I. Introduction and Context

Country Context
Devolution represents the most ambitious transformation ever of Kenya’s governance and institutional arrangements, ushered in by the 2010 Constitution. Successful roll-out of devolution is vital for achieving the country’s goals, with major implications for poverty reduction, service delivery and economic growth. Devolution attempts to address decade old inequalities and disparities between regions by transferring both additional resources (and discretion over the resources) and decision making power to the decentralized levels. The Constitution also envisages a more inclusive role of citizens through transparency and participation at all stages of the county planning/budget processes. The devolution process comes with high expectations of improved service delivery and bringing government closer to the people. At the same time, rapid devolution also carries major risks for service delivery disruption; mismatch between responsibilities of counties and their capacity; leakage of public resources; and continued regional inequality. Navigating the rapid transition to a devolved system, establishing effective county-level systems and capacities including clear function assignments, strong public financial management managing human resource transitions, and putting in place effective monitoring and evaluation systems while ensuring responsiveness to citizens, are major challenges, especially given the speed and magnitude of Kenya’s transition.

Sectoral and Institutional Context
To support the new counties in navigating this rapid and challenging transition, the Ministry of Devolution and Planning has developed a National Capacity Building Framework (NCBF) that provides the overarching framework for devolution capacity development in Kenya. The framework provides a mechanism to facilitate and coordinate support to capacity development for both Government and Development Partners. The core objectives of the NCBF are: strengthening
national and county capacities to enhance service delivery and build structures/systems for sustainable economic development, empower citizens to hold both national and county governments accountable, inform officials on the devolved functions and responsibilities, and facilitate capacity development in financial and human resource management, county institutions, and community and stakeholder participation. Underpinning these developments is the need for county level data to permit the set up of monitoring and evaluation frameworks and systems. This component of the KADP will facilitate the collection of new county level data sets notably county level indicators and county level GDP (Gross County Product) to inform decision makers and citizens and getting citizen feedback on service delivery based on an informed citizenry.

Relationship to CAS/CPS/CPF
Supporting the roll-out of devolution is a top priority for the World Bank, as articulated in the Country Partnership Strategy (CPS) for FY 2014-18. Devolution has emerged as one of three focus areas for the World Bank’s program. The KADP is positioned to provide leverage promoting devolution priorities on the devolution investments, the WBG CPF and the WBG supported Devolution Program for Results (PforR) P149129.

II. Project Development Objective(s)

Proposed Development Objective(s)
The objective of this component is to improve citizen and government access to county data through open county portal and to facilitate the monitoring and evaluation of progress in service delivery and the progress in achieving the twin targets of poverty reduction and shared prosperity, at the county level.

Key Results
The intermediate results include two county level baseline data sets (i) the first estimates of county level GDP for the 47 counties (ii) a data set of service delivery indicators covering health, water and sanitation, education, human resources and infrastructural development and other devolved services. At the second level the data sets will be used for analysis to;
(i) Inform future generations the county horizontal revenue sharing formula, and county and national development plans.
(ii) Understanding county economic growth is a building block for understanding how counties are economically, and whether public investments and interventions on the investment climate are spurring any changes in county economic situations, etc.
(iii) Assess the progress in services delivery since the onset of devolution
(iv) Use the findings to design programs for strengthening of core devolved governance systems at both national and county level.

III. Preliminary Description

Concept Description
The constitution of Kenya 2010 has devolved power and resources to 47 counties. The counties started to operate in July 2013 with the allocation of budgets for the fiscal year 2013/14. Data are now needed on economic activity in each county to ensure that the devolution process supports economic growth. This project aims to (i) estimate the equivalent of GDP by county, which will provide a picture of the economic structure and relative size of the economy in each county (ii) to estimate the economic growth rates for the counties (iii) Measure the impact of devolution on service delivery using data from counties over the period 2010-2015 (iv) measure impacts of
devolution at the household and individual level

IV. Safeguard Policies that Might Apply

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V. Financing (in USD Million)

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<table>
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<td>Governance Partnership Facility 2</td>
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VI. Contact point

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