0	0	--	--
IMF	--	--	89%	--
Italy	0	1	84%	38%
Japan	22	22	100%	100%
Netherlands	0	0	--	100%
Norway	5	5	100%	100%
Spain	0	0	--	0%
Sweden	5	6	100%	86%
United Kingdom	6	11	46%	57%
United Nations	37	40	40%	94%
United States	23	98	4%	23%
World Bank	19	19	33%	100%
Total	**121**	**208**	**60%**	**58%**

Indicator 4 focuses on the extent to which donor technical co-operation – an important input into capacity development – is moving towards this country-led model. It measures the degree of alignment between donor technical co-operation and the partner country's capacity development needs and strategies. The Paris Declaration 2010 target is that 50% of technical co-operation flows are implemented through co-ordinated programmes that are consistent with national development strategies.

The 2006 Baseline Survey reported that 60% of donor technical co-operation to Kenya was provided in a co-ordinated manner. If this figure were accurate, then Kenya would have already met the 2010 target of 50% of technical co-operation being provided in a co-ordinated manner. However, the 2006 Baseline Survey should be treated with caution because the government and donors interpreted the criteria in different ways.

The 2008 Survey reports an improvement with 64% of donor technical co-operation being provided in a co-ordinated manner. Assuming that government and donors have rigorously respected the clarified criteria for this Indicator, this demonstrates that notable progress can be made if the government identifies capacity gaps and donors seek to fill such gaps. Further progress could be made if some of the major providers of technical co-operation aligned their assistance more closely with the country's needs.

USING COUNTRY SYSTEMS

INDICATOR 5

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the partner's long-term capacity to develop, implement and account for its policies – to both its citizens and its parliament. The Paris Declaration encourages donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak. In this respect, Indicator 5 is directly linked to Indicator 2 on the quality of PFM and procurement systems, and measures the use of both.

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding to the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting, and auditing) as a percent of total aid disbursed to the government sector. The 2010 target is relative to Indicator 2a on the quality of PFM systems.

Indicator 5b measures the volume of aid, as a percent of total aid disbursed to the government sector, that uses partner country procurement systems. The 2010 target is relative to Indicator 2b; thus, targets are indicated only for those countries that established scores for Indicator 2b in the context of the 2006 Baseline Survey.

The 2006 Baseline Survey reported that 47% of aid to the government sector made use of the Kenya's PFM systems, while also noting that a public expenditure and financial accountability assessment had identified several weaknesses in the country's PFM systems. Nevertheless, with a score of 3.5 for the reliability of its PFM systems, a 2010 target of 65% was set for the use of those systems (a one-third reduction in the proportion of aid not using the country's PFM systems).

The 2008 Survey indicates some steady but unevenness in progress: donors are more content to use budget execution systems than systems for financial reporting or audit. In 2007, 53% of aid to the government sector made use of country PFM systems – despite the fact that donors still believe that there are significant downsides (fiduciary risks, corruption risks and weak reporting). This increase in use of PFM systems reflects the fact that several large donors already make good use of such systems. The development of basket funds that will use country systems should deliver further progress.

TABLE 25.3: How much aid for the government sector uses country systems?

	Aid disbursed by donors for government sector	Public financial management (PFM)					Procurement		
	(USD m)	Budget execution (USD m)	Financial reporting (USD m)	Auditing (USD m)	2005 (for reference)	2007	Procurement systems (USD m)	2005 (for reference)	2007
	a	b	c	d		avg (b,c,d) / a	e		e / a
African Development Bank	16	16	16	16	--	100%	0	--	0%
Canada	7	7	7	7	41%	94%	7	4%	94%
Denmark	19	15	8	11	0%	58%	5	0%	24%
European Commission	52	52	0	0	46%	33%	0	46%	0%
Finland	3	0	0	0	0%	0%	3	0%	100%
France	24	0	23	17	92%	57%	23	92%	99%
GAVI Alliance	14	--	--	14	33%	--	--	0%	--
Germany	27	16	17	16	58%	62%	16	58%	61%
Global Fund	52	52	0	0	0%	33%	0	100%	0%
IFAD	10	10	10	10	--	100%	10	--	100%
IMF	--	--	--	--	--	--	--	--	--
Italy	3	2	2	2	79%	60%	2	79%	60%
Japan	35	9	9	9	7%	26%	9	12%	26%
Netherlands	5	5	5	5	0%	100%	5	100%	100%
Norway	5	0	0	0	33%	0%	0	0%	0%
Spain	0	0	0	0	--	--	0	--	--
Sweden	27	23	12	0	65%	43%	12	40%	45%
United Kingdom	37	29	29	29	98%	79%	29	85%	79%
United Nations	40	2	1	3	34%	5%	5	2%	12%
United States	4	4	0	0	100%	33%	4	100%	100%
World Bank	66	66	66	66	100%	100%	34	79%	52%
Total	**445**	**305**	**203**	**201**	**47%**	**53%**	**159**	**45%**	**36%**

In 2007, 39% of aid for the government sector made use of the country's procurement systems, a decrease of 6% from the level recorded in the 2006 Baseline Survey. This may well reflect changes in the methodological guidance. However, there is little doubt that donors remain concerned about the integrity and efficiency of Kenya's procurement systems; almost all donors are reportedly continuing to use their own guidelines for procurement through international competitive bidding and consultancies. To date, no 2010 target has been set for Indicator 5b in Kenya. However, it is clear that the new Procurement Oversight Agency will need to effectively overhaul Kenya's procurement system in order to achieve progress.

AVOIDING PARALLEL IMPLEMENTATION STRUCTURES

INDICATOR 6

When providing development assistance, some donors establish specific project implementation units (PIUs), *i.e.* dedicated management units designed to support development projects or programmes. A PIU is said to be "parallel" when it is created at the behest of the donor and operates outside existing country institutional and administrative structures.

In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, parallel PIUs often tend to undermine national capacity building efforts, distort salaries and weaken accountability for development.

To make aid more effective, the Paris Declaration encourages donors to "avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes." Indicator 6 is a count of the number of parallel PIUs being used in partner countries. The 2010 target is to reduce by two-thirds the stock of parallel PIUs in each partner country.

TABLE 25.4:
How many PIUs are parallel to country structures?

	2005 (for reference)	2007 (units)
African Dev. Bank	--	0
Canada	3	0
Denmark	4	1
European Commission	0	5
Finland	1	0
France	0	0
GAVI Alliance	0	--
Germany	1	1
Global Fund	0	0
IFAD	--	0
IMF	0	--
Italy	1	0
Japan	0	0
Netherlands	1	1
Norway	1	0
Spain	--	0
Sweden	1	0
United Kingdom	3	4
United Nations	8	9
United States	0	0
World Bank	5	0
Total	**17**	**21**

The 2006 Baseline Survey recorded 17 parallel PIUs in Kenya, and noted that a move towards sector-wide approaches (SWAps) was fostering consolidation of project management arrangements and their integration into government institutions. The Kenya Education Sector Support Programme provides an example of a successful SWAp that is managed in an integrated manner through the Ministry of Education and the Ministry of Science and Technology.

The 2008 Survey records 21 parallel PIUs. The increase compared to the 2006 Baseline Survey may reflect the refined definition of parallel PIUs in the interim. The 2010 target was set at six parallel PIUs, a two-thirds reduction in the stock. If Kenya were to meet this target, a concerted effort will be required from government and donors to monitor the establishment and operations of PIUs to ensure that they are increasingly integrated into government systems, and that they are strengthened to perform effectively when they are integrated into government systems in the future.

PROVIDING MORE PREDICTABLE AID

INDICATOR 7

For many countries, development assistance constitutes a vital source of revenue and resources. Being able to predict aid disbursements – in terms of both how much aid will be delivered and when – is as an important factor in the ability of countries to manage public finances and undertake realistic planning for development. It is particularly crucial to enabling partner countries to implement medium- to long-term development plans and to optimise the allocation of resources within and across sectors. In this regard, the Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable fashion according to agreed schedules.

TABLE 25.5: Are disbursements on schedule and recorded by government?

	Disbursements recorded by government in 2007 (USD m)	Aid scheduled by donors for disbursement in 2007 (USD m)	Aid disbursed by donors for government sector in 2007 (USD m)	2005 (for reference)		2007*	
	a	b	for reference only			c = a / b	c = b /a
African Development Bank	16	90	16	--		18%	
Canada	6	10	7		48%	66%	
Denmark	9	26	19	22%		33%	
European Commission	47	52	52	34%		91%	
Finland	1	11	3	0%		12%	
France	10	30	24	26%		34%	
GAVI Alliance	0	18	14	0%		0%	
Germany	14	49	27		92%	29%	
Global Fund	28	67	52	89%		42%	
IFAD	0	--	10	--		--	
IMF	0	--	--			--	
Italy	0	3	3	0%		2%	
Japan	8	9	35	16%		93%	
Netherlands	2	3	5	16%		75%	
Norway	0	5	5	0%		0%	
Spain	0	0	0	--	--		
Sweden	14	26	27	61%		53%	
United Kingdom	32	65	37	69%		49%	
United Nations	13	65	40	13%		20%	
United States	5	7	4		94%	64%	
World Bank	128	182	66	44%		71%	
Average donor ratio	--	--	--	37%		42%	
Total	**321**	**653**	**445**	**44%**		**49%**	

* Ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a).

Indicator 7 examines in-year predictability of aid to the government sector, measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in the national accounting system as actually disbursed. Indicator 7 assesses predictability from two angles. The first angle is the combined ability of donors and government to disburse aid on schedule. The second is the ability of donors and government to record comprehensively disbursements made by donors to the government sector.

Indicator 7 is designed to encourage progress in relation to both angles, with the aim of gradually closing the predictability gap – by one-half – by 2010. The ultimate goal is to improve not only the predictability of actual disbursements, but also the accuracy of how disbursements are recorded in government systems – an important feature of ownership, accountability and transparency.

In the 2006 Baseline Survey, only 44% of scheduled disbursements were recorded by the Kenyan government. There were significant gaps between both scheduled and actual disbursements, and between actual and recorded disbursements. For the average donor, the ratio was 37%. The country chapter noted that aid predictability remained a major challenge, not least because donor conditions for releasing funds vary. With a global 2010 target of closing the predictability gap by half, Kenya's target is that 72% of scheduled disbursements are recorded by the government.

The 2008 Survey shows a steady improvement against the 2006 Baseline Survey. In aggregate, the proportion of scheduled disbursements recorded by the government increased to 49%; for the average donor, the proportion increased to 42%. Overall, 71% of the predictability gap is explained by the gap between scheduled and actual disbursements. Meeting the 2010 target remains a significant challenge. Progress will require better communication between the government and donors, along with the establishment of an aid management information system and – more broadly – reassurance to donors that Kenya's governance is improving.

UNTYING AID

INDICATOR 8

How much aid is untied?

Aid is said to be "tied" when it is provided on the condition that the recipient country will use it to purchase goods and services from suppliers based in the donor country. Experience shows that aid with such conditions attached increases the costs of goods and services provided to partner countries; it also increases the administrative burdens on both donors and partners. By contrast, untied aid helps build a country's capacity to provide goods and services.

Country figures for untying aid are based on voluntary self-reporting by donors that are members of the OECD-DAC. The 2010 target is to continue progress towards untying aid over time.

Based on data covering 66% of aid, the 2006 Baseline Survey reported that 78% of aid provided to Kenya by OECD-DAC members was untied. The average level of untying for the countries that participated in the 2006 Baseline Survey was 75%. The Paris Declaration 2010 target is for continued progress over time. The most recent data, which covers 86% of aid provided to Kenya by OECD-DAC members, shows that 84% of aid is untied. ■

HARMONISATION

DECADES OF DEVELOPMENT EXPERIENCE show that poor co-ordination of aid increases the cost for both donors and partner countries, and significantly reduces the value-added of aid. Harmonisation of aid delivery procedures and adoption of common arrangements help reduce duplication of effort and lower the steep transaction costs of managing aid. The Paris Declaration focuses on two dimensions of aid as a proxy for assessing overall harmonisation: the use of common arrangements within programme-based approaches (PBAs) and the extent to which donors and partner countries conduct joint missions and share analysis.

Kenya recorded some notable developments with respect to harmonisation and increasing the proportion of missions and country analytic work conducted jointly. However, there has been substantial slippage on the use of programme-based approaches (PBAs). Some of the change may be a result of methodological refinements; thus, the figures should be treated with caution.

USING COMMON ARRANGEMENTS

INDICATOR 9

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A sound mechanism for aid co-ordination can be described as one that builds on shared objectives and that reconciles, in a constructive manner, the various interests of stakeholders.

Indicator 9 assesses the degree to which donors work together by measuring the proportion of total ODA disbursed within PBAs. In practice, there are many different modalities for implementing PBAs, which operate at various levels. At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* sector policy) and

TABLE 25.6: How much aid is programme based?

	Programme based approaches (PBAs)			Total aid disbursed	2005	2007
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c = a + b	(USD m) d	(for reference)	e = c / d
African Development Bank	0	0	0	17	--	0%
Canada	0	7	7	38	80%	18%
Denmark	0	5	5	38	37%	13%
European Commission	0	0	0	56	99%	0%
Finland	0	3	3	6	100%	53%
France	0	8	8	25	0%	30%
GAVI Alliance	--	0	0	14	8%	3%
Germany	0	11	11	29	49%	37%
Global Fund	0	52	52	52	100%	100%
IFAD	--	--	--	10	--	--
IMF	--	--	--	--	--	--
Italy	0	0	0	8	38%	1%
Japan	0	4	4	68	47%	6%
Netherlands	0	5	5	8	29%	57%
Norway	0	5	5	11	60%	49%
Spain	0	0	0	1	--	0%
Sweden	0	17	17	35	26%	48%
United Kingdom	0	34	34	84	27%	41%
United Nations	0	22	22	70	14%	32%
United States	0	0	0	102	0%	0%
World Bank	0	52	52	66	3%	80%
Total	**0**	**203**	**203**	**738**	**45%**	**27%**

establishing a single budget framework that captures all resources (both domestic and external). At the second level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation. Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that 66% of aid flows are provided in the context of PBAs.

In the 2006 Baseline Survey, 45% of aid to Kenya was recorded as making use of PBAs, a figure that suggested that meeting the Paris Declaration 2010 target of 66% might be possible. The 2008 Survey suggests that only 30% of aid made use of PBAs in 2007, with a decline in both the amount of aid provided as budget support (a form of PBA) and in the amount of aid using other PBAs. It should, however, be noted that this may well be due to changes in the survey's methodological guidance.[2] A number of PBAs are in place, but there are challenges in extending their use – including a lack of capacity in some ministries and the fact that some sectors are overseen by more than one ministry.

CONDUCTING JOINT MISSIONS AND SHARING ANALYSIS

One of the most frequent complaints of partner countries is that donors make too many demands in relation to their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared.

Indicator 10 measures the extent to which donors are merging their missions (Indicator 10a) and analytical work (Indicator 10b) at the country level – either with country partner authorities or amongst the donor community (or both). It calculates the proportion of missions to the country undertaken jointly (*i.e.* by more than one donor) and the share of country-analysis exercises undertaken on a joint or co-ordinated basis. The 2010 target is that 40% of donor missions to the field are conducted jointly and that 66% of country analytical work is carried out jointly.

INDICATOR 10a

The 2006 Baseline Survey reported that only 9% of donor missions to Kenya were conducted jointly, while sounding a note of caution about the accuracy of that figure.

Data for 2008 Survey show an increase to 18% of missions being conducted jointly, alongside a one-third reduction in the total number of missions. Much of this improvement is the result of one donor – the UN – reducing the number of its missions and conducting a greater proportion of joint missions.

Meeting the 2010 target of 40% of missions being conducted jointly remains a challenge, albeit an attainable one. The introduction (by the Kenya Harmonisation, Alignment and Co-ordination Secretariat) of a web-based mission calendar and the implementation of more PBAs should help. Donor respect for the government-requested, mission-free period would also be welcome.

[2] The guidance is only part of the reason for this year's figures being much more reliable than in the past. The major reason is that agreement was reached with the government on what were the PBAs, and donors then indicated how much they had disbursed for the specified PBAs. In general, the government and the donors worked much more closely this year to ensure that all interpreted the questions in the same way. There were 3 workshops: kick-off, first review, and final validation workshops were organised for the survey.

TABLE 25.7:
How many donor missions are co-ordinated?

	Co-ordinated donor missions (missions) a	Total donor missions (missions) b	2005 (for reference)	2007 c = a / b
African Development Bank	0	21	--	0%
Canada	5	8	38%	63%
Denmark	14	15	0%	93%
European Commission	3	6	100%	50%
Finland	2	2	--	100%
France	1	20	17%	5%
GAVI Alliance	--	--	--	--
Germany	8	8	100%	100%
Global Fund	1	3	0%	33%
IFAD	--	--	--	--
IMF	--	--	0%	--
Italy	0	1	0%	0%
Japan	0	24	0%	0%
Netherlands	1	2	--	50%
Norway	3	3	--	100%
Spain	0	0	--	--
Sweden	12	13	100%	92%
United Kingdom	23	29	3%	79%
United Nations	26	43	21%	60%
United States	0	0	--	--
World Bank	21	50	54%	42%
Total	**120**	**248**	**9%**	**48%**

* The total of co-ordinated missions has been adjusted to avoid double-counting. A discount factor of 35% is applied.

INDICATOR 10b

Indicator 10b shows an encouraging increase in Kenya, from the 32% reported in the 2006 Baseline Survey to 64% in the 2008 Survey. However, it should be noted that this is in the context of a drastic reduction in the volume of country analytic work – from 79 to 20 units. Assuming that these figures provide an accurate picture, and that progress is real rather than the result of changes to the methodological guidance, meeting the 2010 target of 66% of country analytic work being co-ordinated should be attainable – particularly with the Harmonisation, Alignment and Co-ordination Secretariat continuing to facilitate the co-ordination of analytical work. ■

TABLE 25.8:
How much country analysis is co-ordinated?

	Co-ordinated donor analytical work (analyses) a	Total donor analytical work (analyses) b	2005 (for reference)	2007 c = a / b
African Development Bank	0	0	--	--
Canada	3	4	67%	75%
Denmark	0	0	67%	--
European Commission	0	1	67%	0%
Finland	4	4	100%	100%
France	1	1	33%	100%
GAVI Alliance	--	--	--	--
Germany	2	3	87%	67%
Global Fund	0	0	--	--
IFAD	5	7	--	71%
IMF	--	--	17%	--
Italy	0	0	--	--
Japan	0	0	0%	--
Netherlands	1	1	100%	100%
Norway	0	0	75%	--
Spain	0	0	--	--
Sweden	7	9	100%	78%
United Kingdom	1	5	43%	20%
United Nations	13	13	82%	100%
United States	0	0	--	--
World Bank	2	2	67%	100%
Total	**39**	**50**	**32%**	**78%**

* The total of co-ordinated analytical work has been adjusted to avoid double-counting. A discount factor of 25% is applied.

MANAGING FOR RESULTS

INDICATOR 11
Do countries have results-based monitoring frameworks?

THE PARIS DECLARATION CALLS ON donors and partner countries to make a joint commitment to managing for development results – *i.e.* to manage resources according to desired results. This implies defining desired results and measuring progress toward them, as well as using information on results to improve decision making and performance. It also implies strengthening capacity to undertake such management and helping to increase the demand for a focus on results (*i.e.* adopt a results-based monitoring framework).

Indicator 11 utilises data collected as part of the World Bank's review on *Results-Based National Development Strategies: Assessments and Challenges Ahead.* The review focuses on three particular aspects of a robust results-based monitoring framework: the quality of the information generated; stakeholder access to the information; and the extent to which such information is utilised within a country-level monitoring and evaluation system.

The assessments are expressed in scores running from A (high) to E (low), with B representing a "largely developed results-based monitoring framework." The 2010 target is to reduce by one-third the proportion of countries lacking transparent and monitorable results-based monitoring frameworks (*i.e.* reduce by one-third the number of countries not attaining at least a B rating).

At the time of the 2006 Baseline Survey, the World Bank's Aid Effectiveness Review gave Kenya a rating of C for its framework for reporting and performance assessment. This put Kenya in the same category as 59% of assessed countries taking part in the 2006 Baseline Survey and indicated that some action was being taken towards achieving good practice.

Kenya's current rating of C reflects some progress: plans are in place to improve the quality of and access to information, as well as the extent to which that information informs policy. However, implementation of those plans has been slow. Meeting the 2010 target of moving up one grade – to a B rating – requires Kenya that steps to put its plans into practice. ■

MUTUAL ACCOUNTABILITY

INDICATOR 12
Do countries have reviews of mutual accountability?

THE PARIS DECLARATION RECOGNISES that for aid to be truly effective, stronger and more balanced accountability mechanisms are required at all levels. In particular, aid is more effective when both donors and partner country governments are accountable – to their respective publics and to each other – for the use of resources and management to achieve development results. The Paris Declaration calls for donors and partner countries to jointly assess (through existing country-level mechanisms) mutual progress in implementing agreed commitments on aid effectiveness, including commitments made under the Paris Declaration.

Indicator 12 is concerned with the specific question of whether there is a country-level mechanism for mutual assessment of progress on the partnership commitments arising from the Rome or Paris Declarations, or from local harmonisation and alignment plans. The 2010 target is for all partner countries to have in place such mechanisms.

At the time of the 2006 Baseline Survey, no mutual assessment had taken place. However, it was hoped that the Kenya Joint Assistance Strategy would provide an opportunity for such an assessment. Regrettably, no mechanism for mutual assessment has been developed by the time of the 2008 Survey. The implementation of the Kenya Joint Assistance Strategy – which was launched in September 2007 – may now provide a suitable opportunity although its ambitions for mutual accountability will need to be extended beyond an exclusive focus on harmonisation. ■

PROGRESS SINCE 2005 AND PRIORITIES FOR 2010

PROGRESS ON AID EFFECTIVENESS IN KENYA has been mixed. The political and social unrest following the disputed 2007 elections demonstrates that serious governance challenges remain – challenges that risk knocking progress on aid effectiveness off course. To accelerate progress, the government must build a sense of political stability and ownership, exercise stronger leadership, and address donor concerns about corruption. Donors and the government must work together to improve the management and sharing of information. Donors must collaborate more effectively. The country report suggests a need to change the incentive structures and accountability systems within which donors and their staff operate. There is also an urgent need to establish a country-level mechanism to monitor progress and stimulate dialogue on aid effectiveness. ■

SUMMARY
TABLE 25.9

	INDICATORS	2005 REFERENCE	2007	2010 TARGET
1	Operational development strategies	D	C	B or A
2a	Reliable public financial management (PFM) systems	3,5	3,5	4,0
2b	Reliable procurement systems	Not available	Not available	Not applicable
3	Aid flows are aligned on national priorities	91%	67%	95%
4	Strengthen capacity by co-ordinated support	60%	58%	50%
5a	Use of country PFM systems	47%	53%	65%
5b	Use of country procurement systems	45%	36%	Not applicable
6	Strengthen capacity by avoiding parallel PIUs	17	21	6
7	Aid is more predictable	44%	49%	72%
8	Aid is untied	78%	84%	More than 78%
9	Use of common arrangements or procedures	45%	27%	66%
10a	Joint missions	9%	48%	40%
10b	Joint country analytical work	32%	78%	66%
11	Results-based monitoring frameworks	C	C	B or A
12	Mutual accountability	No	No	Yes

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ACRONYMS

CPIA	Country Policy and Institutional Assessment
GNI	gross national income
IP-ERS	Investment Programme for the Economic Recovery Strategy for Wealth and Employment Creation
MDGs	Millennium Development Goals
ODA	official development assistance
PBAs	programme-based approaches
PFM	public financial management
PIU	project implementation unit
PRSP	Poverty Reduction Strategy Paper
SWAp	sector-wide approach