



STRATEGIC PLAN

2024 - 2028

Theme: Navigating the dynamic Public Finance Management landscape

FOREWORD



The strategic plan 2.0 of the Institute of Public Finance is a culmination of thorough work that has been put together by our dedicated team. The strategy traces its roots to year 2013 just after promulgation of a new robust constitution of Kenya which brought in additional players in public finance spaces. The contribution of IPF in the last decade in areas of advocacy, capacity building and Research have been well and clearly presented.

The strategy is perched on six expanded core principles which are Transparency, Accountability, Public Participation, Equity, Efficiency and Effectiveness. The strategy has cemented the place of IPF in the current and future dispensation. We have laid out our guiding theory of change and how it will impact our operations going forward. The success stories of the past will be replayed in a more advanced manner and efficient way and sustain our place in public finance spaces. The gaps identified will be sealed. The loose links such as parliament and the office of Auditor General in overseeing public finance and how it impacts have been explained in details. We have also identified areas where we didn't perform highly and take it as challenge to inform our future undertakings.

The Vision and Mission of IPF has been made clear and revolves around the key principles of public finance to meet the daily and future endeavors. New proposals on theory of change will be implemented over the strategy period and the implementation matrix laid out. The strategy will be carefully monitored by a dedicated team to achieve the intentions.

Finally, we have identified four thematic areas of focus where much of our time and resources will be spent. The four areas are Climate Financing, Revenue policy, Health Financing and Macro Fiscal & Debt analysis and fill the identified gaps in line with our vision and mission.

At IPF we thrive on expanding the public finance awareness.

Yours Sincerely

James Kimori

Board Chair

Institute of Public Finance

MESSAGE FROM THE CEO



It is with great pleasure and excitement that I present the Institute of Public Finance’s (IPF) 2024-2028 Strategic Plan, a milestone document shaping our commitment to Kenya. This marks our second strategic plan, reinforcing IPF’s aspiration to stand as a foremost public finance think tank in Africa.

Inspired by our 10 year journey and building upon the wealth of experience and insights gleaned from the 2019-2023 plan, this strategic plan renews IPF’s vision for Kenya, where all the core principles of public finance are realized. Therefore, we rededicate ourselves to being the leading public finance intellectual hub on the African continent, championing change through research, capacity building, and advocacy.

Set against the backdrop of Kenya concluding the inaugural decade of devolution, we enter a critical juncture coinciding with a new governmental era post the 2022 general elections. Our strategy unfolds amidst an evolving fiscal landscape where rising public debt prompts a government shift towards domestic resource mobilization, posing challenges to the equity and efficiency of the tax system.

As citizens actively participate in County and National budget processes, prompting some government responsiveness, this strategic plan advances our efforts in Public Debt and tax, reinvigorate our healthcare financing recognizing the transformative shifts with recent legislation, creating three distinct funds—primary healthcare, social healthcare, and emergency, critical, and chronic illness funds. It also aligns with the emerging demands for climate financing. IPF positions itself as a key player, monitoring and intervening in these pivotal areas.

Aligned with our core values—Diversity, Equity, and Inclusion; Integrity and Accountability; Courage; Relevance; and Innovation—our plan articulates five key outcome areas over the next five years. We aspire to enhance budget transparency, foster consistent and robust citizen participation through all stages of the budget cycle, address inequalities in public finances across regions and genders, and elevate government accountability at the National and County levels.

IPF therefore pledges to maintain a leadership role in research, capacity advocacy, and fortifying government capacities in the design and implementation of public finance management policies and decisions. Our focus extends to empowering citizens for effective engagement at the County and National level, urging government institutions to facilitate effective public participation, and shape policies that align with citizens’ priorities, ultimately ensuring that public finances work for all. At the center of this work is our human capital where we will invest extensively to ensure they are equipped with the skills and knowledge needed to implement this strategic plan. The training initiatives will encompass public finance management, advocacy and foster a culture of innovation.

Embarking on this 5-year strategic journey, our determination remains steadfast in the pursuit of this vision. I extend deep gratitude to our Board of Directors, staff, and partners for their unwavering support in crafting our roadmap. With great anticipation and zeal, we look forward to your continued collaboration as we script the next chapter of IPF's remarkable story.

James Muraguri

Chief Executive Officer
Institute of Public Finance

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1. WHO IS **IPF**?

The Institute of Public Finance was established in 2013 with the intention of promoting transparency and accountability in Public Finance Management (PFM) in Kenya, as detailed in its founding memorandum. This was a moment of transition: Kenya's new constitution mandated major changes in public finance, including the creation of county governments that would manage their own budgets at the local level. With new, more open, and more participatory budget processes at both national and county level, it was clear that there was a need for independent budget analysts to generate credible evidence to inform budget stakeholders. IPF therefore began a program of research, capacity strengthening, training, and advocacy for both state and non-state actors at the national and county levels.

Over the last ten years, the Institute of Public Finance has become a leading Public Finance Management think tank in Kenya. The organization works to advance six key principles of public finance, which we will discuss in greater detail throughout this document:

- Transparency
- Public Participation
- Accountability
- Equity
- Efficiency
- Effectiveness

We operate at both the national and local levels in Kenya, and we have expanded our work to other countries in the region. For instance, we've undertaken projects to enhance health financing in Ethiopia. We have strong partnerships with local organizations and have built a reputation with government as a

reliable interlocutor on public finance matters through our research products and events. We are proud of the work we have done, but also very conscious of the long road ahead to realize our core values in Kenya's public finances.

As we take up the challenge of supporting PFM reforms, we do so as an organization committed to a set of 21st century organization values that govern our day-to-day work. These values include:

Diversity, Equity, and Inclusion: IPF operates on principles of merit and equal opportunity. We endeavour to maintain a gender-balanced workforce. We encourage the full participation of our internal and external stakeholders in our programming.

Integrity and Accountability: We adhere to rigorous ethical standards in compliance with the laws in Kenya and other countries where we operate. IPF staff from the CEO to the administrators, and everyone in between, are answerable for their actions, behaviours, and performance.

Courage: Courage is the driving force behind meaningful change and the catalyst for transformed systems. IPF embodies courage in content development, policy discourse, and public participation.

Relevance: We remain responsive to the ever-changing needs and dynamics within the public finance management space.

Innovation: We push for creative ideas and solutions to better serve our employees, clients, and the organization.

10 YEARS



2. WHAT HAS IPF
ACHIEVED
DURING THE
PAST TEN
YEARS?

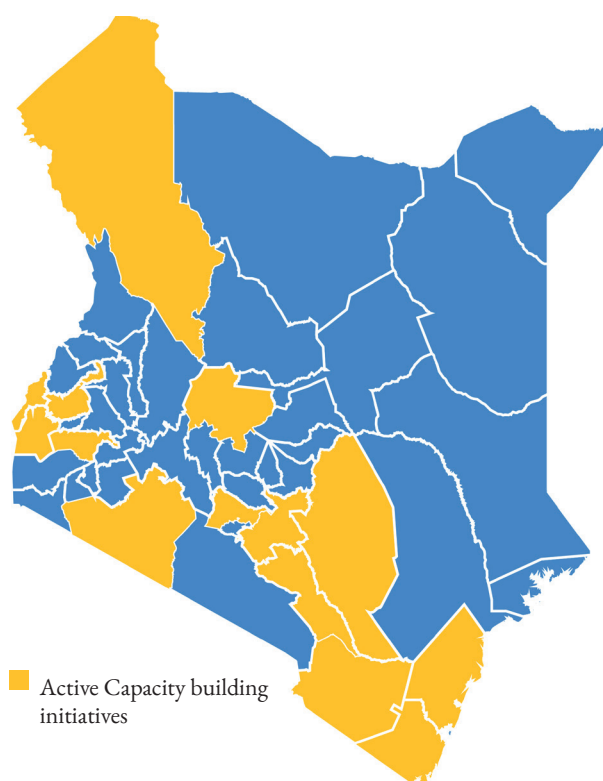
The first ten years of IPF’s history have been transformative. From an initial staff of 3 in 2014, we have grown into a robust team of 36. This has been a time of both innovation and consolidation: experimenting with new workstreams, developing flagship products, and filling a gap in the country’s public finance discourse, while also turning our attention to strengthening staff capacity, developing more robust plans and monitoring systems, and starting to focus more on our impact.

Research. IPF has introduced a number of key products that regularly assess the state of the economy and public finances in Kenya. These include the Macro-fiscal Analytic Snapshot (MFAS) and the Annual National Shadow Budget. We also participate in the annual County Budget Transparency Survey. More recently, we have started to develop a new product, the Annual State of PFM, which will assess Kenya’s public finances against the six key values we hold at IPF. Beyond these products, we develop regular papers, reports, and briefs to serve a range of client interests in areas such as revenue, debt, health financing and climate financing.

Capacity Building Across Kenya. 5 years ago, IPF initiated and rolled out the PFM fellowship program to build a deep pool of resources that can support Public Finance Management, particularly at the county level. 10 PFM fellows have graduated from this program since its inception in 2019. This has contributed to an increased pool of professionals with practical knowledge of PFM in Kenya and has increased the body of PFM knowledge through PFM publications such as blogs, policy briefs, and research papers produced by the PFM fellows. Beyond the fellows, IPF works closely with citizens and

government across a range of projects to build budget literacy and engagement.

In **Siaya, Kitui, Machakos, Kwale, Turkana, Busia, Taita Taveta, Nairobi, Kisumu, Kakamega, Narok, Kilifi, Laikipia and Makueni**, we have strengthened formal mechanisms of participation in budgeting, such as the County Budget and Economic Forum, and worked with marginalized groups to make submissions during the budget process. These submissions have led to budget changes.



For example, through capacity-strengthening sessions conducted by IPF in Kakamega, local advocates submitted a memorandum to the assembly budget committee which advocated for an increase in budgetary allocation to sexual reproductive health and family planning. The county government of Kakamega adopted the recommendations from the network and

Table 2.1.1: Economic Growth Trend and Projection (%)

COUNTY	CBTS 2021	CBTS 2022
Makueni	55	75
Siaya	45	48
Kitui	66	69

increased budgetary allocations to sexual reproductive health and family planning.

Advocacy. We have worked to advance county transparency through the use of the County Budget Transparency Survey, which has seen some of the counties we work in improve their scores. Overall, average CBTS scores across the country have increased from 33 percent in 2020 to 41 percent in 2022.


This is a result of joint and continuous advocacy by both IPF and the budget champions (this is a network of county-based budget actors that have been trained by IPF across the counties that constitute the community members representing different interest groups and civil society actors), and technical support to the county officials as follows. **There has been an increase in the number of additional budget documents made publicly available by the county governments of Siaya, Kitui, Makueni, and Machakos.**

Further, IPF made various submissions on budget documents including the 2023 Budget Policy Statement (BPS), 2023 Medium term Debt Strategy (MTDS), and Finance Bill 2023 both to the National Treasury and Parliament, and some recommendations were

adopted. The National Treasury recognized and responded to IPF's submissions on the 2023 BPS. The Public Debt and Privatization Committee acknowledged IPF's contributions to the 2023 MTDS. Parliament adopted IPF's recommendation to zero-rate the supply of maize flour and wheat flour in the Finance Bill 2022.

Advocating for a streamlined revenue system, IPF engaged Kakamega County MCAs, through the Sauti ya Bajeti Mashinani project, to champion for full implementation of the cashless system to improve the county's own-source revenue. As a result, the county government has adopted a cashless revenue collection system.

Insitutionalization. IPF has worked towards strengthening and institutionalizing our internal systems and structures for efficient and effective management of the organization. We have done so through the development of various departmental strategies such as a research strategy, a communication strategy, and an M&E Strategy, the institutionalization of the human resource department, and professional development of staff.



3. WHERE HAVE
WE BEEN **LESS**
SUCCESSFUL?

We have a lot to celebrate IPF from our first decade, but like any organization, we have also been less successful in some areas than in others. We view these not as failures, but as opportunities for the next strategic plan period.

Translating research into impact. While IPF has increasingly developed a reputation as a credible research institution, the policy impact of our research is still not as significant as we desire. Policy change is not a linear process, and no single research product can change the incentives facing policymakers. Nevertheless, we must do more to ensure that our research is tailored to our audience, and that we follow up on our findings and recommendations through media and advocacy strategies that focus on policy change. This will require a more robust approach to strategic communications, and better staffing of our communications department going forward.

Monitoring and performance. Our first years as an organization focused on building a portfolio of work and recruiting and training

capable staff to deliver on our agenda. But we recognize that our systems for monitoring staff performance and organizational impact are not yet fit for purpose. We have undertaken a review of our systems and have already introduced performance management tools internally. We are working to refine our strategies and our monitoring and evaluation systems going forward.

Staff development. The early years of the organization's development saw considerable staff churning as we struggled to ensure sustained financing and to build our brand. As we have matured into a larger organization with more stable funding, we must turn our attention to staff engagement and professional development. Our goal is to ensure that employees hold favorable opinions of the institution, feel connected to their teams, and are more fulfilled with their respective roles. This will motivate them to participate more in the growth of the organization and stay long enough to advance their careers within the organization.

Budget openness: West Pokot best as Migori rated the worst

Thursday, June 01, 2023



Members of the Uasin Gishu County Assembly follow proceedings during the reading of a budget statement for the financial year 2022/2023 by acting Finance and Economic Planning Executive Samuel Yego in June last year.

Jared Nyataya | Nation Media Group

4. HOW HAS OUR CONTEXT CHANGED?

As debt levels have surged, the Kenyan government is increasingly focused on domestic resource mobilization, posing threats to equity and efficiency of the tax system. The National Tax Policy and the draft Medium Term Revenue Strategy suggest that the burden of taxation is likely to increase if implemented as is. Even though there are some tax measures that are geared towards expanding the tax base, most target those already taxed. While some of the taxes proposed will enhance the progressivity of Kenya's tax system, others may lead to greater inequality, and may be inefficient or difficult to administer. For example, the government in the draft MTRS proposes removal of personal relief under personal income tax which may result to a higher tax burden for low-income earners and at the same time proposes an increase in the value added tax (VAT) standard rate from 16 percent to 18 percent, which given that VAT tends to be a regressive tax, may result into a more regressive tax system. Lower-income households spend a greater share of their income on consumption than higher-income households. According to the State Department of Planning's [Comprehensive Public Expenditure Review](#), VAT is mildly progressive owing to inclusion of exempted and zero rate items. However, the proposal to charge a standard VAT rate on all supplies will make the VAT system less progressive. There is currently room to engage the government on tax reforms to ensure specific tax measures align with key principles of effectiveness, efficiency, and equity.

Citizens are increasingly aware of county and national budget processes, and are more actively participating in them. While opportunities for formal participation remain limited, they have improved somewhat:

Kenya's score on public participation in the Open Budget Survey rose to 31 from 20 in 2019. In addition, citizens are engaging more actively in public finance in a variety of less formal ways, and there is growing awareness of issues around public debt, taxation, and expenditure. In our previous strategy, we undertook numerous awareness and capacity building initiatives on government budgets. In this strategy, we will move beyond creating basic awareness to focus on more sophisticated topics related to our PFM values and budgeting within our thematic areas.

Not only are citizens more engaged, but there is some evidence of government responsiveness to citizen views. We have seen more attention paid to citizen submissions to government, including the adoption of recommendations by IPF in at the national level and sub-national level. For instance, we commented on and influenced the draft National Tax Policy, the BPS, 2023 MTDS, Finance Bill 2022, and Finance Bill 2023 both to the National Treasury and Parliament. The National Assembly for the first time called for public participation on the 2023 Medium-Term Debt Management Strategy (MTDS). IPF responded to this call by submitting a memorandum highlighting key policy issues including the proposed debt strategy, sources of concessional loans and the impact that the government's fiscal deficit policy would have on debt sustainability. The submission flagged inconsistencies in government's borrowing policy especially in settling for the right mix of external and domestic debt, and called for more coordination between the Budget and Appropriation Committee, which reviews the BPS, and the Public Debt and Privatization committee, which reviews the MTDS. The Public Debt and Privatization Committee of

the National Assembly acknowledged receipt of this submission in its report on the 2023 MTDS and some of the issues we raised feature in the report. Other submissions were made at the county level under the TAP projects. Governments at both levels are less likely to reject civil society inputs than they were in the past.

Both government and the public increasingly understand the urgency of financing climate mitigation and adaptation. Recent years have seen more global focus on how to finance the vast needs

of low and middle-income countries to adapt to climate change. Kenya's government has also positioned the country as a leader in representing African interests around climate, but there are gaps in the national response. This has left a lot of room for civil society to focus on how the country is addressing climate change domestically, and where the financing will come from to both refocus the national agenda on climate adaptation, and to meet ambitious mitigation targets in Kenya's National Climate Change Action Plan, which are linked to international agreements.

Controller of Budget flags Sh15.3bn irregular spending by the Treasury

Thursday, September 21, 2023



Controller of Budget Margaret Nyakang'o.

Francis Njeru / Nation Media Group

5. WHAT HAS
NOT
CHANGED?

While much has changed in the last decade, we remain far from realizing the principles of sound public financial management: Kenya's budget is not sufficiently transparent, the country is saddled with high debts, there is persistently low budget execution, and there is little accountability for government performance. In this section, we describe the weaknesses in Kenya's PFM system across our six core principles.

Transparency. Kenya's score in the Open Budget Survey stands at 50 percent as of 2021, indicating that the public does not have half of the information on the decisions that the national government makes on their behalf. The lack of transparency extends to county governments as revealed by the 2022 County Budget Transparency Survey (CBTS), where the counties cumulatively had a transparency score of 41 percent. Budget documents are either not produced, or are produced late and are of low quality. Half of the counties that published a citizen's budget in 2021/22 provided less than 50% of the information required.

Participation. While formal opportunities for public participation have grown under the 2010 constitution, participation remains limited. Even among citizens who understand the importance of public engagement in the budget, only a quarter of those surveyed in a recent OAG report actually participated. This reflects in part the ineffectiveness of existing institutions, such as County Budget and Economic Forums, which are often left out in the formulation of key budget documents like the County Fiscal Strategy Paper (CFSP) and the Budget Review and Outlook Paper (CBROP). CBEFs routinely fail to convene public meetings, as stipulated in the regulations, so citizens are not able to make use of these forums to participate meaningfully. Even when citizens do participate, they find that changes to the budget are made later during budget implementation and through supplementary budgets, in which there is much less participation. This is changing slowly: citizens were given an opportunity to engage in the 2022/23 supplementary budget at national level. But much more is needed for effective participation.

Accountability. Lack of transparency makes it difficult to hold government accountable for performance in areas ranging from debt to service delivery. Weak oversight by Parliament and the Office of the Auditor General means that breaches of the law or policy do

not result in sanctions. Performance information that is generated during the budget process is also not used to hold MDAs to account and does not have a direct influence on their budgets. Citizen engagement is weak during budget implementation, leading to a lack of pressure on government and oversight institutions to do their jobs.

Equity. Kenya has made strides in reducing regional inequality, and gender inequality. But much work remains. Although several efforts have been made to introduce gender responsive budgeting in Kenya, these have not gone far. Budgets for women-related programs have tended to fall short during budget implementation as well. With respect to regional inequality, the CRA formula has ensured that there is much greater equity in the distribution of county funds in Kenya today. However, the vast majority of public spending remains national, and the distribution of this spending does not appear to be highly equitable. This means that regional inequalities persist in access to water, health care, and other basic services. Finally, while the Kenyan tax system is progressive in some ways, there is evidence that tax expenditures tend to benefit wealthy interests. The wealthy are also able to take advantage of the system to avoid paying taxes, while regressive taxes, like VAT, fall more heavily on low-income Kenyans, and women.

Efficiency. Efficiency can mean many different things, but for IPF, it is principally about value for money in public expenditure. When public money is spent, we should spend as little as needed to get results. This means using efficient procedures, such as competitive bidding for public tenders, and controlling wasteful expenditures, such as excessive foreign travel. It also means avoiding duplication of roles, something that continues today as national state corporations still carry out functions that should have been devolved to counties. Inconsistent budget preferences by citizens that lead to stalled projects are also a source of inefficiency. Sometimes citizen views shift before projects are completed, which can lead government to stop funding ongoing projects in favor of new ones. Lack of education on the part of citizens means that these inefficiencies are not always understood.

Effectiveness. Budget effectiveness means that budgets are implemented as planned, and achieve desired outcomes. In Kenya today, budgets are not implemented consistently (there is low budget credibility) and

performance indicators are not met even when budgets are spent. For example, in FY 2021/22, most programs in the agriculture sector posted low achievement of Key Performance Indicators (average 55 percent achievement), yet budget absorption rates were high

(ranging between 84 and 100 percent). Government policies often do not seem to be well-thought out: tax expenditures, for example, lack a clear policy basis, and tax policy is constantly changing, suggesting a reactive rather than proactive strategy to revenue raising.

N

VISION


6. WHAT IS OUR
VISION?

Our **vision** is of a Kenya where all of the core principles of public finance are realized:

- Public finances are transparent, and information is accessible and released timeously.
- Citizens participate actively to make their preferences known and to monitor performance.
- Government officials are held accountable for the decisions they make about public money.
- Public spending addresses gender and regional inequalities and contributes to greater social cohesion.

- Government revenue and spending policies follow clear plans, achieve their targets, and are revised whenever necessary.
- Government resources are used wisely to deliver maximum value at minimum cost.

Our **mission** is to be the preeminent public finance think tank, contributing through our research, capacity building and advocacy to the continuous improvement of Kenya's public finances.



7. WHAT IS OUR THEORY OF CHANGE?

IF governments' capacities in the design and implementation of public finance management policies and decisions are strengthened at both levels of government; **IF** the citizen's capacity to engage in public finance decisions is enhanced; **IF** government institutions at both national and county levels provide opportunities for effective public participation in public finance management policies and decisions, **THEN** public officials will be persuaded to design and implement equitable, effective and efficient public finance policies, that are transparent, participatory and aligned to citizens priorities.

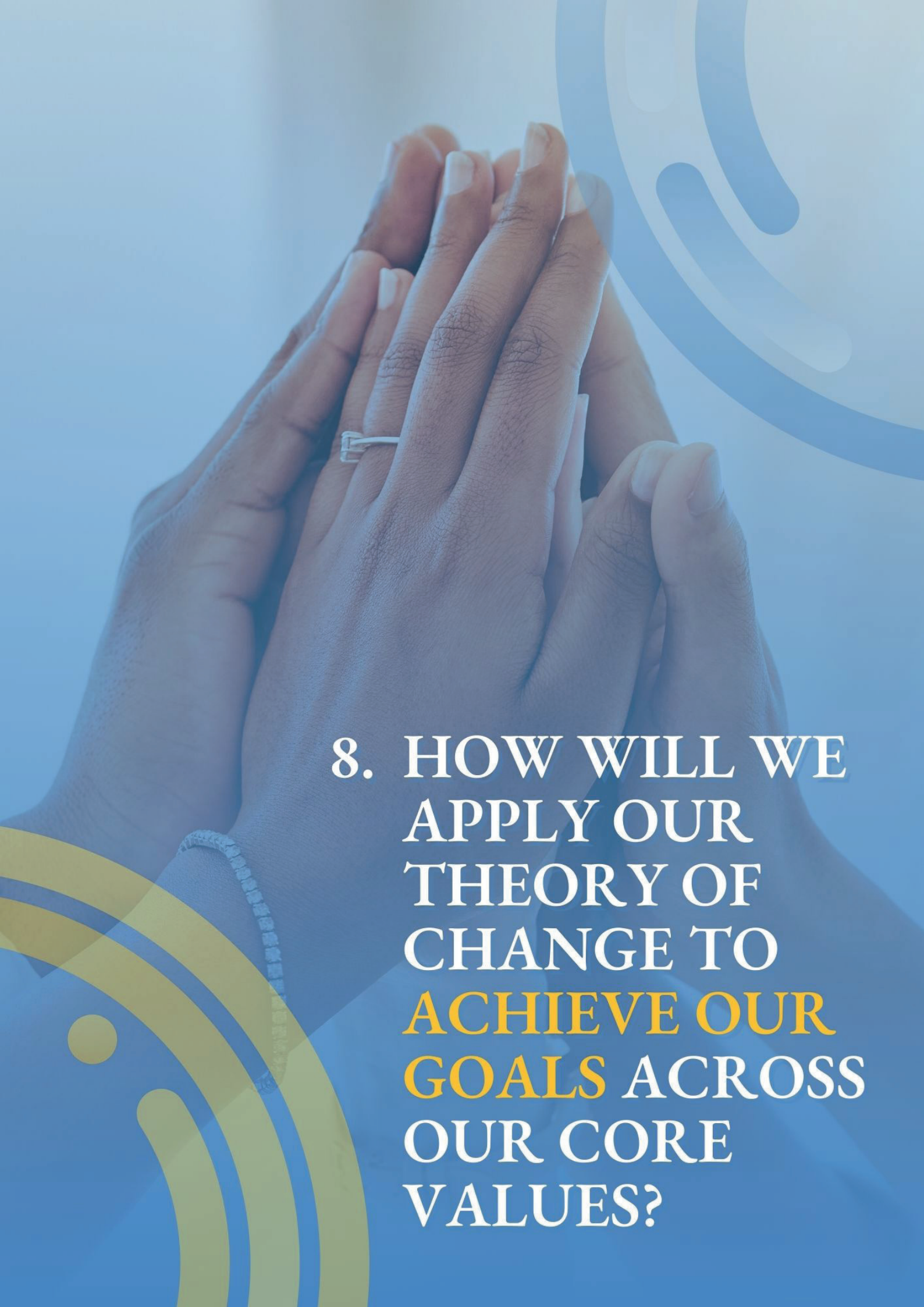
IF citizens are apathetic or ethnically oriented voters, **IF** public officials are driven by incentives of self-enrichment rather than the public interest, and **IF** institutions are seen primarily as tools for advancing the political careers of politicians, **THEN** public finance policies will be inequitable, ineffective, inefficient, unaccountable, and unresponsive to citizen's priorities.

The theory of change explains how IPF's core activities—research, capacity-building, advocacy and coalition-building—can combine to achieve the vision we have. To be sure, there are other strategies and approaches to change in the world that we do not embrace here. IPF does not undertake strategic litigation, for example, nor do we organize street protests. This is not because

these forms of engagement are not important, but because they are not our area of expertise and experience. Where it is necessary to our agenda to pursue such actions, we will partner with others that have the skills and experience to deploy such tactics.

How does our theory of change guide us in terms of stakeholder engagement? We know that change happens when there is movement on both the demand and supply side of public finance. This means that governments and citizens have certain capacities, incentives and interests that align with better budgeting. To make headway, we will need to work with organizations, such as student groups, interest groups (like private sector business associations) and civil society organizations. We will also need to work with government bodies like the Council of Governors, the Controller of Budget, the Commission on Revenue Allocation, and various government bodies that provide training and technical assistance.

During the first year of this new strategy, we will carry out a more comprehensive stakeholder mapping to identify the key stakeholders we need to engage to achieve each of our outcomes. Nevertheless, our initial thinking about who we will work with is discussed in the next section under each outcome.



8. HOW WILL WE
APPLY OUR
THEORY OF
CHANGE TO
**ACHIEVE OUR
GOALS** ACROSS
OUR CORE
VALUES?

This section provides further details about the kinds of outcomes we hope to achieve through our theory of change. Our outcomes are closely tied to our core values.

Outcome 1: Improved budget transparency at national and county level

This outcome is about increasing the production of key budget documents, their comprehensiveness and quality, and their timeliness.

Why does lack of transparency persist?

In our view, lack of transparency is driven by three main factors:

- **Fear of public scrutiny by government officials.** Some government officials want to maximize their discretion to use public resources without public scrutiny. Some are engaged in misuse of funds, while others want to direct public funds to favored areas. Some politicians and government officials have strong interests in preventing information about the budget from being published.
- **Lack of capacity of government officials to publish meaningful information.** Some officials want to make information available, but they do not know how. They do not understand program-budgeting, or they lack knowledge about how to present budget data to the public. When they present information, it is often not meaningful.
- **Lack of pressure from citizens, media and other organized groups to publish information.** While government officials may want to hide information or may not know what information to present, we know that information is generally made available only when it is requested. Officials need to feel pressure to release information, and also need signals from the public about what they want to know and how they want information to be presented. When there is insufficient demand from citizens and organized interests, like CSOs or business, and when the media is not able to dig into budget stories and demand information, then the incentives for even the most open government officials to release information will be weak.

What can we do about it?

Our strategy will address these three challenges head-on. Our primary focus is to generate demand-side pressure on government officials to release more information. We cannot change the fact that some officials wish to hide what they are doing. What we can do is to make this more costly through research, mobilization, media and advocacy.

We will continue our research streams around budget transparency, as well as other core PFM values, and use this to generate demand-side pressure for changes in budget practices. IPF currently participates in the Open Budget Survey and the County Budget Transparency Survey, both of which measure government practices around transparency and participation. Our Annual State of PFM will go further than these products, assessing additional areas of transparency, equity, efficiency and effectiveness. Messages from our research will feed into our advocacy work, and our capacity building, as described further below.

We will work with citizens directly through tailored capacity building that links budget transparency to service delivery concerns of ordinary Kenyans. A lot of training has happened in Kenya since the new constitution was passed, but often this training is too abstract or generic for citizens to truly engage with. In our previous strategy, we raised awareness among citizens on government planning and budgeting through capacity building initiatives and simplifying budget information. We also focused on raising the profile of the CBEF to ensure the representation of organized interest groups, especially women, youth and people with disabilities. We have learned that we need to incorporate more people into our initiatives, and also reach out to different groups.

Going forward, we will adopt a two-pronged approach. The first prong is to roll out the capacity building initiatives to a wider population at the community level. To achieve this, we will engage with the existing county budget champions through a training of trainers (TOT) approach, while continuing to work with non-state actors in the CBEF representing special interest groups. We will develop more practical tools for helping citizens to see the importance of budgets including interactive visualization tools, simulation of different budget choices and deliberative participation approaches.

Under our second prong, we will target university students taking public finance, economics, and governance and development related courses for our capacity building initiatives. Students are already organized through clubs and societies with interest on public finance management and governance and our approach is to engage them through these existing platforms. Since they have a background in these disciplines, they have an interest in improving management of public finances and the capacity building initiatives are aligned with their career aspirations. Working with university students presents a better opportunity for a successful TOT approach.

We will also partner with citizen groups that are more experienced in community mobilization, such as The Institute for Social Accountability (TISA) through coalitions. TISA

runs a citizen engagement program where it promotes public awareness and civic mobilization on the issues of public finance, specifically public debt. IPF's goal to improve transparency in the entire budget process, complements TISA's mission as increased budget transparency increases public access to information on public debt thus improving public awareness and discourse on fiscal matters. IPF expertise in research and analysis of complex public finance information will ensure complex public finance issues are presented in a simplified manner that can inform the demands of such coalitions with citizen groups and policy makers.

Third, we will collaborate with influential organized groups like Kenya Private Sector Alliance (KEPSA) and the Kenya National Chambers of Commerce and Industries to push for greater budget transparency. The private sector is the main contributor to the government revenues that are used to finance the different development plans. It is therefore critical that they should be involved in ensuring that these funds are being utilized in an effective and efficient way to ensure services are being provided. These organization have a limited understanding of budget analysis and advocacy which

limits their influence on the budget making process. Further, most Business Member Organizations (BMOs, especially those representing MSMEs) do not have dedicated budget advocacy initiatives that can drive their advocacy agenda and thus there is little and uncoordinated engagement with government in matters of public finance and taxation. To ensure productive partnerships with these groups, it is crucial to establish a link between their priorities and public budgeting. For example, KEPSA's mission is to realize an enabling business environment that enhances Kenya's global competitiveness. Effective engagement with them would entail demonstrating how budget transparency directly affects the attainment of their mission.

Finally, IPF will provide journalists with training on budget-related topics to enhance the pressure on policymakers to manage finances transparently. This will enable them to ask the right questions and communicate budget-related issues to the public in a clear manner. We will periodically engage the media with synthesised public finance information on topical issues in the budget cycle to ensure accurate reporting of issues to spur credible public debate.

Outcome 2: Consistent and robust citizen participation across all stages of the budget process at national and county level

This outcome, like transparency, involves both a supply and a demand element. We want to see more meaningful and regular opportunities for citizen engagement supplied by government. But we also want to see citizens better prepared for those engagements.

Why does lack of public participation persist?

Like lack of transparency, lack of participation is in part due to the fact that politicians prefer to maintain control of the budget process. When people participate, they demand things. Either because politicians do not want to give them these things, or because they cannot, inviting participation creates expectations that are not met, leading to more tension between citizens and government.

At the same time, even when government officials comply with the law and organize participation forums, they do not organize them well. Often information is missing or difficult to interpret. The forums may not be well-publicized. The kinds of questions that people are asked may not be meaningful, and a lack of action after such forums may discourage participation. Forums may also be inaccessible, organized at great distances for some citizens or rely on technology that many citizens cannot access.

As with transparency, however, citizens also have a role to play, and they are not always aware of or willing to play it. Some citizens are unaware of the purpose of participation, while others understand but still do not participate. This apathy ensures that there is little pressure on government to change its approach. Because ordinary citizens do not fully understand budget process or choices, and because they are unable to participate in critical spaces like Sector Working Groups, they are not able to make their voices heard when important budget decisions are made.

What can we do about it?

First, and again as with transparency, we must build the awareness, capacity and interest of citizens to engage with budgets. Thus the kind of bespoke training we discussed above will also serve Output 2.

Second, we will work with government officials to build their capacity to organize better participatory forums and provide more meaningful information to citizens. As with transparency, we will undertake to enhance government understanding and capacity to share information and organize engagement with the public. This will take the form of tailored technical assistance and successive mentorship programmes to county officials on deliberative approaches to public participation, facilitation of collaborative feedback sessions between representatives

of interest groups and public officials, and collaboration in the design of interactive digital approaches that facilitate public participation remotely, to ensure that citizens are able access budget information and participate in the budget process.

Third, we will expand and deepen our Annual Shadow Budget process to incorporate more stakeholders and more robust analysis of budget choices.

Last year, we overhauled our Shadow Budget to ask more specific and pointed questions about government allocation decisions and performance at the sector level. Going forward, we will refine this approach, working year-round to deepen our knowledge of sector performance and choices, and engaging more fully with experts outside of government. We will also bring citizens into a shadow sector working group process so that they can

learn to engage with budget formulation more effectively over time.

Fourth, we will carry out assessments of participatory practices to generate better standards for participation.

While the OBS and CBTS capture some information about participation practices, they are not sufficiently detailed to assess whether public participation undertaken by the national and county governments is meaningful and the extent to which it influences the decisions made. These two assessments will be complemented by an in-depth evaluation of the effectiveness of public participation in shaping policy choices, the quality of citizens' input and their impact in the budget process. This in-depth assessment will be useful in establishing a robust benchmark for public participation that can improve the quality of public participation.

Outcome 3: Kenya's public finances better recognize existing inequalities and promote greater equity across regions and genders.

This outcome recognizes that, in spite of some progress in reducing inequalities in Kenya in recent years, there are still significant disparities across regions, and among individuals due to their gender and income levels. We aim to reduce these gaps over time.

Why does inequality persist?

While the revenue sharing formula has introduced progressive principles into Kenya's public finances, it only covers

a small share of public spending in the country. The majority of spending on key areas such as health, education, and infrastructure is still controlled at the national level. The distribution of this spending remains opaque, and does not follow equity-enhancing formulas.

As is typical, there are winners and losers in distributive battles for resources, and the winners tend to want to protect their interests. To the extent that some regions and individuals in

Kenya are better-off than others, they resist reforms that would lead to greater equity but threaten their dominance. Those who would benefit from such reforms are also often not as well-organized or influential.

Various policies, particularly those related to the use of tax expenditures, remain opaque, and data on their impact and beneficiaries is unavailable. This makes it hard to know whether such tax incentives achieve their targets, and to what extent their impacts are equalizing or exacerbate inequality.

Attempts to implement gender-responsive budgeting have met with resistance and weak capacity on the part of government officials. While networks to support women leaders exist, such as Kenya Women Parliamentarian Association (KEWOPA), their reach is limited, particularly with respect to public finance management, and they are not able to convene the public to make budget choices that promote inclusive development. There is a need for better guidelines and more commitment from top leadership to implement gender-equalizing policies. A broader understanding of the value of gender-responsiveness in policymaking and budgeting by the top leadership would help promote inclusion and equity in the public provision of opportunities for development.

What can we do about it?

Build capacity of government officials to better incorporate equity

considerations into their analysis of policy decisions. This will entail working with technical officers and lawmakers and providing them with basic data for learning and the proper orientation in promoting equity. These will include our well-tested and constantly evolving toolkits including the Gender Responsive Budgeting toolkit, drawn from resources developed by the Society for International Development (SID) and the NGECC Gender Responsive Budgeting Guidelines. Drawing on existing materials from the government, the International Budget Partnership and others, we will work with officials involved in decision-making on practical steps to incorporate equity analysis into their work.

Carry out analysis of government tax expenditure reports and advocate for increased transparency. IPF has already launched its first annual review of the government's tax expenditure reports. We will continue to analyze these reports, as well as develop further analysis of tax expenditures in-house over time, by selecting a subset of incentives to research further, model, and/or compare to other countries.

Work with citizens and County Budget Economic Forums to ensure that they consider inequalities within counties when participating in budget discussions. We will work both with CBEF members and with other, large, organized grass-roots organizations, such as Muungano Alliance, which seek to improve the well-being of the urban poor in 21 counties. By collaborating with

IPF, the alliance will not only help in mobilization, but will gain insights into the budgetary process. Working together, we can restructure CBEF to ensure that it represents the interests of the poor and marginalized and takes inequality seriously during budget review.

Analyze national budgets and advocate for both more transparency around the distribution of the budget regionally and across genders, and for improved equity in

that distribution. Other than a small IBP study carried out a few years ago, there have not been recent and systematic attempts to analyze the distribution of the national budget (as opposed to county revenue sharing). We will adopt a sector-wise approach to looking at this question, digging into issues of transparency and equity in budgeting for infrastructure, health, climate and so on. We will use our results to advocate for more equitable national budgets.

Outcome 4: Improved government accountability in public finance management at county and national levels.

Why does lack of accountability persist?

Parliament and county assemblies do not prioritize budget engagement. Parliament tends to focus on a narrow range of politicized issues. Budgetary oversight at both levels of government is likely to be overshadowed by politically charged issues, and therefore critical public finance matters may not receive the attention they deserve.

There is a lack of parliamentary and county assembly capacity to provide oversight. Past PAC and PIC committee members identified a lack of capacity to scrutinize implementation reports from the National Treasury and the Office of the Controller of Budget. While there have been capacity-building efforts undertaken, they were often limited by the availability

of financial resources and the number of staff, therefore not all requests for training were fulfilled. Committees are often reconstituted, while turnover in legislative bodies prevents capacity development over the longer term. The Parliamentary Budget Office (PBO) on the other hand is mandated to strengthen the capacity of committees on different thematic areas including public debt analysis, and public debt sustainability. The support of the PBO to the committees is demand driven but due to insufficient capacity, it is not always able to respond to all the demands from the committees and must outsource this expertise from researchers and consultants.

Ineffective audit institutions hamper parliamentary and county assembly activity. Delays in the submission of audit reports by the audit institutions limit the

committees' ability to scrutinize the reports in a timely manner. Few people can read or understand audit reports, so although they identify substantial issues, the failure to communicate their findings to the public or the media dulls their impact.

Lack of follow-through and sanctions by oversight bodies. Even when the parliamentary committees undertake reviews and offer recommendations, there is an oversight gap in ensuring the implementation of these recommendations. There are also no penalties imposed to guarantee compliance with the recommendations. Moreover, there is no easy way to track or monitor recommendations, meaning that over time

they are forgotten by the public and the oversight agencies.

Accountability for macro-economic policy and budgeting is complex, and citizens lack a clear understanding of the key choices involved. Our theory of change indicates that without public pressure, even capable governments may be slow to act and unaccountable for those actions. In order for governments to come under pressure from citizens, however, the public needs to be able to understand technical debates about economic and fiscal choices. Without credible, non-partisan analysis in accessible formats, public debate is impossible.


What can we do about it?

- a) **Develop a tracking tool for the recommendations made by different oversight institutions.** This tool can then be used by parliament and its committees, as well as other CSOs, to ensure that recommendations made are taken up and acted upon by the relevant actors.
- b) **Offer training to legislators on the technical aspects of public debt analysis and debt sustainability.** Working with other institutions, such as the Parliamentary Budget Office, the clerks in the county assemblies, and other civic actors that target the legislature, we can fill capacity gaps over time in the institutional knowledge of these bodies.
- c) **Promote joints audits between the office of the auditor general and citizen groups to promote local accountability and strengthen relationship between citizens and the oversight offices as a mechanism for disseminating audit findings.** This will build on the OAG's commitment to improve citizen participation in public audit through the Citizens Accountability Audit Engagement Framework. Through this collaborative engagement, citizens and CSOs can provide information that the OAG may require to audit and report on public resource utilization. With citizen engagement throughout the audit process, it is easy to then identify ways in which to simplify the technical reports and make them easily readable by other citizens. The knowledge

that there is active citizen participation in the audit process may incentivize public officials to act prudently as they are aware that their actions are under scrutiny by a well informed and engaged citizenry.

- d) Continue to carry out our semi-annual Macro-Fiscal Analytic Snapshot (MFAS) and updates, and expand them to take on a wider range of**

topical macro-economic issues. Our MFAS product has become an important discussion piece each year, an opportunity for broader public debate on the big challenges facing government economic policy. We aim to take this product further by incorporating more thematic areas, and strengthening our communications and advocacy approach after publication.

The background features a blue grid pattern. In the upper left, there is a large, semi-transparent target icon with an arrow hitting the bullseye. In the center and right, there is a line graph with several data points connected by lines, some of which are highlighted in a lighter blue. In the lower right, there is a bar chart with several vertical bars of varying heights. In the bottom left corner, there are some abstract, curved shapes in shades of green and blue.

9. THEMATIC FOCUS AREAS

Our approach is cross-cutting, as issues like transparency, equity and effectiveness of budgets are as relevant in health as they are in transport. Nevertheless, there is value in also limiting our thematic focus to build competencies over time and avoid spreading the organization too thin, particularly in our research work.

For this reason, we have identified the following areas as our focus thematic areas:

1. Climate Financing
2. Revenue Policy
3. Health Financing
4. Macro-fiscal and Debt Analysis

Climate Financing

Why are we focusing on this area?

Kenya faces numerous climate-related challenges, such as droughts, floods, and changing agricultural patterns, and addressing these requires dedicated financial and policy support. Recently, the Kenyan government has shown leadership on climate, hosting the Africa Climate Summit 2023, and pledging major action on mitigation and adaptation. These commitments have costs: meeting Kenya's ambitious updated NDC will require an investment of up to USD 62 Billion over the period running up to 2030. As the country is poised to raise new funds for climate from both public and private sources, there is a need for civil society organizations to track these funding flows, and assess them from an equity, efficiency and effectiveness perspective.

At the same time, there is a need for heightened advocacy around climate because the most salient fact about climate commitments at

both the global and national level is that they are often not implemented. In Kenya, the National Climate Change Action Plan has lapsed (2022) and has not been replaced by a new five-year plan. Although legislation was introduced to create a Climate Change Fund over five years ago, the fund does not appear to exist and climate expenditures remain fragmented across the budget, making it hard to identify and track. A significant share of climate funding passes through SAGAs, but, like all SAGA funding, remains largely opaque. A new section in IFMIS was introduced, Section 8, which is supposed to allow for climate tagging of expenditures, but it is not being used.

What aspects of Climate Financing are we focusing on?

While there is a lot of discussion happening about climate change, very few organizations in Kenya are working on climate finance. We propose to fill this gap by focusing on the following areas:

- Carry out consistent research on the allocation and actual expenditure of climate funds in the country.
- Document current patterns in allocation of funds, including various gaps, such as the failure to set up a climate change fund at national level, or to approve a new NCCAP.
- Advocate for increased transparency of the climate budget, including the budgets of SAGAs in the sector. This should include regular reporting by GOK on actions taken and expenditures using a climate-tagging system, such as that in IFMIS.
- Advocate for changes in the focus of climate financing toward greater emphasis

on adaptation, less fragmentation and more focus in the sector, and greater accountability for specific, measurable results from climate expenditure.

Revenue policy

Why are we focusing on this area?

The Institute would like to complement and work in synergy with other institutions in the tax space in advocating for tax reforms with the overall objective of promoting efficiency and equity in taxation. The Constitution of Kenya, 2010 gives County Governments the legislative authority to levy property taxes, but counties face numerous challenges in administering property taxes. These challenges continue to limit the great potential in growing revenues and promoting equity in taxation. The challenges, such as outdated valuation rolls, revenue leakages, inadequate capacity of revenue collectors, among others, highlight possible areas for collaboration between the national government and county governments including building the capacity of counties in property tax administration.

Equally, Kenya's tax expenditures are aimed at encouraging foreign direct investment and growth of domestic industries through tax holidays, special economic zones, and regional investment incentives. Despite their proliferation, oversight over the use of tax expenditures is inadequate and most importantly evaluation of their effectiveness in achieving their policy goal is largely non-existent. Except for some evaluation by the academia, policy makers have limited information on the effectiveness of tax expenditures. Evaluation of tax expenditures is particularly important for countries across

Africa because domestic resource mobilization is a policy priority in the context of reduced fiscal space.

As the global economy undergoes a profound transformation driven by digitalization, it is also imperative to understand and address the unique challenges posed by taxation in the digital realm. As one of the thematic areas in the Tax Policy Unit, research on digital service taxes will analyze emerging trends in taxing the digital economy and provide evidence-based policy recommendations to inform decision-making processes.

Various actors have called for taxation of wealth with a twin objective of increasing revenue collection and to make Kenya's tax system more progressive. These calls have cited unprecedented growth in private wealth relative to national wealth, even at the height of the COVID-19 pandemic. This is partly attributed to weak administrative capacity. In addition, the political power of the elite frustrates any efforts to tax them. Illicit financial flows to tax havens have also undermined efforts to ensure that the rich bear a tax burden commensurate to their wealth. More recently, the government has itself declared its intention to tax wealth. However, wealth taxes are often not successful and require careful policy design and advocacy to endure.

What aspects of tax are we focusing on?

Our Tax research initiatives are aimed at addressing the pressing need for comprehensive tax reforms for enhanced revenue collection in Kenya.

- Our research will review case studies of countries that have successfully introduced

wealth taxes with a view to identifying good practices.

- In the area of property taxes, we will carry out research to identify improved administration practices that can enhance equity and efficiency in the tax system.
- On tax expenditures, the government in the National Tax Policy and the Medium-Term Revenue Strategy (MTRS) has indicated that it will be reviewing the existing tax incentives with a view to eliminate redundant tax incentives. In light of this, our research will continue to monitor government's progress in transparency on tax incentives, and will assess their effectiveness, efficiency, and equity.
- Finally, we explore the implications of Digital Service Tax (DST) implementation, investigating the legal and regulatory aspects of DST, examining different design options for digital service taxes, and assessing their effects on traditional concepts of tax jurisdiction.

Health Finance

Why are we focusing on this area?

Health is a top government priority. Kenya approved a national universal health coverage (UHC) policy in 2020. The policy is based on four objectives, among them reducing financial barriers to healthcare. However, the level of government resources allocated to health has not yet resulted in significant progress toward UHC, such as a significant reduction in out-of-pocket payments. Several factors explain this, but limited resources and insurance coverage are among the most important. Health insurance coverage remains very low; according to the Kenya Demographic and Health Survey (KDHS) 2022, one in four

Kenyans, has some form of health insurance with the National Hospital Insurance Fund (NHIF) providing over 90% coverage.

And domestic government financing for health has remained stagnant at 2% of GDP and 8% of general government expenditure for a decade. This falls below the WHO threshold of at least 5% government health expenditure as a share of GDP required to achieve Universal Health Coverage (UHC), as well as the Abuja declaration of government health spending of at least 15% of general government expenditure.

In October 2023, new laws were passed to address healthcare financing. The Social Health Insurance Act repealed the National Health Insurance Fund Act and established three new funds. These funds are meant to ensure citizens' access to healthcare at facilities. Additionally, the Facility Improvement Financing Act aims to address the underfunding of public health facilities. Implementing these laws will require analysis and advocacy from outside of government.

What aspects of Health Financing are we focusing on?

Our focus in health financing is on mechanisms to expand the pool of resources available for insurance and service delivery. Our research will examine existing health financing schemes, both public and private, to explore answers to the following questions:

- What are the key barriers to increasing domestic government financing for health in Kenya?
- How can existing health financing policies and programs be strengthened to improve sustainability, efficiency, and equity?

To promote effective, efficient, and equitable utilization of available resources, our strategy involves conducting budget and expenditure analysis at the national and sub-national levels, including budget allocation, utilization, and efficiency.

Our research will also look at opportunities for resource mobilization, cost containment, and strategic investments in priority areas such as primary healthcare, disease prevention, and health infrastructure.

Macro-fiscal and Debt Analysis

Why are we focusing on this area?

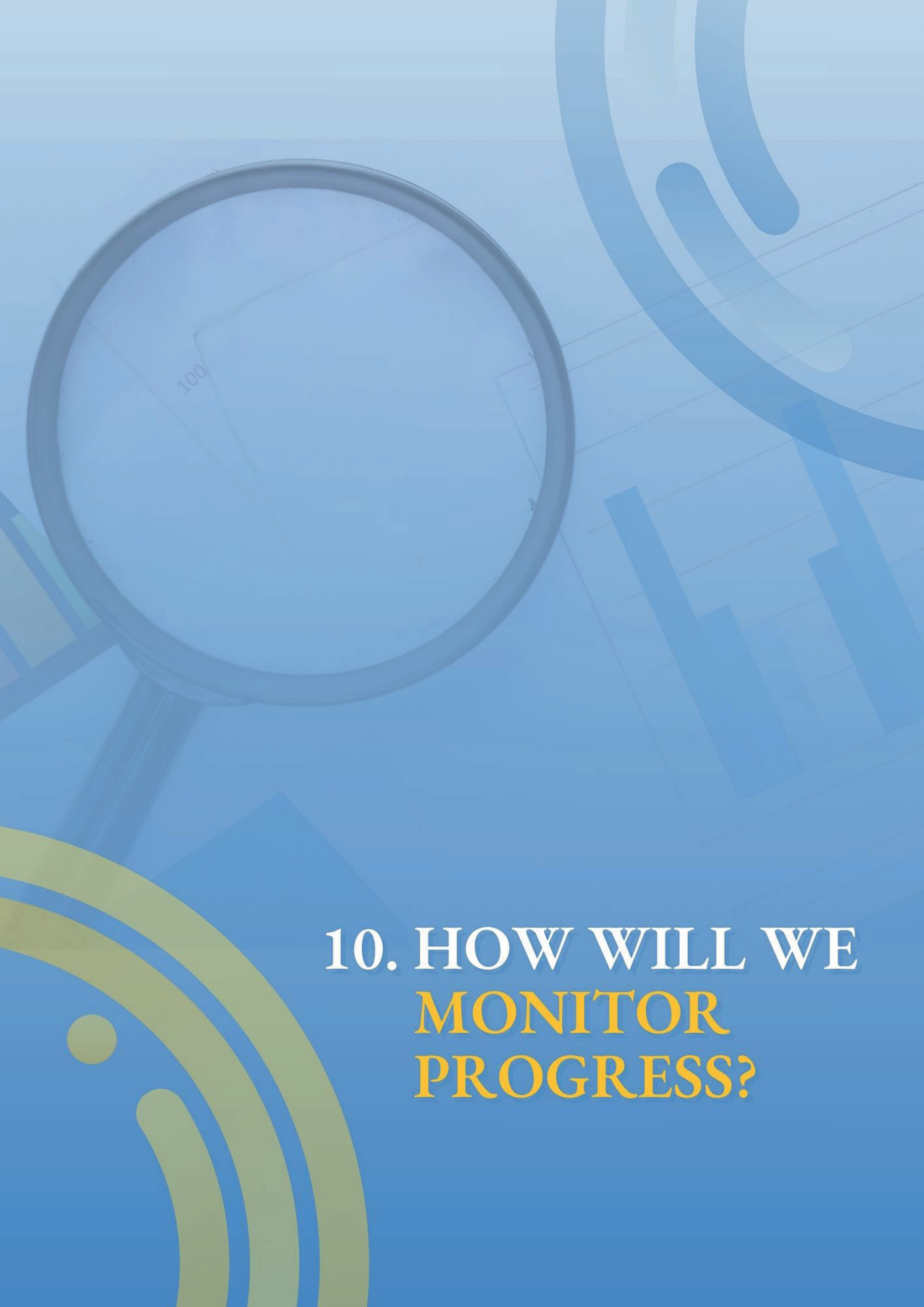
Like many other middle-income countries, Kenya faces deficits in capital resources to finance its development agenda and fiscal commitments. It is therefore pertinent to explore how this gap can be filled through various alternative tools, such as direct investments, debt, domestic revenue, and climate related investments, among others. Of course, while seeking options for further investment, we must avoid debt traps, and excessively high taxation, while also ensuring that we are tackling climate change. The policy question at hand, therefore, is to map out the ideal mix of options, and to progressively

entrench the principles of PFM, that the fiscal decisions should be effective, efficient and equitable, and should uphold transparency, accountability and participation.

What aspects of Macro-fiscal & Debt Analysis are we focusing on?

In this area, we will:

- Evaluate the effectiveness of debt management strategies, risk management frameworks, and debt sustainability frameworks adopted by governments.
- Examine existing practices around debt transparency and accountability, to ensure that debt is used responsibly and at minimum cost.
- Analyze debt alternatives, such as PPPs, foreign direct investment, loan guarantees, grants and so on.
- Assess capital investment plans to ensure that the government is investing in high value projects at the lowest cost.
- Analyze how Kenya can enhance exports and diversify the economy to reduce exchange rate risk and the external debt burden.

The background features a light blue gradient with several semi-transparent, faded graphics. A large magnifying glass is positioned in the upper left, focusing on a line graph that has a peak and a dip, with the number '100' visible on the y-axis. To the right, there is a bar chart with four bars of varying heights. In the bottom left corner, there are concentric green and blue circular arcs. The text is centered in the lower half of the page.

**10. HOW WILL WE
MONITOR
PROGRESS?**

IPF's strategic plan is a roadmap to achieving our organizational goals and creating meaningful social change. To ensure its success, we have developed a comprehensive approach to monitor progress and make data-driven decisions. Our Theory of Change (ToC) serves as our guide, aligning Key Performance Indicators (KPIs) with targets, outcomes, and outputs. The IPF is committed to applying a Result-Based Management (RBM) approach to guarantee effective and efficient delivery of Monitoring, Evaluation, Accountability, and Learning (MEAL) processes throughout the lifespan of this Strategic Plan.

The Monitoring and Evaluation Framework is s as a reference point for monitoring the performance of the Strategic Plan. All activities are designed to contribute to the achievement of strategic goals and targets. Within this framework, we have defined specific targets for each outcome, output, and activity. These targets serve as the compass for monitoring our progress which borrows from this strategy and the Theory of Change. Each target is associated with a data source that ensures credibility and verifiability, fostering integrity in our monitoring process.

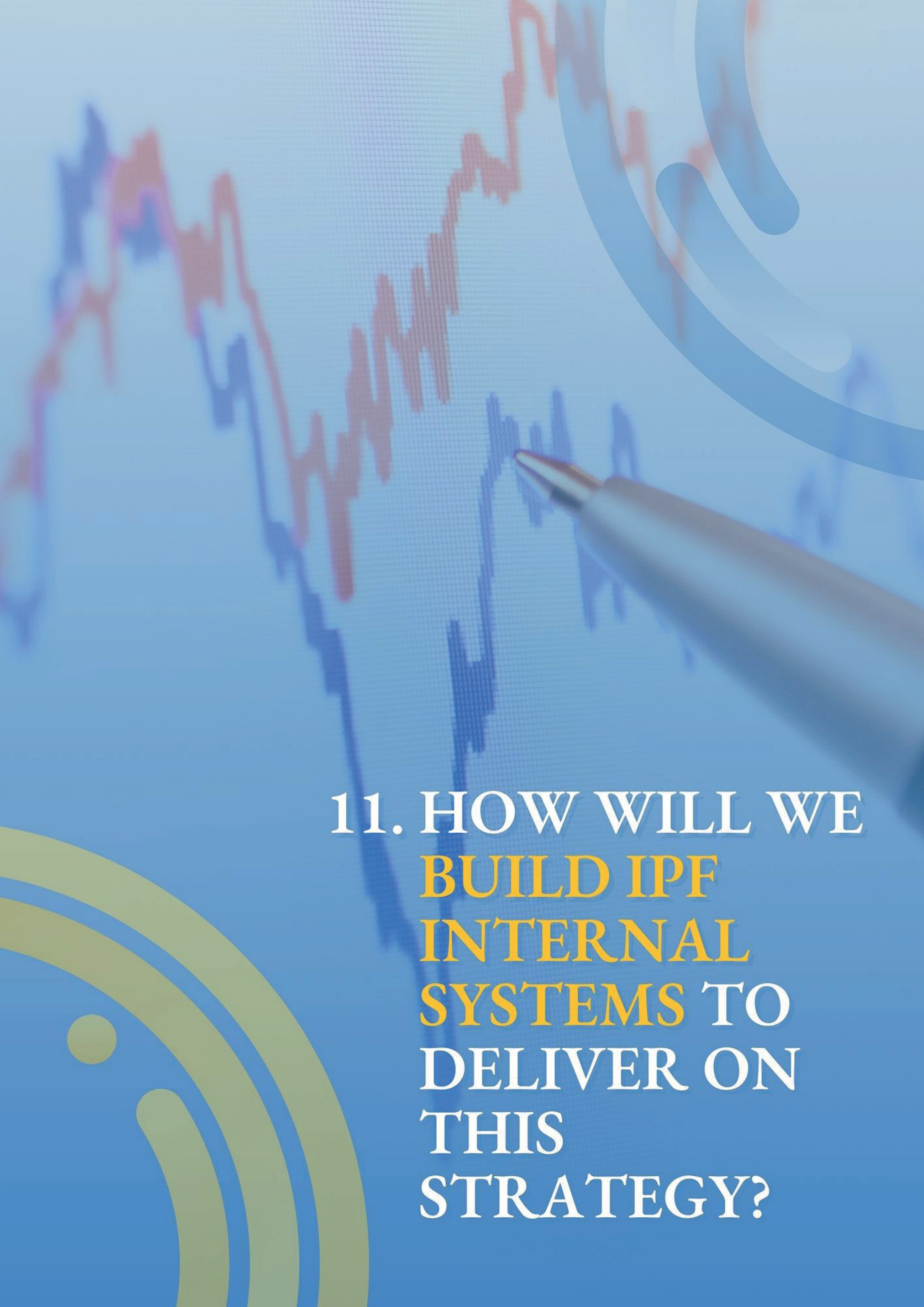
We take data credibility and integrity seriously. The quality assurance measures include regular data audits, spot checks, project workplans and data validation meetings, ensuring that the data collected is accurate and reliable. This commitment enhances the effectiveness of our monitoring efforts, aligning with our mission of contributing to Kenya's public finance through research, advocacy and capacity strengthening to the continuous improvement of Kenya's public finances.

Our monitoring results are not static figures; they are dynamic tools for informed decision-making and adjustments. To support this, we maintain regular review meetings, including quarterly Pause and Reflect sessions and feedback loops. These forums will be used to discuss findings, share best practices, address challenges, and make necessary adjustments to stay on the right track.

Clear roles and responsibilities play a crucial role in our monitoring process. The Monitoring, Evaluation, Accountability, and Learning Function will spearhead the identification of pertinent indicators for monitoring substantial progress. Representatives from the Data & Measurement Function will be responsible for collecting the required data, while the Programmes and Research Functions will periodically report on the milestones for each Key Performance Indicator.

Following the execution of each activity, event reports will be compiled on a per-project basis forming part of the monthly reports. These monthly reports, in turn, contribute to the creation of both quarterly and annual reports. Furthermore, we have established standardized tools for data collection and reporting to ensure consistency and accuracy in our monitoring efforts.

The reports provide a clear snapshot of the outcomes achieved, supported by evidence. The MEAL Function consolidates these reports and shares them with the Head of Programmes for review before presenting them to the Senior Leadership Team. The comprehensive approach to monitoring progress ensures that our Strategic Plan remains on track and adaptable to changing circumstances.

The background features a blue-toned financial chart with red and blue lines. A silver pen is positioned in the lower right, pointing towards the chart. There are also abstract circular patterns in shades of blue and green on the left and right sides of the image.

11. HOW WILL WE
BUILD IPF
INTERNAL
SYSTEMS TO
DELIVER ON
THIS
STRATEGY?

Expand research: Increase the organization's capacity and influence to conduct in-depth studies, publishing impactful research papers, and actively engaging with policymakers, academia, and other stakeholders, by (i) engaging sector experts in our thematic focus area for purposes of learning and to boost our expertise profiles while bidding for work, (ii) increasing the staff numbers in our research department with expertise in specific areas of focus i.e., climate financing, debt and monetary policies and (iii) undertaking joint research with universities through institutions such as the Institute of Development Studies and writing journal articles on thematic issues.

Strengthen institutional partnerships: Regularly map the partnership landscape, to (i) identify potentially new partners and foster collaborations, and (ii) review existing relationships and determine the desire to continue collaboration or reconsider the partnerships.

Enhance organizational visibility: shift our approach from basic to more strategic communications by building partnerships with media and focusing more heavily on tailoring our products to audience demands; redesign our website and develop a more consistent social media presence; documentation of success stories, weekly publication of blogs on our website and social media platforms, documenting success stories and thematic social media campaigns.

Strengthening internal communication channels: Enhance communication flows within the organization by implementing

regular staff and departmental meetings, creating collaboration platforms, and utilizing digital tools for efficient communication and knowledge sharing.

Enhancing leadership and management: Invest in leadership development programs to empower the next generation of managers from withing with the necessary skills and competencies to guide teams effectively, foster innovation, and promote a positive work culture.

Improving staff engagement: Foster a supportive and inclusive work environment that values employee well-being, recognizes achievements, and encourages professional growth. Implement initiatives such as mentorship programs, performance evaluations, and training opportunities.

Streamlining internal processes and structures: Continuously review and optimize internal workflows and processes to eliminate redundancies, increase efficiency, and enhance productivity. Implement appropriate project management tools and systems to ensure seamless coordination and effective resource allocation.

Knowledge management: Structure, retain, and share knowledge and experience of employees. This can be done through periodic reflective forums (quarterly), professional mentorship and coaching, systemized brown bags (for cross learning purposes) and identification of funding opportunities.



**11. HOW WILL WE
RESOURCE
OUR
STRATEGY?**

Mobilizing resources is fundamental to deliver on our mission. Resources comprise two areas: funding and human resources.

Funding

The Institute has a hybrid revenue model consisting of both restricted and unrestricted income. With the global changes in funding dynamics, we will diversify our funding sources to ensure a 50:50 ratio between restricted and unrestricted funding as an effective way of ensuring organization sustainability in the face of declining donor funding and changing donor priorities.

Over the years, IPF has received grant support from NGOs and private foundations. To strengthen sustainability of our functions, we will strengthen our partnerships with the current and potential funders through continuous dialogue and building rapport by providing periodic updates that illustrate the impact of our work. As we continue to engage our traditional funders, we will also pursue new partnership models, like bilateral opportunities with governments and international agencies. We will remain innovative and adaptive to the changes in the funding landscape and emerging opportunities to ensure growth and sustainability of our work.

Human Resources

IPF faces a variety of capacity gaps and has also struggled to identify suitable candidates on the market to fill these gaps. A persistent problem for PFM practitioners globally, and particularly

in Africa, is lack of proper training. PFM is essentially an interdisciplinary field that brings together divergent specializations such as law, public policy, accounting, economics, sociology, anthropology, and political science. Much of what practitioners “know” is built through practical experience in government or private sector, and not through formal education. The most effective employees are those who bring a certain set of experiences and attitudes to the organization but are also able to grow within it through exposure to on-the-job opportunities and organized professional development.

With this in mind, we have already started to pioneer new approaches to professional development within IPF. Over the last year, we have organized internal capacity building around writing and public speaking. Our Senior Technical Advisor provides continuous mentoring and quality control on our written products and works closely with a subset of staff to improve their research, analysis, and communication skills.

We will continue to expand our approach to professional development in the coming years. The centerpiece of our new strategy is the Learning Journey for each staff member. A learning journey is based on a capacity assessment, but incorporates shared goals for a staff member’s development, as agreed and recognized by the supervisor(s). It is incorporated into our performance monitoring system, but it centers the individual staff member’s own annual goals and longer-term career aspirations.



Institute of Public Finance
4th Floor, Rosami Court, Muringa Road
Nairobi, Kenya

Website: <https://ipfglobal.or.ke>

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