The Kenya Country Partnership Framework (CPF) FY22-27 Consultations
The World Bank Group

CPF Context
Lessons Learned
CPF vision and objectives
Selectivity & Filters
Program
Risks
Five institutions – One Group

WORLD BANK GROUP

- International Bank for Reconstruction and Development (IBRD)
- International Development Association (IDA)
- International Finance Corporation (IFC)
- Multilateral Investment Guarantee Agency (MIGA)
- International Center for Settlement of Investment Disputes (ICSID)

World Bank
Two ambitious goals

END EXTREME POVERTY
Reduce the percentage of people living in extreme poverty to 3% by the year 2030

PROMOTE SHARED PROSPERITY
Increase the income of the bottom 40% of the population in each country
Corporate priorities

Fragile states

Maximizing Finance for Development

Gender

Climate change

Citizen engagement
Our value is our ability to work at the nexus of global and local issues, complementing policy work with operational responses and financing, and engaging with both the public and private sectors.
Country engagement

- Systematic Country Diagnostic
- Twin goals and SCD
- CPF Objectives
- WBG comparative advantage
- Government’s program & requests
- Performance & Learning Review
- Completion & Learning Review

Twin goals and SCD
Government’s program & requests
CPF Objectives
WBG comparative advantage
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CPF Context

Kenya’s Development Challenges

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Program

Risks
Kenya Country Partnership Framework

• Previous CPF FY14-18
  + Extended to FY20
  + COVID-19 Approach Paper

• Next CPF informed by:
  • Country Private Sector Diagnostic (CPSD) FY19
  • Systematic Country Diagnostic (SCD) FY20

• Proposed CPF period FY22-FY27
  • 6-year partnership, straddling ...
    • 2 presidential and gubernatorial election terms
    • 3 IDA cycles: IDA19 -> 2022; IDA20 -> 2025; IDA21 -> 2028

A Focus on long-term Outcomes
• long term focus, accounting for WBG historical engagement and contributions from other development partners
• higher level objectives that more clearly acknowledge indirect pathways
• adaptive management with periodic reviews, evaluation, and learning plans
Executive Summary

Kenya has made major achievements since independence – one of the highest Human Capital Indexes (HCIs) in Africa, dynamic and diversified private sector, leader in digital innovation, comparatively well-managed infrastructure and increasingly capable institutions grounded in the local context. Following a prolonged slump in the 1980s/90s, the country returned to robust and inclusive economic growth and is on track to becoming an upper middle-income country (UMIC). That said, Kenya has several unfinished agendas and faces some sophisticated (“nextgen”) challenges to becoming a stable, inclusive and successful UMIC.

The WBG program will pivot towards a more selective and surgical approach to help Kenya

✓ Regain a stable debt path by, and for, recalibrating the balance between public and private-sector led growth
✓ Re-dynamize the private sector by leveling playing fields and strengthen institutions that secure the benefits of competition.
✓ Adapt the WBG’s focus on jobs to Kenya’s near-term demographic realities. Kenya is towards the end of its demographic transition; while economic growth may gradually close the formal jobs deficit for future smaller generations, the current bulge needs immediate support to build the productivity of MSMEs, smallholders and in the informal sector.
✓ Strengthen institutions that focus on elevating the welfare of those left behind, unleashing the productive potential of all Kenyans and avoid the MIC inequality trap.
✓ Catch up on urbanization to better address the needs of the urban poor and secure benefits of agglomeration.
✓ Restore Kenya’s global competitiveness by improving key infrastructure services and supporting Kenya’s leadership on deeper regional/subregional integration.
✓ Renew attention to climate change mitigation – stemming deforestation, land and water degradation, biodiversity loss, promoting e-mobility – while continuing investments in adaption – renewables, water storage and production.
Executive Summary

COVID-19 has reversed some earlier gains and opened new opportunities, while raising short-medium uncertainty. The CPF will allow for flexibility between two scenarios: (i) a steady recovery, requiring increased short-term investments to reverse welfare losses; but rapid resumption of long-term structural changes; and (ii) repeated cycles of infections/lockdowns until vaccination rollout is complete. Programming flexibility up to the mid-term review in FY24 will help reserve resources to meet unanticipated, urgent needs while maintaining a focus on building preparedness within medium-term interventions.

The CPF program will include 7 hallmarks or imperatives that draw lessons from previous work in Kenya and globally:

- Surgical approach to inequality and disparities/outliers
- Consolidate NEDI engagement
- Increase focus on gender gaps for jobs
- Level-up investments in local govt service delivery
- Mainstream private participation in service delivery
- Prioritize data adequacy, quality & transparency
- Join-up anticorruption efforts across portfolio & with partners

Selectivity within sectors, as opposed to between sectors

- Program can avoid excluding key sectors, but absorptive capacity constrains the optimal size of operations.
- Recent budget support operations and COVID 19 response allowed space to reconsider the legacy pipeline.
- Selectivity will be achieved by identifying the key challenge within each sectors that (a) contributes the CPF objectives; and (b) requires WBG engagement to either complete an agenda; achieve momentum; and/or inject global knowledge.

Outcome Orientation: This CPF builds on and adapts from previous WBG support to situate a future program with a set of shared higher-level objectives. CPF program incorporates more ongoing monitoring, evaluation and learning.
What makes Kenya distinctive?

A diversified economy

“A diversified economy

“The overall performance of the region will to a great extent depend on what happens in Kenya.” Brookings, oped (Jan 2014)

A subregional leader

Kenya takes over EAC bloc leadership

Vibrant media & civil society

#StopGivingKenyaLoans: Don’t Lend Our Government, Debt-Weary Kenyans Demand of IMF. Bloomberg.com, updated on April 10, 2021

High levels of ethnic diversity

Kenya is the 3rd most diverse country in the world according to https://worldpopulationreview.com

Extreme spatial inequality

Poverty headcount (2019) 40pp higher in North & Northeast (NEDI) counties at 68.2% than in non-NEDI counties 28.2%

Big bang devolution process

Kenya: A Track Record of Achievement and Innovation

• Robust and inclusive growth (5.3%/year, 2006-2016), with consumption growing significantly for the bottom 40%.
• Total Fertility Rates have declined (from 8 in the 1960s to 3.9 in 2015; 3.1 urban).
• Kenya’s HCI (0.55) far surpasses SSA average and is in the 85th percentile of LMICs.
• Kenya is at the forefront of digital financial services and leading related legislative and regulatory changes, including the introduction of a Digital Services Tax (2021).
• The quality of Kenya’s institutions, infrastructure, and business environment approaches --- and in some cases exceeds --- UMIC aspirational peers.
Kenya’s aspirations

**2010 Constitution**
Greater equity and social stability through devolution

**2019 WBG Client Survey**
Education: top priority 15% → 45% of respondents, followed by
   Jobs  Health  Agriculture
   Economic Growth  Food Security
Concerns re Corruption increased in FY19 over FY15 with External Debt as an action point.

**Big 4 Agenda for 2022**
Δ Manufacturing to 20% of GDP
Δ Food Security & Nutrition
   • 100% food security
Δ Universal Health Care
   • 100% UHC by scaling up NHIF
Δ Affordable Housing
   • 500,000 new affordable homes

**Vision 2030**
A middle-income country offering a high quality of life to all citizens

**COVID-19 Economic Recovery Strategy**
• Health Care
• ICT & Digital Infrastructure
• Green & Resilient Recovery
• Private Sector rebound with increased resilience to global supply chain shocks
• Strengthen governance & economic management

Kenya’s aspirations
The World Bank Group

CPF Context

**Kenya’s Development Challenges**

Lessons Learned

CPF vision and objectives

Selectivity & Filters

Program

Risks
Kenya’s key development challenges

- High fiscal imbalances & growing debt
- Lagging investment climate & productivity growth
- Persistent inequality of access to services & opportunities
- Lagging women’s economic empowerment & high social vulnerabilities
- Are Kenya’s institutions MIC-ready for inclusion and competitiveness?
- Extreme vulnerability to climate change & other shocks

**Gini has plateaued since 2015**

**Vulnerable population**

- % population w/in 20% above poverty line
  - 2004: 10.3
  - 2015: 12.2
  - 2019: 13.6

**In poorest counties, girls primary GER <20%**

- Women hold 1% of land titles
- Less than 20% MPs, Governors are women
- 30% gender earnings gap

**Each year, 1m Kenyan youth enter the workforce, but only ~100,000 formal jobs are created.**

**National**

- Fiscal deficit
- Total public debt (gross) (RHS)

- CPIA Overall Score 3.7
  - Public Sector Mgmt & Inst 3.4
  - Property Rights & Rule-based Gov 3.0
  - Quality of Budgetary & Fin Mgmt 3.5
  - Quality of Public Admin 3.5
  - Transp, Accountability & Corruption 3.0

- Gini has plateaued since 2015

- 2.3pp of GDP growth @ current warming
- 4.7pp at 2°C warming
Challenge 1: Macro-fiscal sustainability
High fiscal deficits and burgeoning debt jeopardize Kenya’s growth

- Recent growth driven by factor accumulation (public vs private investment), services (not agriculture) and domestic demand (not exports).
- Domestic resource mobilization and national savings remain comparatively low and private sector credit at 32% of GDP remains far below of 50-60% of high-growth MICs.
- High fiscal deficits have worsened in the pandemic, although the Govt has committed to fiscal consolidation.
- External debt rose from 39% (2013) to 62% of GDP (2019) on more expensive terms; domestic public borrowing is crowding out the private sector and SOE contingent liabilities are growing.
Kenya is in danger of losing its demographic dividend. Kenya needs 900K jobs/year to absorb new labor force entrants. Half the population is under 18 years old and ¾ is under 35 yrs.

... with modest human capital: Kenya’s HCI at is 85th percentile among LMICs but only 38th among UMICs and low digital literacy: Kenya’s estimated digital literacy gap over 20%

... and increasingly urban. Urbanization, though relatively slow, will accelerate. 80% (> nat’l avg 70%) of employed urban youth are in informal work and new COVID-19 poor are urban.

And a range of factors hinder job-creating private investment and slow productivity growth.

• High level of firm creation, but informality is high: 95% of firms not registered and business survival, scale-up, and productivity are limited.

• Limited long-term financing -- mortgage lending is 2.5% of GDP vs 30% in SA -- and affordable finance for MSME growth due to slow recovery in credit after repeal of interest rate cap and high levels of SME informality: 95% of firms not registered.

• Transport and energy costs are high, and water shortages abound. Only 44% of roads in good or fair condition while time lost to travel in Nairobi is $4m/day (or up to 30% of remote suburb HH incomes). Electricity costs 21¢/kWh vs 10¢ in RSA and approx. 8¢ in China and India.
Corruption is most reported as the #1 issue facing Kenya - 23% of respondents on 2019 Afrobarometer. Concerns about corruption higher in FY19 than in FY15 (Client surveys & Afrobarometer) 30% of firms identify corruption as a major constraint vs 13-14% average for MICs. Anti-Corruption Framework seen to yield arrests but not convictions.

Kenya should accelerate progress in building robust redistributive and social welfare institutions.

Over ¼ of health spending is out-of-pocket: financing reforms (NHIF) are needed to reach Universal Health Care.

Fiscal pressures have dented earlier progress on Kenya’s safety nets and (producer) risk financing arrangements.

Pockets of extreme poverty and excluded groups, including and beyond NEDI, need systematic attention.

Product Market Regulation score suggests Kenya needs to do more ensure fair market competition. High Barriers to Entry (BTE) and Barriers to Trade & Investment (BTI) hinder private investment & FDI. SOEs, often weakly accountable, hinder entry in 17 sectors (incl. agriculture, transport, electricity, telecoms).

Inter-government coordination remains a challenge. Vertical and horizontal relations (national-country-local) are still evolving. Regulatory quality (WGI) has declined, and Kenya underperforms in CPIA Block D: Governance. PFM is opaque for a LMIC: 50/100 on Open Budget Index, e-Gov procurement and HR systems still delayed.

Devolution is raising pro-poor spending but capacity to deliver needs attention; all sectors need a more systemic focus on not leaving any Kenyans behind.

Blurred lines between public and private interests create opportunities for corruption and unequal playing fields.
Challenge 4: Persistent inequality of access and opportunities
Closing gaps & strengthening redistributive institutions is vital to avoid the MIC inequality trap

• **Unequal access to services.** Only 16% of Kenya’s doctors serve rural populations (68%). Primary net enrollment varies from 42% in Garissa to 96.8% in Nyeri. There are 10 counties where 80%+ HHs access water from an improved source and 11 counties where < 50% do so.

• **Disparities between North/Northeast and the rest of Kenya** on poverty, HCI and other welfare indicators are large and, in some measures, continue to widen. Significant opportunities for FCV and regional approaches (Horn of Africa Initiative).

• **Broadband internet coverage remains insufficient in rural areas.** 3G coverage reaches 78% of the population but only 17% of the country, leaving rural areas (esp. rural girls and women) behind.

• **National Gini has plateaued** since 2015; Nairobi slows national progress on income inequality.

• **Poverty elasticity of growth at 0.57** has stagnated, below Tanzania, Uganda and Ghana.
Challenge 5: Lagging women’s empowerment amplifies social vulnerabilities

Despite good progress, persistent disparities in gender outcomes compound vulnerabilities for poor women.

- **Access to opportunities and earnings**: Literacy rate for women is 50% < men; drop out rates higher for girls after age 16; 30% earnings gap, only 30% of women (vs 50% men) are in wage employment, with 50% more women in the bottom quintile.

- **Women's asset ownership and access to finance**: 27% gap in land and housing ownership. 7% and 14% gap in usage of mobile money and bank services, respectively. 39% gender gap in mobile internet use.

- **Voice and agency** have strong implications for outcomes on endowments and economic empowerment. 45% of women report experiencing physical violence.

- Although the poverty and the poverty gap is declining, the **share of vulnerable population continues to rise** with disproportionate risks for girls and women.
Challenge 6: Kenya is vulnerable to climate change and other shocks
Natural capital depletion is reducing mitigation and adaptation capacity.

- **Over 80% of Kenya’s land is arid/semi-arid, including the NEDI.** These drylands contain 70% of national livestock and 90% of wildlife and are susceptible to climate shocks and desertification. 3.4 million Kenyans (7% population) were rendered food insecure in 2017. Drought cycles are now twice as frequent, affecting ~ 5 mln every 2-3 years with associated losses to annual GDP.

- **Strong links to FCV and Forced Displacement Agenda.** Kenya is home to one of the largest refugee populations in sub-Saharan Africa and could have almost 6 million internal climate migrants by 2050 (8.5% of the population).

- **Natural assets, watersheds, and key stressors are concentrated in Kenya’s Southwest**
  - Kenya’s high altitude and fertile water towers account for 75% of renewable fresh water, along with most agricultural land, forests and hydropower.
  - This is where 85% of pop., 2/3 of poor and several secondary cities are located.

- **Natural capital depletion, combined with lack of investment in resilient infrastructure,** threatens ability to mitigate and adapt to climate change as well as foster inclusive growth. Given location of watersheds on/near borders, there is also potential for regional collaboration.
.....and now COVID-19 is reversing social gains and raising uncertainty. The pandemic has shed light on, and presented opportunities to refocus on, some key challenges

- **Poverty increased by 4% in 2020**, an additional 2 million poor, erasing five years of progress and the poverty profile has shifted toward urban, youth in services.
- **Employment fell** by 20% for ages 18-64 in early 2020 and not yet recovered; 80% of firms report a decrease in productivity.
- **Learning losses are large** (6% drop in Grade 4 reading proficiency since 2019), dropouts and teenage pregnancies have risen and GBV cases have spiked.
- There is some resilience in exports, remittances, inflation, exchange rate, but a collapse in tax revenues is delaying long needed fiscal consolidation.
- The recovery in private sector credit continues, albeit from a low base and constrained by more risk aversion, but Kenya’s NPLs are among the highest in the region, elevating the risks of financial sector instability.

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**Poverty headcount has risen by 4pp**

... delaying planned fiscal consolidation

Tax revenues have collapsed...

- **Actual Revenue**
- **Shortfall**
- **Target**

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.. and new poor have a different profile

<table>
<thead>
<tr>
<th>Year</th>
<th>All</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>20%</td>
<td>30%</td>
<td>40%</td>
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<td>2016</td>
<td>25%</td>
<td>35%</td>
<td>45%</td>
</tr>
<tr>
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<td>30%</td>
<td>40%</td>
<td>50%</td>
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<tr>
<td>2018</td>
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<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>2019</td>
<td>40%</td>
<td>55%</td>
<td>70%</td>
</tr>
<tr>
<td>2020</td>
<td>45%</td>
<td>60%</td>
<td>80%</td>
</tr>
</tbody>
</table>

Note: All variables are statistically different.
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CPF Context

Kenya’s Development Challenges

Lessons Learned

CPF vision and objectives

Selectivity & Filters

Program

Risks
# Lessons learned from the previous CPS FY14-20

<table>
<thead>
<tr>
<th>Lessons</th>
<th>Implications for the CPF</th>
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<tbody>
<tr>
<td><strong>Results.</strong> Including more outcome-level indicators in the CPF results framework would capture better the full range of the WBG’s impact in Kenya, including through knowledge sharing, policy dialogue, as well as financing.</td>
<td><strong>Identify shared long-term outcomes</strong> to situate the Kenya program (lending and knowledge) along an historical continuum of WBG support and alongside other development partners. New high frequency household survey data will be integrated in monitoring, evaluation and learning plans (MELs) to help maintain a focus on results and inform timely course corrections.</td>
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<tr>
<td><strong>Selectivity.</strong> The breadth of our engagement in Kenya came at the expense of completing some agendas (e.g., universal electricity access) and achieving critical momentum in others (e.g., better agricultural productivity).</td>
<td><strong>Implement a tighter strategic framework.</strong> The WBG will select key challenges within (not across) sectors that require WBG financing and/or global knowledge and contribute to synergies essential to achieving CPF objectives.</td>
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<td><strong>WBG instruments.</strong> Expanding into P4Rs, DPOs and guarantees, along with deeper collaboration with MIGA and IFC, have rejuvenated Kenya’s institutional and structural reforms, improved coordination within government, and mobilized private financing for Kenya’s development.</td>
<td><strong>Continue to explore and innovate with the full range of WBG instruments.</strong> A new formal collaboration framework with IFC and MIGA is already broadening opportunities beyond infrastructure and the financial sector into human development, sustainability, and JET. A greater focus will be given to joint upstream work.</td>
</tr>
<tr>
<td><strong>Gender equity.</strong> Advancing gender equality in Kenya will require a more systematic approach. The Gender Portfolio Review has identified important entry points and opportunities.</td>
<td><strong>A resourced Kenya gender platform</strong> can speed up global knowledge transfer and shared learning, build client capacity and support achievement of WBG gender-related commitments.</td>
</tr>
<tr>
<td>Lessons</td>
<td>Implications for the next CPF</td>
</tr>
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<tr>
<td>Devolution. The Bank has kept pace with Kenya’s fast-moving devolution process. But a more systematic portfolio-wide approach to institutional development, including M&amp;E, is needed.</td>
<td><strong>Build more deliberate synergies between devolved projects</strong> on institution building. Promote <strong>local level private sector investment</strong> to boost employment and growth. <strong>Better tracking of county-level results/outcomes</strong> will improve impact evaluation of devolution on services and equity in Kenya. <strong>More engagement with national institutions that support devolution</strong> and devolved functions, including Kenya’s intergovernmental fiscal framework, will help promote greater consistency in devolved outcomes and close spatial gaps.</td>
</tr>
<tr>
<td><strong>Kenya’s North/Northeast counties</strong> require more tailored, conflict- and security-sensitive approaches to project design and implementation.</td>
<td><strong>An updated, multi-sectoral NEDI strategy</strong> will move the WBG from discrete, sector-specific projects towards NEDI-wide practices. The Bank will also collaborate more with other partners across the humanitarian-development-peace nexus.</td>
</tr>
<tr>
<td><strong>Governance and anti-corruption.</strong> Devolution is improving accountability while citizen engagement is strengthening governance for service delivery. National policy reforms can target pockets of corruption in Kenya, but a more comprehensive and coordinated effort is necessary for greater impact.</td>
<td><strong>The WBG will pursue anti-corruption on multiple dimensions in Kenya,</strong> including: • greater attention to PFM transparency at national and country levels; • following targeted policy reforms with implementation support; • engaging citizens and empowering project beneficiaries; • undertaking robust and routine <strong>political economy analysis,</strong> and • advancing a <strong>shared approach with other development partners</strong> (e.g., WBG pursues technocratic approaches, DPs political)</td>
</tr>
<tr>
<td>Though progress has been made in reducing inequality, a more surgical approach is required.</td>
<td><strong>The WBG will take a more direct approach to levelling the playing field and closing disparities in opportunities.</strong> This will include closer examinations of Kenya’s human capital deficiencies, barriers to entry in the private sector, and implementation of the NEDI Strategy.</td>
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**CPF vision and objectives**

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Risks
To support Kenya’s transformation into a middle-income economy that achieves inclusivity and resilience

**CPF Vision & Objectives**

**Challenges**
- Fiscal imbalances & growing debt
- Low productivity growth & formal jobs deficit
- Are Kenya’s institutions MIC-ready for inclusion and competitiveness?
- Low poverty elasticity of growth & persistent inequalities in access and opportunities
- Lagging women’s empowerment and high social vulnerabilities
- Extreme vulnerability to climate change & other shocks

**Objectives**
1. Regain and consolidate macro-fiscal stability
2. Strengthen public sector stewardship, transparency & effectiveness
3. Foster MSME & small producer success, with a focus on women and youth
4. Shrink disparities in human capital development
5. Reach the last mile/inner mile with infrastructure and basic service delivery
6. Eliminate food insecurity and reduce vulnerability to climate change.

**Pillars**
- Boost productivity, job creation and incomes
- Reduce inequality and vulnerabilities
- Improve institutional effectiveness

**Goal**

**Are Kenya’s institutions MIC-ready for inclusion and competitiveness?**

- Low productivity growth & formal jobs deficit
- Are Kenya’s institutions MIC-ready for inclusion and competitiveness?
- Low poverty elasticity of growth & persistent inequalities in access and opportunities
- Lagging women’s empowerment and high social vulnerabilities
- Extreme vulnerability to climate change & other shocks
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Hallmarks

Program

Risks
In the coming years, we will be guided by seven imperatives that draw lessons from our previous work in Kenya and globally.

1. **Exclusion busting: A surgical approach to development outliers**
   Focus on closing Kenya’s development gaps, inequities and disparities to avoid the MIC inequality trap.

2. **Increase focus on local govt services to achieve Kenya’s devolution dividend**
   Increase resources for local services, align devolved projects to maximize results, capacity and accountability.

3. **Deepen focus on reducing Kenya’s gender gaps.**
   Use new Kenya Gender Platform and Gender Portfolio Review, to pursue more systematic solutions to gender gaps.

4. **Consolidate the WBG’s engagement in NEDI**
   Move from distinct, county-specific projects towards NEDI-wide approaches, objectives, and practices.

5. **Join-up governance efforts across portfolio and with partners**
   Coordinate more with dev’t partners on anti-corruption, and across the portfolio on building accountability.

6. **Mainstream private sector participation in public service delivery**
   All projects to pursue private sector engagement in service delivery to help reduce crowding out and strengthen local job creation.

7. **Prioritize data adequacy, quality and transparency.**
   All operations to work toward MIC quality data systems, including building capacity for evidenced based decisions.
**Country Engagement**

- The **Country Partnership Strategy (CPS) for Kenya 2014–18** was extended to FY20 through a Performance and Learning Review in 2018 and again extended under the WBG COVID-19 Crisis Response Approach Paper. The CPS supported Kenya's second and third Medium-Term Plans spanning 2013-2022, which operationalized the country's longer-term Vision 2030. The new **Country Partnership Framework covering a 6-year period (FY22-FY27)** is currently under preparation.

- The **Systematic Country Diagnostic (SCD)** was undertaken and completed in FY20.

**World Bank-funded Portfolio in Kenya**

**Active Portfolio**

- As of October 14, 2021, the portfolio comprised 25 national projects and 8 regional projects with a total commitment of US$6.77 billion.

- To address challenges in portfolio implementation, the WBG Country Team conducts Quarterly Portfolio Review meetings with Government counterparts to resolve bottlenecks.

**Pipeline Portfolio**

- There are 7 operations under preparation with a commitment of about US$1.28 billion (IDA) and US$230 million (IBRD) that should be delivered by June 30, 2023. In addition, Kenya could deliver 3 small regional projects under the Horn of Africa Initiative, if additional IDA financing becomes available.

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**CURRENT PORTFOLIO SNAPSHOT**

Portfolio Composition

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy and Extractives</td>
<td>13%</td>
</tr>
<tr>
<td>Transport &amp; Digital</td>
<td>19%</td>
</tr>
<tr>
<td>Environment</td>
<td>2%</td>
</tr>
<tr>
<td>Urban</td>
<td>8%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>9%</td>
</tr>
<tr>
<td>Education</td>
<td>6%</td>
</tr>
<tr>
<td>Health</td>
<td>6%</td>
</tr>
<tr>
<td>Social Protection</td>
<td>6%</td>
</tr>
<tr>
<td>Water</td>
<td>8%</td>
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<tr>
<td>Macroeconomics, Trade &amp; Investment</td>
<td>12%</td>
</tr>
<tr>
<td>Finance &amp; Competitiveness</td>
<td>7%</td>
</tr>
<tr>
<td>Governance</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Portfolio Composition**

- Transport & Digital: 19%
- Energy and Extractives: 13%
- Environment: 2%
- Urban: 8%
- Agriculture: 9%
- Education: 6%
- Health: 6%
- Social Protection: 6%
- Water: 8%
- Macroeconomics, Trade & Investment: 12%
- Finance & Competitiveness: 7%
- Governance: 4%
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Risks
Surgical approach to inequality requires careful dialogue and communication with key stakeholders.

Slow vaccine rollout could leave the country vulnerable to future waves of COVID-19 infections.

Financial sector risks may slow (or derail) proposed WBG support for Kenya’s post-COVID recovery, including jobs and DRM.

Corruption (real/perceived) compromises citizen trust, operational effectiveness, and slows program implementation. Continued attention to fiduciary standards and pro-active engagement with communities and beneficiaries are essential.

Kenya’s high risk of debt distress could compromise sovereign risk rating and raise borrowing costs.

Climate risks will require attention to both mitigation and adaptation.

Kenya’s approach to devolution will continue to require close attention, more strategic WBG support, and investments in county-level capacity.
Questions for Feedback

- Does the presentation capture Kenya’s most salient development challenges and issues (see slides 15-23)?
- How can the CPF Vision and Framework (see slide 28) be strengthened?
- How can the WBG help Kenya ‘Build Back Better’ following the impact of COVID-19?
ASANTE SANA!