

**Office of
Technical
Assistance:
Government
Debt and
Infrastructure
Project in
Kenya
Project Evaluation
Report**

Final Submission
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BIXAL



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Acronyms and Abbreviations

CBK	Central Bank of Kenya
CS-DRMS	Commonwealth Secretariat Debt Recording System
DDW	Debt Data Warehouse
DG	Director General
EQ	Evaluation Question
FATAA	Foreign Aid Transparency and Accountability Act
FCR	Findings, Conclusions, and Recommendations
GDIF	Government Debt and Infrastructure
GDP	Gross Domestic Product
GoK	Government of Kenya
IFMIS	Integrated Financial Management Information System
IIF	Institute of International Finance
IMF	International Monetary Fund
IRU	Investor Relations Unit
KII	Key Informant Interview
KNT	Kenya National Treasury
M&E	Monitoring and Evaluation
MEL	Monitoring, Evaluation, and Learning
OTA	Office of Technical Assistance
PDMO	Public Debt Management Office
PFM	Public Financial Management
SME	Subject Matter Expert
TIATA	Treasury International Affairs Technical Assistance






I. EXECUTIVE SUMMARY

The U.S. Treasury’s Office of Technical Assistance (OTA) is a demand-driven organization with a mandate to work directly with counterpart governments to promote financial sector strengthening. OTA provides technical assistance in five key areas: 1) revenue policy and administration, 2) budget and financial accountability, 3) government debt and infrastructure finance (GDIF), 4) banking and financial services, and 5) economic crimes.

From 2015–2021, OTA engaged with the Kenya National Treasury (KNT) to support the establishment of the Public Debt Management Office (PDMO) and support the development of the domestic securities market. The project focused on four components: 1) consolidating the PDMO, 2) creating a PDMO investor relations unit (IRU), 3) upgrading the KNT and PDMO’s information technology infrastructure, and 4) creating a retail government security. Throughout the project, OTA provided technical assistance through a resident advisor and periodic deployment of short-term expert advisors who worked closely with KNT counterparts.

In compliance with Foreign Aid Transparency and Accountability Act (FATAA) requirements, Bixal¹ conducted a third-party, summative project evaluation of the Kenya GDIF project. The evaluation is meant to provide OTA with in-depth, third-party, retrospective insights of its activities in Kenya and discern lessons learned for future programming. The evaluation used a mixed methods approach, including a desk review of key project documents and 22 key informant interviews (KIIs) with the OTA advisors, counterparts, and other stakeholders. The evaluation focused on the following evaluation questions (EQs):

-  **EQ 1.** Which of the anticipated project outcomes were achieved?
-  **EQ 2.** Which of these outcomes have been sustained up to the present?
-  **EQ 3.** For any anticipated outcomes that were not achieved, which factors hindered success?

Key Findings





















The goal of the GDIF project was to improve public financial management (PFM) in support of the Government of Kenya’s (GOK) fiscal consolidation goals. Two components of the project

¹ www.bixal.com.



were fully achieved, one component was partially achieved, and one component was not achieved (Table 1).

Table 1: GDIF Project Overview: Fully Achieved, Partially Achieved, and Not Achieved Project Components and Outcomes.

Project Component	Outcome	Sustained
 1. Consolidating the PDMO	 1.1.1 KNT consolidates PDMO functions into one office.	
	 1.1.2 PDMO uses policies and procedures to carry out debt issuance and debt management.	
	 1.2.1 PDMO leadership is aware of capacity limitations and training is undertaken.	
 2. Public Outreach and the IRU	 2.1 IRU is appropriately staffed and standardizes debt-related communications.	
	 2.2 IRU develops website content and uploads updated borrowing calendar.	
 3. Financial Infrastructure and Information Technology	 3.1 Debt Data Warehouse (DDW) task force agrees on an implementation plan and creates centralized DDW.	
	 3.2 Debt data is converted and consolidated to be included in DDW.	
 4. Retail Government Security	 4.1 KNT offers small denomination government security.	

PROJECT COMPONENT 1: CONSOLIDATING THE PDMO

The PDMO project component was fully achieved and partially sustained. Establishing a functioning PDMO with separate functions of the front, middle, and back offices is one of the most successful components of the project. The resident advisor served a key role in advocating for the consolidation of the office following international organizational policy best practices. The efforts to establish the PDMO have also been sustained for the years after the resident advisor's departure.

The policies and procedures supporting the PDMO are in place. The resident advisor, with assistance from the intermittent advisors, supported the development of these policies and procedures; however, there are still some practices and policies that are not in line with international best practice or Kenyan law. Finally, the resident advisor identified capacity gaps in the PDMO, and then offered capacity building to staff throughout the office. The capacity of those staff trained by the resident advisor has been sustained, however, leadership have been unable to sustain the capacity building and training function. Leadership is aware of capacity needs and gaps but does not always have the resources to address those needs without the resident advisor.



PROJECT COMPONENT 2: PUBLIC OUTREACH AND THE IRU

This project component was partially achieved and partially sustained. The IRU's establishment in the PDMO's front office was a success significantly supported by the resident advisor. The resident advisor supported the development of policies, procedures, and structures that the IRU used to operate, which were sustained even after the advisor departed in 2021. There are still some IRU capacity issues, both with limited staff availability and staff skills.

With the assistance of the resident advisor, the IRU established an open dialogue with the sovereign credit rating agencies, which has helped improve the accuracy of international ratings of Kenyan debt. The resident advisor also significantly supported the development of the IRU website and website content. They advocated for the creation of the website, based on international best practice, and supported the development of the structures to produce updated debt communications materials. The evaluation team found that the IRU website has not been updated since the website went live in 2021, however many of the materials continued to be updated and posted on the broader PDMO website.

PROJECT COMPONENT 3: FINANCIAL INFRASTRUCTURE AND INFORMATION TECHNOLOGY

The financial infrastructure and information technology project component was not achieved, and therefore was not sustained. The focus of this project component was on the creation of a DDW that would allow staff to better analyze and manage government debt data and would serve as the single source for all of Kenya's public debt information. Although the resident advisor advocated for the creation of the DDW from 2019, many factors hindered the implementation of the DDW, including a lack of leadership, a lack of staff ownership, technology limitations, other competing data system priorities and low automation of debt management, and the COVID-19 pandemic. The PDMO still recognizes the importance of the DDW, but the DDW has not been implemented as of this evaluation (August 2023).

PROJECT COMPONENT 4: RETAIL GOVERNMENT SECURITY

The development of retail government security project component was achieved and partially sustained. M-Akiba was a successful pilot of a mobile retail securities and managed to register more than 100,000 investors in the first pilot. The resident advisor served to represent the PDMO while coordinating with various stakeholders, linking representatives with international resources, helping develop the secondary market, and advocating for the product. However, since 2019, there have been no further issuances of the instrument. Several respondents noted they were attempting to release M-Akiba again soon, but there has been no release yet.

Key Recommendations

The evaluation team makes the following key recommendations:



THE ROLE OF THE RESIDENT ADVISOR

1. **Engage mid-level management and technical staff along with leadership.** While it is often the mandate of resident advisors to engage with leadership and serve as their advisors, it is equally important to engage with staff as they understand the issues in the department and can prevent any changes from occurring.
2. **Take advantage of the resident advisor’s role as an advocate for reforms.** While the approach and work of the resident advisor is focused on technical assistance, if they are properly placed, they can serve as an advocate for necessary reforms.
3. **Provide guidance to resident advisors on approaches to barriers that are outside the influence of OTA or the advisor.** On this project there were many barriers that even the most effective advisor could not address. Working to create an open culture of understanding at OTA around these barriers, and then an approach within the design process and M&E plan to identify those barriers at various intervals and adapt would help allow projects to pivot when barriers are truly immovable.

PROJECT PLANNING AND LEARNING

4. **At the beginning of engagements, utilize a collaborative and data-driven design process that includes engagement with counterparts and other stakeholders in a scoping mission to identify project priorities.** A design process that is undertaken in this way could help identify what is required, prioritize the most pressing issues, and build support for the project before it begins.
5. **Develop a Monitoring and Evaluation (M&E) plan for the project with resident advisors.** A planning process that involves developing a M&E plan that links to the global OTA M&E plan would set OTA up to better measure the performance of its projects, demonstrate success, and improve.
6. **As a part of the data-driven design process, conduct other assessments, including risk assessments or gap analysis.** Completing a risk assessment could help the team anticipate the numerous risks that hinder achievement of project outcomes. Beyond risks, identifying key gaps through a needs or gap assessment could help identify and prioritize needs.
7. **When drafting logframes, utilize “SMART” indicator principles.** Being thoughtful about how outcomes are written can provide more guidance and support to advisors as they work towards goals, can provide counterparts with clear understanding of what they are working towards with advisors, and can provide the most accurate evaluations when monitoring and evaluation occurs.
8. **Tailor the level of technical assistance and resources to where the country is currently, not necessarily global best practice.** Although it is sometimes possible for developing countries to leapfrog interim steps and “advanced” economies can bring the best advisors well-informed on the best practices available, leaping from current policy in Kenya, or other developing countries, to examples in Europe or the United States may not be possible. Respondents found it most helpful to exchange practices with peers at a similar level of development to design a more realistic roadmap.



II. EVALUATION BACKGROUND

OTA Approach

OTA is a demand-driven organization with a mandate to work directly with counterpart governments to develop and implement robust PFM practices to promote financial sector strengthening. OTA provides financial technical assistance in five key financial areas: 1) revenue policy and administration, 2) budget and financial accountability, 3) GDIF finance, 4) banking and financial services, and 5) economic crimes.

Projects typically last between three and six years and involve highly experienced technical advisors in one of the key financial areas working to accomplish a pre-determined set of project objectives. Advisors work directly with counterparts in central banks, finance ministries, treasuries, tax departments, and other public sector financial institutions, delivering technical support, trainings, and mentoring to government counterparts. Projects will employ either resident advisors who live and work in the country for several years or intermittent advisors who periodically visit the counterpart country over the lifetime of the project. Intermittent advisors can deliver broad support on the project or deliver specialized technical assistance on a single component of the project through targeted visits.

Kenyan Financial Environment

Over the past decade, Kenya has undergone significant political and economic reforms, resulting in sustained economic growth, improved social development, and political advancements.² However, several pressing development challenges persist, including high poverty rates, economic inequality, weak private sector investment, and economic vulnerability to internal and external shocks. Notably, Kenya's government debt stands at 66% of the Gross Domestic Product (GDP)³ and continues to rise, with a significant portion owed to China.⁴ This elevated debt level presents a substantial challenge that necessitates better control of current and future fiscal deficits to fund essential national priorities like critical infrastructure development.⁵

In 2014, Kenya was reclassified as a Lower Middle-Income Country by the World Bank. This reclassification imposed limits on concessional borrowing for Kenya and enabled the country to seek financing for budget deficits and investments through market-based issuances in both international and domestic markets.⁶ This shift in financing strategy created a new challenge to effectively communicating the KNT's public messages regarding debt issuance and management.

² World Bank, "Kenya: Overview."

³ International Monetary Fund, "Kenya: Datasets."

⁴ Kell, "Kenya's Debt Struggles."

⁵ Inman, "Money Down the Drain."

⁶ Gathigah, "Middle-Income Kenya."



Prior to the COVID-19 pandemic, Kenya's economy experienced robust growth, with an average annual growth rate of 4.8% between 2015 and 2019⁷ and a GDP of over \$100 billion in 2022.⁸ However, the country has been unable to address long-standing economic issues like corruption, economic inequality, and poverty. Approximately two-thirds of Kenyans lived in poverty, earning less than \$3.20 per day, resulting in chronic vulnerability for the majority of the population, particularly women and girls.⁹ A stark wealth gap, with a minority elite benefiting from labor, resources, and opportunities, further exacerbated these issues.¹⁰

In recent years, Kenya's economic growth has softened due to adverse weather shocks, tightening domestic macroeconomic policies, and global financial challenges.¹¹ The CBK implemented policies to curb inflation and currency depreciation. Additionally, the government's policies to address expenditures and increase revenue resulted in decreases in the fiscal deficit and debt accumulation.¹² The medium-term outlook remains positive, with expectations of GDP growth and poverty reduction, driven by a recovering economy, resilient private investment, and reduced cost of living pressures.¹³ Nevertheless, significant risks persist. Domestic risks include prolonged drought, inflation, and political disruptions affecting service industries like education and tourism.¹⁴ Externally, Kenya faces the threat of weaker global demand, reduced foreign investment, and potential capital outflows due to tighter global monetary policies.¹⁵

To address some of these fiscal challenges, the GoK established the PFM Act of 2012. Part of the act required that a PDMO be established within the KNT.¹⁶ When initially conceived, the PDMO aimed to address capacity, structural, and management challenges in debt issuance and management, all of which negatively affected investor perceptions of the Kenyan debt market.¹⁷

Recent proposals to amend the PFM Act grant the PDMO additional powers, including providing advisory services on sustainable debt levels to the parliament and the cabinet secretary.¹⁸ This expanded role aims to improve the control of current and future fiscal deficits, especially considering Kenya's rising government debt. Further, the proposed changes to the PFM Act include increasing the public debt limit from the current ceiling of Sh10 trillion to a new threshold that does not exceed 55% of the GDP at present value terms.¹⁹

⁷ World Bank, "Kenya: Overview."

⁸ World Bank, "GDP (Current US\$)."

⁹ U.S. Agency for International Development, "Economic Growth."

¹⁰ Ibid.

¹¹ World Bank, "Securing Growth."

¹² Ibid.

¹³ Ibid.

¹⁴ International Monetary Fund, "Fifth Reviews."

¹⁵ World Bank, "Securing Growth."

¹⁶ Gibet, "Public Debt."

¹⁷ Ibid.

¹⁸ Muiruri, "Public Debt Office."

¹⁹ Ibid.



Project Description

The goal of the GDIF project was to improve the capacity of the KNT to issue and manage public debt to increase the confidence of market participants (e.g., investors, intermediaries, and credit rating agencies) to invest in GoK securities and enable full market-based funding of the GoK's domestic borrowing requirements. Project activities focused on:

1. Consolidating four KNT departments into a new PDMO.
2. Creating a PDMO IRU to provide clear communications to government and market stakeholders.
3. Upgrading the KNT and PDMO's financial information technology infrastructure to allow for effective, transparent, and available debt data and reporting.
4. Creating a retail government security that will allow retail investors an accessible, safe, and reliable investment vehicle.

A resident advisor was placed in Kenya from 2015–2021 to support the four project components outlined above. Three intermittent advisors also supported these project components through this period, providing support on 1) the construction of a sovereign debt strategy, 2) drafting a debt policy and borrowing framework, and 3) an orientation on a DDW system and assessing system requirements for connecting financial systems to facilitate the transfer of financial and debt information.



III. EVALUATION METHODOLOGY

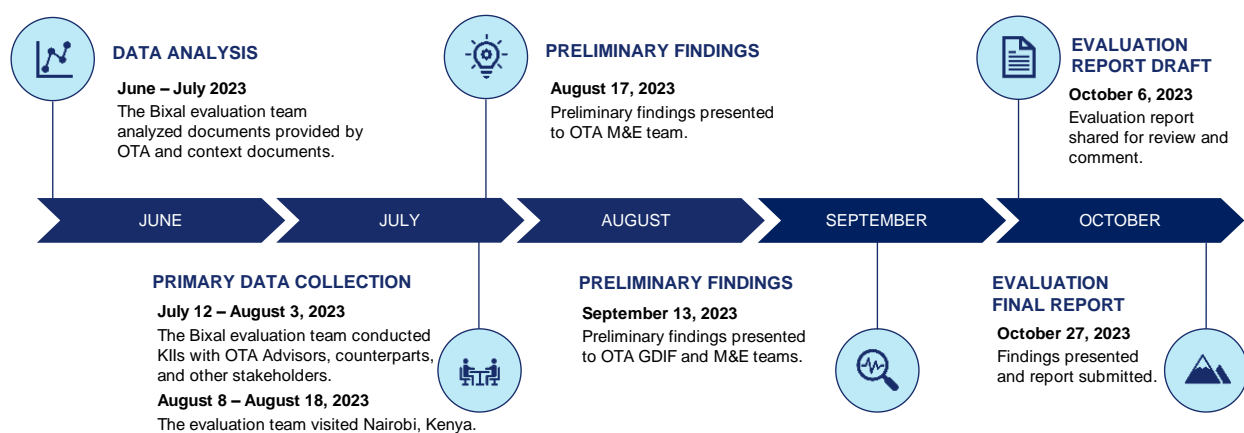
Evaluation Purpose

OTA commissioned Bixal to carry out a summative project evaluation of the GDIF project in Kenya. The evaluation activities took place during July–September 2023, with a field visit by the evaluation team to Nairobi, Kenya, during the period of August 7–August 18, 2023 (see **Figure 1** for the evaluation timeline).

This summative project evaluation was designed to serve two purposes:

- For OTA to comply with the FATAA of 2016.²⁰
- To provide OTA with in-depth, third-party, retrospective insights of its project activities in Kenya. Some aspects of OTA’s experience in Kenya may be extrapolated to other current or future projects in Kenya or other countries to inform adaptation, improve the project, discover ways to reduce the time to achieve project outcomes, identify new ways to effect positive change, and document project achievements and success.

Figure 1: Kenya OTA Evaluation Timeline.



²⁰ *Foreign Aid and Transparency and Accountability Act of 2016*, Public Law 114–191.



EQs

Bixal's evaluation team collaborated with OTA's M&E team to develop the following EQs. The EQs provided the foundation for the remaining design elements of the evaluation, like methodology and approaches to data collection and analysis.



EQ 1. Which of the anticipated project outcomes were achieved?



EQ 2. Which of these outcomes have been sustained up to the present?



EQ 3. For any anticipated outcomes that were not achieved, which factors hindered success?

Evaluation Methods

To explore the EQs, the evaluation team used a mixed methods approach. This ensured all of the project's written documentation was integrated into the evaluation, and that further exploration of the project activities was done through key informants.

DESK REVIEW OF PROJECT DOCUMENTS

The evaluation team analyzed project documents provided by OTA to gain a basic understanding of the activities and interventions in the GDIF project in Kenya. Additional documents were added from external sources (e.g., the World Bank, International Monetary Fund (IMF)) to provide more context on the Kenyan environment. Documents were coded by outcome and a few key themes in ATLAS.ti, a qualitative analysis application. Once the documents were coded, the evaluation team reviewed, extracted initial key findings from the documents, and identified information gaps that required more investigation.

OTA has shared the following categories of project documents with the evaluation team:

- End of Project Report
- End of Tour Report
- Evaluation Coversheet
- Log Frames
- Monthly Reports
- Project Reviews
- Terms of Reference
- Treasury International Affairs Technical Assistance (TIATA) Proposals



- Traction & Impact Reports
- Trip Reports

Annex 1 is an inventory of all documents OTA provided to the evaluation team. **Annex 2** is an inventory of all external documents reviewed, in addition to the documents provided by the OTA team.

KIIS

Working from project documents, the evaluation team extracted counterpart names and roles to assemble the interview list and further condensed the list based on the OTA M&E team's feedback. Interview guides were tailored for each category of respondent and the evaluation team conducted KIIs to document a full range of perspectives on OTA's work, uncover new findings, and validate findings from the initial document analysis. KIIs focused specifically on OTA's work with the Kenyan government to assess the effectiveness of the project. **Annex 3** includes all KII tools.

Interviews were conducted with all evaluation team members, including the team leader, the subject matter expert (SME), and the M&E specialist. The M&E specialist took notes using a notetaking guide and recorded interviews whenever respondents consented to be recorded. The M&E specialist generated transcripts using both the recording and written notes.²¹

The evaluation team conducted a qualitative analysis of KII data on an ongoing basis, concurrent with interviews, to ensure quality in real time and to identify findings and trends in a timely manner. KII notes and transcriptions were coded and analyzed using ATLAS.ti, grouping similar data under different categories and themes (using the same categories and themes that were used in the desk review coding process). Thus, the evaluation team could locate, retrieve, and combine the data that corresponded to a category of interest. These data were further triangulated and contextualized with the findings from the desk review.

When the data collection was nearly complete, the evaluation team members convened for a joint analysis. The evaluation team discussed potential findings, conclusions, and trends. Insights and ideas from this process were shared in a presentation of preliminary findings to the OTA M&E team for vetting and discussion before the final evaluation report was drafted. After the KIIs were finalized and coded, all findings were organized in a Findings, Conclusions, and Recommendations (FCR) matrix.

²¹ Note: Initially, the evaluation team and the OTA M&E team discussed using an online market participant survey to investigate market access to information and perception of securities and debt management. After the evaluation team conducted some initial KIIs, the team decided the survey would not add a lot of useful additional information. Further, the evaluation team was concerned that asking market participants about debt perception in Kenya would not provide them with OTA-specific information and could be perceived by KNT and the PDMO as the evaluation team investigating its work in a way that was outside the scope of this evaluation.



Quality Assurance

The evaluation team followed standard quality assurance best practices that included the following:

1. Notetakers uploaded their notes at the end of each day of data collection. Notes were reviewed to ensure completeness and comprehension and to identify emerging themes.
2. The evaluation team met at the end of each day of data collection in Nairobi, Kenya. The team discussed what they heard and observed to ensure consistency in collecting and reporting data.
3. The ATLAS.ti application enabled the team to check for accuracy and completeness of qualitative data as they were entered and coded.
4. The joint analysis and presentation of preliminary findings provided further opportunity to cross-check and validate data and findings.
5. Bixal's internal quality assurance process involves the senior director for monitoring, evaluation, and learning (MEL) and other staff periodically reviewing drafts of the evaluation report and findings presentations to ensure the validity, completeness, and accuracy of evaluation FCR.

The evaluation team took steps to ensure data security, including using secure communication platforms, storing information on secure and password-protected sites, and deleting recording and transcription files after the completion of the study.

Limitations

In general, the evaluation team faced very few limitations. Most KIIs could be carried out as planned and sufficient documentation was provided for a comprehensive desk review. However, a few circumstances limited the data collection and consequently the analysis:

- For some respondents, it was difficult to remember, in detail, the activities OTA had carried out and to what activities OTA advisors had contributed, especially those activities that were conducted early in the project (which started in 2015).
- There were some conflicting reports on key events or findings that happened so far in the past, which is common for qualitative data collection. The evaluation team cross-checked information where that was possible; where verification was not possible, it is noted in the findings where there were significant differences in perceptions of past events.
- Most of the counterpart respondents were from the PDMO and the KNT; however, representatives from other parts of the government, including the CBK, were highly involved in different project components. The evaluation team spoke with one representative from the CBK, but it is possible additional interviews with the CBK and other involved representatives would have provided a more nuanced view of some of the



project components. The evaluation team made every effort to contact relevant CBK staff for interview requests, but it was not possible to secure additional interview appointments.





















- Some staff had left the PDMO and the KNT and were unavailable for interviews.
- Debt in Kenya is a highly sensitive and political topic, and while the evaluation team spoke with many people, it is likely there are sensitive perspectives or events interviewees did not feel comfortable enough to share with the evaluation team.
- COVID-19 played an important role in the implementation of this project. Some of the project components were fully developed during the pandemic, while others were delayed with shifting priorities.



IV. PROJECT FINDINGS

This section presents the evaluation findings for OTA’s four project components for the Kenya GDIF project. The overarching goal of the GDIF project was to improve the capacity of the KNT to issue and manage public debt; increase the confidence of market participants to invest in GoK securities; and to enable full market-based funding of the GoK’s domestic borrowing requirements. The project focused on four key components: 1) consolidating the PDMO, 2) creating an IRU, 3) upgrading the KNT and PDMO’s financial information technology infrastructure, and 4) creating a retail government security. **Table 2** presents the components and outcomes as presented in the log frame, along with the evaluation team’s high-level assessment of achievements. **Figure 2** presents an overview of the relevant timeline of the project and project-related activities.

Table 2: Summary Review of OTA’s GDIF in Kenya Project: Fully Achieved, Partially Achieved, and Not Achieved Project Components, Outcomes, and Sustainability.²²

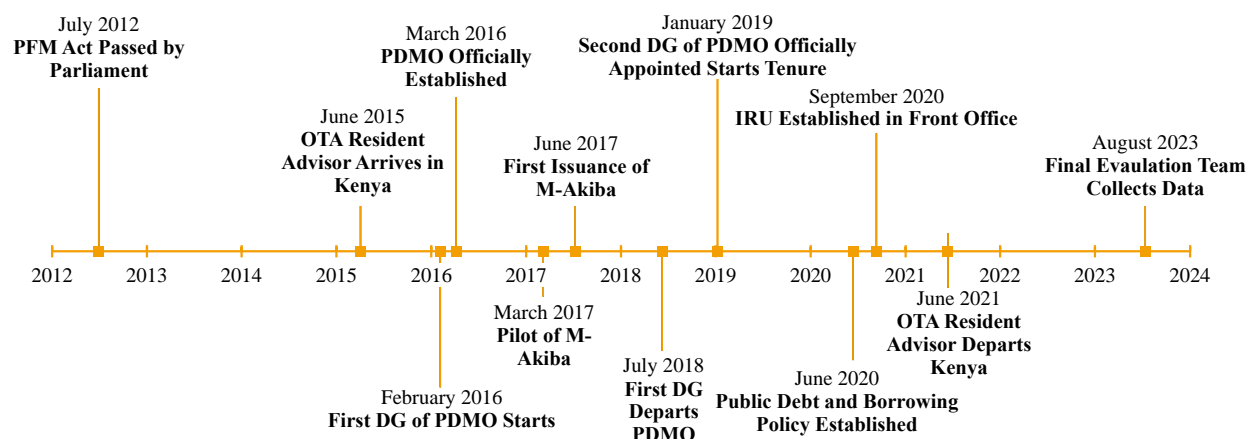
Project Component ²³	Outcome	Sustained
 1. Consolidating the PDMO	 1.1.1 KNT consolidates PDMO functions into one office.	
	 1.1.2 PDMO uses policies and procedures to carry out debt issuance and debt management.	
	 1.2.1 PDMO leadership is aware of capacity limitations and training is undertaken.	
 2. Public Outreach and the IRU	 2.1 IRU is appropriately staffed and standardizes debt-related communications.	
	 2.2 IRU develops website content and uploads updated borrowing calendar.	
 3. Financial Infrastructure and Information Technology	 3.1 DDW task force agrees on an implementation plan and creates centralized DDW.	
	 3.2 Debt data is converted and consolidated to be included in DDW.	
 4. Retail Government Security	 4.1 KNT offers small denomination government security.	

²² While the scoring process is not fully subjective, the evaluation team assigned fully achieved or sustained to those outcomes that were almost all or fully achieved. This means that while some small elements may not have been achieved, all notable components of the outcome were achieved or sustained. The evaluation team assigned partially achieved or sustained to outcomes where significant elements had both been achieved and not achieved. The evaluation team then assigned not achieved or not sustained to those outcomes where all primary parts of the outcome were not achieved or sustained.

²³ The project component scores are a combination of the outcome-level rating(s) and the sustainability rating(s).



Figure 2: GDIF Project Activity Timeline.






Project Component 1: Consolidating the PDMO

Component 1 focused on consolidating the PDMO and establishing its structure with a clear distinction between the front, middle, and back offices.²⁴ The aim was to create an appropriately staffed PDMO that effectively and transparently issued new public debt and managed outstanding public debt. A capable PDMO gives market participants sufficient confidence in government and markets to invest in GoK debt securities in volumes that satisfy domestic borrowing requirements.





Project outputs under this component include: 1) PDMO workshops, 2) the organizational structure of the office, 3) job descriptions for key staff, 4) PDMO operations manual, 5) training needs assessment, 6) training plan, and 7) various staff trainings. **Table 3** summarizes the findings for Component 1, and a detailed discussion follows the summary.

Table 3: Component 1 Outcomes, Status, and Sustainability.

Project Component	Outcome	Status (EQ 1, EQ 3)	Sustainability (EQ 2)
 Component 1: Consolidating the PDMO Create an appropriately	1.1.1: The KNT consolidates PDMO functions into one office that is appropriately staffed and organized along functional lines (front, middle, and back offices).	 The PDMO was consolidated and is organized along the functional lines (front, middle, and	 The PDMO consolidation and structure has been sustained up to the time this evaluation was completed.

²⁴ The front, middle, and back office structure is an international best practices for PDMOs and many financial institutions. The front office is public-facing and handles communicating debt policy and borrowing. The middle office completes debt analysis and supports the front office to produce reports. The back office manages the debt payments.



Project Component	Outcome	Status (EQ 1, EQ 3)	Sustainability (EQ 2)
<p>staffed PDMO that effectively and transparently issues new public debt and manages outstanding public debt.</p>		<p>back offices). The resident advisor was an important resource and advocate in pushing forward these organizational changes.</p>	
	<p>1.1.2: KNT front, middle, and back offices use policies and procedures to carry out its debt issuance and debt management responsibilities in compliance with the existing legal framework. All debt offices understand their roles in the debt issuance and management framework and communicate effectively on issues related to debt management and issuance.</p> <p>The operations manual aligns Kenya’s public debt management operations with Kenya’s PFM Act, the Kenyan Constitution, and East African community integration protocols for public debt management, bringing debt issuance and management in line with the applicable frameworks.</p>	<p> With the support of the resident advisor, the PDMO developed standard internal policies and procedures for current operations, including operations manuals for the front, middle, and back offices. There are still some practices and policies that are not in line with applicable frameworks and international best practices.</p>	<p> The policies and procedures developed during the project appear to still be in use; however, the practices and policies that were not in line with applicable frameworks and international best practices remain an issue.</p>
	<p>1.2.1: PDMO management is aware of the capacity limitations of its staff and develops plans to meet training needs. Staff are trained in key areas of critical job functions, increasing the operational effectiveness of the PDMO. The PDMO</p>	<p> The PDMO leadership was aware of capacity limitations. The resident advisor was vital for identifying skills gaps and providing technical</p>	<p> The PDMO leadership continues to be aware of current capacity limitations. The resident advisor filled an important role through capacity</p>



Project Component	Outcome	Status (EQ 1, EQ 3)	Sustainability (EQ 2)
	assesses staff and provides necessary training on an ongoing basis.	assistance and informal training.	building and training that has not been filled since they departed in 2021.

COMPONENT 1 FINDINGS



EQ 1. Which of the anticipated project outcomes were achieved?

Fully Achieved: 1.1.1 KNT consolidates PDMO functions into one office.

Outcome 1.1.1 was fully achieved as KNT has a PDMO with the three functional offices: front, middle, and back offices. The office was established through a multiyear process that involved creating new offices and consolidating old offices into new structures. The PFM Act of 2012²⁵ required the establishment of the PDMO; however, the office was not established until March 2016. The resident advisor served as a key driver of the office getting established with the proper structures, as they developed relationships in the KNT and advocated for the office to be established following the 2012 law and that it be consistent with international best practice. An acting director general (DG) was appointed in February 2016 and served until July 2018. The resident advisor worked closely with the DG during their tenure to establish the structures of the front, middle, and back offices and consolidate the functions from the offices that currently existed in the KNT.

Although the resident advisor engaged with the first acting DG, a new DG — who was officially appointed through the procedures outlined in the 2012 Act — started their tenure in January 2019. This DG is still head of the PDMO as of August 2023, and oversees the front, middle, and back offices as originally envisioned in the PFM Act of 2012. The resident advisor worked closely with the officially appointed DG from 2019 to continue to establish the organizational policies and procedures of the office (detailed further in Outcome 1.1.2).

The evaluation team assessed that these offices are fully functioning and have distinct roles. Nevertheless, as with any organizational transition, there is still some overlap in roles between the current offices (front, middle, and back offices), and some staff shortages. Long-time staff who are familiar with a broad range of tasks are sometimes pulled into work that is outside their current role or office. The resident advisor helped define distinct roles for new staff so that now, as they join the PDMO, they have more established roles. This transition is to be expected and the roles will continue to solidify as the offices continue to operate. The offices and their functions are as follows:

²⁵Public Finance Management Act of 2012, Kenya, Parliament No. 18 of 2012.



- The front office was consolidated from the “desk” structure, where different desks (or teams) managed different donors, countries or regions, and multilateral agencies. The focus of this office was primarily donor funding, and as Kenya’s economy continues to grow and develop, there is a need for a front office that is more focused on public investors. The resident advisor worked to write job descriptions, build policies for office operations, and build this capacity, discussed more in Outcome 1.2.1. The client-facing role of the office is still reflected in the donor lending structure, the operations of which are explored more in Component 2. Some of the functions existed as the Resource Mobilization Department before the PDMO was established.
- The middle office was a new area that had not existed before the consolidation of the PDMO (although some of the functions existed in the Risk Management Department before the PDMO was consolidated). Its role is to complete debt analysis and support the front office in producing financial reports. It has developed the capacity to complete the analysis; however, it is still working to focus more on market-based funding, which incorporates market, liquidity, and credit risk analysis or liability management skills. This is vital long-term to effectively manage Kenya’s debt.
- The back office manages the debt payments and has been transitioning from manual to more automated functions since the consolidation of the PDMO. The resident advisor worked with this office to build capacity and develop better systems; as discussed further in Component 3, those functions still have operational risks. Some of the functions existed as the Debt Recording and Settlement Unit before the PDMO was established.

The formation of these offices spanned a three-year timeframe from 2016–2019. The hiring of staff was paused due to funding challenges at the end of 2016 and restarted in late 2018. Most of the hiring of office directors and mergers occurred in 2016 and 2017, but the merger of the Resource Mobilization Unit with the front office was not completed until August 2019 due to a lack of leadership of the PDMO, understaffing in the Resource Mobilization Unit, and lack of clarity on how the unit would transfer to the front office. Respondents noted that throughout this time, the resident advisor was vital in establishing the distinct offices, and many of the policies and practices set in place then (with the resident advisor’s help) are still in use today.

Partially Achieved: 1.1.2 PDMO uses policies and procedures to carry out debt issuance and debt management.

Outcome 1.1.2 was partially achieved. The offices have organizational policies and procedures for how debt issuance currently operates, for example, the Public Debt and Borrowing Policy was approved in 2020. The resident advisor, along with a few intermittent advisors, had a large role in drafting and pushing forward the framework, which provides the regulatory framework for the management and analysis of the debt. However, the policies and practices are not always in line with the current legal framework in Kenya or international best practice. Respondents note that while the resident advisor advocated for operational policies and practices to follow international best practice, they also came up against existing practices that were difficult to change (for



example, practices housed at CBK or the authority of the DG of the PDMO, discussed further below). Internally, the resident advisor was involved in developing:

- The operations manuals for each of the three offices and then updating those manuals after the Public Debt and Borrowing Policy was put in place in 2020;
- The executive departmental framework with guiding principles that outline the PDMO mandate;
- Job descriptions for the PDMO DG and department directors (front, middle, and back offices);
- A recruitment strategy; and
- A retention and personnel strategy.

Another aim of this outcome was to centralize debt management functions within the PDMO. The roles of debt issuance and management remained split between the CBK, the PDMO, and the KNT throughout the project, so this was not achieved. The resident advisor often served as a link between CBK and the PDMO and, through their time in Kenya, was able to improve CBK and PDMO's coordination. The resident advisor helped establish a process where KNT and CBK have signed a fiscal agency agreement²⁶ by which CBK conducts domestic debt issuance and publishes the auction calendar, coordinated with the PDMO. The DG of the PDMO decides the cutoff price for the debt in a weekly meeting with representatives from the CBK, the PDMO, and the KNT. The different parties in that meeting have conflicting monetary and fiscal mandates, which sometimes results in disagreements. The PDMO staff understand that they should conduct the debt auction function as a best practices, and they expressed interest in moving in that direction in the future. During their time in Kenya, the resident advisor advocated for these functions to be moved to the PDMO, but the functions remain with CBK (albeit coordinated with the PDMO).

Some respondents noted that the PDMO has not received the full legal delegated authority from the ministry. There are conflicting opinions on this topic; the Debt and Borrowing policy put in place in June 2020 establishes in article 1.1.3 that the functions of the PDMO are delegated under the authority of the cabinet secretary. This delegation was drafted with the assistance of the resident advisor and an intermittent advisor. Respondents noted that today there are still some

²⁶ *Public Debt and Borrowing Policy*, Kenya National Treasury.

Article 72 of the Public Debt and Borrowing Policy (June 2020): The Central Bank of Kenya (CBK) performs the following functions in relation to public debt management:

- a) Acts as Fiscal Agent for the National Treasury in making external and domestic debt payment services;
- b) Acts as registrar of Government domestic debt securities;
- c) Maintains bank accounts of public funds including Treasury Single Account;
- d) Advises the Government on public debt management;
- e) Provides depository facilities for Government domestic debt securities;
- f) Provides clearing and settlement arrangements for trade in Government domestic debt instruments; and
- g) May provide advance to the Exchequer Account in accordance with relevant laws.



areas where the PDMO cannot perform its role as assigned in law because it does not have the authority to do so in practice.

Fully Achieved: *1.2.1 PDMO leadership is aware of capacity limitations and training is undertaken.*

The resident advisor was a strong advocate for capacity building throughout their time in Kenya and ensured that Outcome 1.2.1 was fully achieved. In September 2015, they conducted a training needs assessment and reassessed the capacity of the PDMO in March 2016 with the new PDMO DG. The training needs assessment ensured that leadership was aware of the capacity limitations. At that time, the resident advisor put together a capacity building program based on those findings. The resident advisor coordinated with multiple intermittent advisors to conduct trainings on debt strategy and sustainability, debt stress testing, cash management and cash flow forecasting, among others. They also coordinated with external stakeholders (e.g., the Securities and Exchange Commission, IMF) to provide trainings to PDMO staff on other topics, including securities borrowing and lending, Bloomberg terminal use, data warehouse systems, among others.

Despite the various trainings recorded in the project documents, respondents spoke about the experiential capacity building, and few could recall formal trainings taking place. Their perception was largely that the resident advisor's value-add, and focus was on one-on-one capacity building. Most staff who interacted with the resident advisor could recall specific instances of informal capacity building, where the resident advisor supported them to complete a new task, develop a new process, or make an important decision. Multiple respondents also noted the value of the resident advisor having an open-door policy where they could go to them to ask questions, and a library of resources they could access in their office.

In the early years of the PDMO, the DG and the resident advisor planned to have a training on the new organizational structure for the staff of the PDMO. The resident advisor advocated for the training, but it was never held because of shifting internal priorities and some PDMO staff and management advocating against any organizational change. Respondents noted that new materials were now being developed for staff onboarding, but there were significant hurdles for any organizational changes in the first few years of the resident advisor's tenure. As of the end of the resident advisor's tenure, there were still some capacity gaps; for example, it was unclear if the PDMO developed credit and market risk analysis capabilities to the point where the office could assess risk effectively. Respondents noted that the resident advisor filled an important role advocating for and providing training and capacity building, and that the role has not been filled since they left in 2021.



EQ 2. Which of these outcomes have been sustained up to the present?

Fully Sustained: *1.1.1 KNT consolidates PDMO functions into one office.*

As of August 2023, the KNT has a PDMO with the same three offices (front, middle, and back). The same DG has been in place since 2019, offering consistent leadership to the office.



The advocacy of the resident advisor in establishing the office in line with the legal framework set up by the PFM Act of 2012 appears to be sustained.

Partially Sustained: 1.1.2 PDMO uses policies and procedures to carry out debt issuance and debt management.

As of this evaluation, there have not been any material changes to the PDMO's use of policies and procedures since the resident advisor left. The policies and procedures that were established while the resident advisor was there appear to have been sustained, but there are still gaps in the policies meeting the legal requirements of the 2012 PFM Act (e.g., debt management functions still residing in CBK, gaps in delegated authority to the DG of the PDMO).

Partially Sustained: 1.2.1 PDMO leadership is aware of capacity limitations and training is undertaken.

As of August 2023, leadership is aware of capacity limitations that still exist within the PDMO. Some offices are still not adequately staffed, and some are still transitioning from a donor- and concession-based funding structure to a market-based funding structure (detailed further in Project Component 2).

There is also the continued issue of some legacy tasks being performed by people who completed them before the PDMO was divided into the front, middle, and back offices. While leadership is aware of capacity limitations (both skill and time), the PDMO appears unable to fulfill the role of the resident advisor in terms of capacity building and training. Consequently, capacity building has been hindered since the project ended in 2021.

There are still some capacity gaps and further capacity that needs developing as the office grows and as the Kenyan debt environment changes. For domestic securities, the PDMO has the support of the CBK; for international securities, it was not clear if the front or middle office has liability management capabilities, which are vital to manage Kenyan debt long-term. As the offices continue to mature and establish roles, new capacity gaps are emerging, and the PDMO does not appear to have the capacity to undertake capacity building in the way the resident advisor did when they were present.



EQ 3: For any anticipated outcomes that were not achieved, which factors hindered success?

All outcomes in this project component were partially or fully achieved.

COMPONENT 1 CONCLUSIONS

The PDMO project component was fully achieved and partially sustained. Establishing a functioning PDMO with separate functions of the front, middle, and back offices is one of the most successful components of the project. The individual functions of these offices are still in transition, which will be discussed further in Component 2 and Component 3. Still, the general structures and policies for these offices are in place due to the support and guidance of the resident



advisor. The back office has been working to transition from manual operations to more automated functions. The middle office did not exist before the reorganization, and the front office has been established as the public-facing office of the PDMO. Both offices still reflect donor-focused debt management operations but are working to develop the policies and capacities necessary as the Kenyan economy grows and the debt market matures. The resident advisor served a key role in advocating for the office to be established following international best practice. This work appears to have been sustained for the years after the resident advisor's departure.

The policies and procedures supporting the PDMO are in place for the current operations but will need to evolve as the debt market represents a growing financial source for the KNT. The resident advisor supported the development of these policies and procedures and had mixed success. Certain operations are currently divided among the functions of the CBK, the PDMO, and the KNT. These operations may be transferred to the PDMO as it becomes more established with credit liquidity and market risk analysis (e.g., the PDMO running the debt auctions themselves). This is a long-term goal that falls beyond the purview of the resident advisor, who focused on supporting the development and implementation of policies and practices for the current operations, which appear to still be in use today. Whether these policies and practices will continue to change as they need to without the expertise and advocacy of the resident advisor remains to be seen.

Finally, respondents noted that the capacity of the PDMO grew significantly from 2015–2021. The resident advisor was vital in identifying capacity gaps as the mandate of the office changed, and then offering capacity building to various staff throughout the office. The capacity of those staff has been sustained, but the capacity building and training function of the resident advisor was lacking after their departure. Leadership is aware of capacity needs but does not always have the resources to address those gaps.






Project Component 2: Public Outreach and Investor Relations

Component 2 focused on improving public communications regarding GoK public debt and borrowing through a newly created IRU in the PDMO. The aim was to create an IRU that could effectively and transparently communicate with the public and standardize debt-related communications.

Project outputs under this component include: 1) the creation of an IRU outreach manual, 2) IRU staff selection procedures and implementation plan, 3) IRU training materials and training, 4) the development of an IRU website and content, and 5) updated borrowing calendar on IRU website. **Table 4** summarizes the findings for Component 2, and a detailed discussion follows the summary.



Table 4: Component 2 Outcomes, Status, and Sustainability.

Project Component	Outcome	Status (EQ 1, EQ 3)	Sustainability (EQ 2)
<p> Component 2: Public Outreach and the IRU Improve public communications regarding GoK public debt data and borrowing requirement and plans through a newly created IRU in the PDMO. Project activities will focus on 1) supporting the organizational development of the IRU, and 2) creating outreach materials to facilitate IRU communication with the public.</p>	<p>2.1: The KNT operationalizes and appropriately staffs the IRU within the PDMO front office. The IRU utilizes the outreach manual and trainings to standardize debt-related communications and messaging to communicate GoK borrowing requirements and plans more effectively and transparently.</p>	<p> The IRU has been established within the front office, and with the support of the resident advisor, has established relationships with sovereign credit rating agencies and the Institute of International Finance (IIF). The role of the IRU still includes significant donor responsibilities and has capacity and staffing issues.</p>	<p> The IRU has continued its communications and operations since the resident advisor left, but there are still some staff capacity challenges.</p>
	<p>2.2: The IRU develops website content and uploads updated borrowing calendars to its website, which allows for investors and market intermediaries to make informed government securities investment decisions and increase their participation in the financing of government.</p>	<p> The resident advisor advocated for the creation of an IRU website and supported the development of updated public materials; the IRU website was published after the resident advisor left in 2021. The website included relevant information for investors on debt, credit ratings, investor presentations, and statistics, but was last updated when it was</p>	<p> The IRU has not updated the website since it was launched in 2021. The IRU produces various public reports, some of which can be found on the PDMO website (instead of the IRU website). Investors and market intermediaries have access to more information, albeit not directly on the IRU site as originally intended, and the borrowing calendar is still owned and operated by CBK.</p>



Project Component	Outcome	Status (EQ 1, EQ 3)	Sustainability (EQ 2)
		launched in 2021. The borrowing calendar was never updated on the IRU or PDMO website since it is owned by the CBK.	

COMPONENT 2 FINDINGS



EQ 1. Which of the anticipated project outcomes were achieved?

Partially Achieved: 2.1 IRU is appropriately staffed and standardizes debt-related communications.

With the guidance and support of the resident advisor, the IRU was established in the front office of the PDMO in September 2020. Since its establishment, staff who cover investor and donor relations have some overlapping roles. Leadership and staff also noted some capacity issues, both in terms of the office being under-resourced and with the office not having the skills to undertake the IRU duties that would be expected as the Kenyan debt market matures.

Despite these capacity issues, various parties report that debt communications have improved during this time. During the resident advisor's tenure, they advocated for an IRU to communicate with the public and address inaccurate reporting on debt data and borrowing. This aligned with GoK leadership priorities as it posed a risk to the Kenyan economy. Once the IRU was established, respondents noted that the resident advisor helped link the IRU to journalists when public comment was needed about debt-related issues in the national press and helped the IRU establish some standard communications with the public so there was more transparency around the PDMO's actions.

In the initial days of setting up the IRU amid the pandemic in 2020, the resident advisor supported work planning and providing technical assistance on setting up the IRU virtually. The resident advisor also supported the creation of various public-facing debt materials, including an annual external debt register, an annual borrowing plan, as well as a road show²⁷ and briefing materials (both before and after the IRU was established). Respondents reported that the resident advisor drove a lot of organizational change in the office, but the office was not always able to sustain the momentum without the resident advisor's involvement.

With the help of the resident advisor, the IRU established a relationship with the sovereign credit rating agencies and is better equipped to package and communicate information on Kenyan debt.

²⁷ A road show is a series of presentations and meetings with investors made in various locations about a release of a financial product.



The IRU actively shares information with the sovereign credit rating agencies, reviews credit rating report drafts, and provides additional information and comments to the credit rating agencies before publication. An outcome of this relationship is that the sovereign credit rating agencies can now better assess and accurately report on Kenya's macroeconomic environment to domestic and international market players, and Kenya is better equipped to provide accurate information and respond.

Beyond the relationships established with sovereign credit rating agencies, the resident advisor also established and improved the relationship with the IIF. Through this relationship, the IRU identified 50 indicators of best practice to inform where the front office can improve based on their rating, and work to improve them. In the first assessment, Kenya was rated 13 out of 50, and with this connection with the IIF and with the resident advisor's support, the rating was improved to 36 out of 50. This was a notable improvement that could not have been achieved without the resident advisor's role.

Partially Achieved: 2.2 IRU develops website content and uploads updated borrowing calendar.

After the resident advisor left Kenya in June 2021, the IRU published its own website. It appears that this website has not been updated since it was originally published in mid-2021. While the resident advisor supported the IRU in setting up the website and creating relevant content, it was not completed while they were in-country.

The borrowing calendar was a political challenge from the beginning of the project. In July 2016, the first DG uploaded an updated issuance calendar; however, this was not continued after their tenure ended. The CBK and other GoK leadership had different perspectives on who should own that process and what information should be shared. It does not appear that a borrowing calendar was uploaded or owned by the PDMO after 2017. So, while some elements of this outcome were achieved, this outcome is only partially achieved.



EQ 2. Which of these outcomes have been sustained up to the present?

Partially Sustained: 2.1 IRU is appropriately staffed and standardizes debt-related communications.

As of this evaluation, there have not been any material changes to the IRU's staffing and operations since the resident advisor left. The operations that were established while the resident advisor was in-country appeared to have been sustained, and in practice, the IRU has continued producing some of the standard debt communications that they produced while the resident advisor was in-country. However, the office is still understaffed, has a broad mandate that covers investor relations and donor relations, and has some capacity issues. Working relationships with sovereign credit rating agencies and IIF have continued, which has facilitated improvement of the international communications on debt in Kenya.



Partially Sustained: 2.2 IRU develops website content and uploads updated borrowing calendar.

It appears that the IRU website was published, and then never updated; however, relevant content is available on the PDMO website. Respondents report that the IRU website is being upgraded, and that is why the IRU website has not been updated. This upgrade appears to have continued for approximately two years, so it may be that the IRU decided it was easier to update the PDMO website rather than maintaining a separate IRU site.

The IRU has continued developing standard debt communications materials uploaded on the PDMO website for investor access. While much information is available, there are some gaps in publications, such as regular presentations for investors on the debt market, which could improve information access and market participation. The auction calendar is also not available on the PDMO website; it is published on the CBK website.

From the evaluation team's perspective, although the intent of this outcome has been sustained, the exact activity has not. Even though the information cannot be found explicitly on the IRU website, much of the information does exist and can be found by investors on the PDMO and CBK websites; therefore, this outcome is considered partially sustained.



EQ 3: For any anticipated outcomes that were not achieved, which factors hindered success?

Even though implementation was largely during the COVID-19 pandemic, all outcomes in this project component were partially or fully achieved.

COMPONENT 2 CONCLUSIONS

The Public Outreach and Investor Relations component was partially achieved and partially sustained. IRU's establishment in the PDMO's front office was a success supported by the OTA resident advisor. The advisor supported the development of policies, procedures, and structures that assisted the IRU to continue to operate even after their departure in 2021. The IRU has maintained the relationships with credit agencies and the IIF that were set up by the resident advisor to improve the GoK's external debt data communications. However, there are still some capacity issues noted in the IRU by respondents, including staff in the IRU being pulled in many different directions with the needs of the front office, donor relations, and investor relations roles.

One of the most successful outcomes of this project component, with the assistance of the resident advisor, was the IRU establishing a fluid and open dialogue with the sovereign credit rating agencies. Currently, the agencies communicate regularly with the IRU and when they are publishing an update, they send a draft to the IRU to review, provide feedback, and help fill any gaps in information.

The resident advisor supported the IRU website and content development. They advocated for the creation of the website and supported the development of structures to produce updated debt






communications materials. The IRU website was not sustained after the resident advisor left, but the materials continued to be updated on the PDMO and CBK websites. In that way, the IRU has continued to serve the needs of the investor community in the documents it published while the resident advisor was present, without maintaining a separate website.

Project Component 3: Financial Infrastructure and Information Technology



Component 3 focused on the financial infrastructure of the back office of the PDMO. The aim was to improve the technical capacity of the PDMO staff to use modern technology to analyze and manage debt information and data, thereby minimizing operational risks. The project activities focused on the creation of a DDW that would allow staff to better analyze and manage government debt data and would serve as the single source for all of Kenya’s public debt information.

Project outputs under this component include: 1) the creation of the National Treasury task force, 2) the DDW implementation plan, 3) helping the KNT to create the software and hardware system requirements, 4) DDW data dictionary and data map, 5) data extraction and validation procedures, 6) standardized debt reporting templates, 7) training materials for the DDW, 8) system requirement checklist, and 9) the data integration plan. **Table 5** summarizes the findings for Component 3, and a detailed discussion follows the summary.

Table 5: Component 3 Outcomes, Status, and Sustainability.

Project Component	Outcome	Status (EQ 1, EQ 3)	Sustainability (EQ 2)
 Component 3: Financial Infrastructure and Information Technology Reduce operational risks and improve the technical capacity of PDMO staff to use modern technology to analyze and manage debt information and data. Project activities will focus on the creation of a DDW with linkages	3.1: The KNT-led task force agrees to the DDW implementation plan and utilizes the defined software and hardware requirements to create a centralized DDW.	 With the advocacy of the resident advisor, the DDW task force was created in 2019. The DDW was not created due to a combination of factors, including 1) no leadership for the initiative until 2019, 2) a lack of ownership from the back office, 3) low consolidation and automatization of the debt registry, 4) software and	 Although the authorities recognize the value of the DDW, it has not been implemented.



Project Component	Outcome	Status (EQ 1, EQ 3)	Sustainability (EQ 2)
to KNT's debt recording system — Commonwealth Secretariat Debt Recording System (CS-DRMS) — and integrated financial management information system (IFMIS), which will enable PDMO staff to more efficiently, effectively, and transparently execute its government debt analysis and management responsibilities.		hardware limitations, and 5) the COVID-19 pandemic.	
	3.2: The KNT and PDMO converts and consolidates existing disparate data sources into the DDW. The PDMO has a streamlined, transparent view and easy access to information necessary to manage debt from a single source. The PDMO staff uses the DDW and standardized reporting to fully automate debt service payments, reducing errors, and ensuring timely payments to investors.	 The DDW has not been implemented, and therefore no data was converted or consolidated.	 Although the authorities recognize the value of the DDW, it has not been implemented.

COMPONENT 3 FINDINGS



EQ 1. Which of the anticipated project outcomes were achieved?

None of the outcomes in this project component were achieved. The resident advisor advocated for the creation of the DDW for several years, and the DDW task force was created in 2019. The resident advisor brought in an intermittent advisor to help automate debt payments and assist in developing the DDW system. As of mid-2021 when the project ended, the DDW had not been implemented.



EQ 2. Which of these outcomes have been sustained up to the present?

None of the outcomes in this project were sustained, as they were not achieved. During the interviews, PDMO staff recognized the value of the DDW; however, it has not been implemented. The PDMO still has both software and hardware limitations, some manual payment process, a lack of integration of the PDMO and CBK systems, and no centralized system for producing debt reports. All of these barriers are discussed in further detail in the following section.





EQ 3: For any anticipated outcomes that were not achieved, which factors hindered success?

Not Achieved: 3.1 DDW task force agrees on an implementation plan and creates centralized DDW.

Many factors hindered the implementation of the DDW. Among them include, 1) no leadership for the initiative within PDMO until 2019, 2) a lack of ownership and distrust from the back office staff required for implementation, 3) transition to the Meridian debt recording system and slow pace of consolidation and automatization of the debt registry, 4) software and hardware limitations, and 5) the COVID-19 pandemic.

Until 2019, there was no fully appointed DG of the PDMO. This meant that some initiatives that required strong leadership could not be implemented. With the appointment of the DG in 2019, the DDW was able to move forward. The task force was created and there was interest from leadership.

This initiative required strong leadership to overcome the pushback and limited interest from the back office staff. Respondents had different viewpoints on staff concerns. The DDW would require all debt records to be centralized and digitized, which was (and still is) a tense topic within the PDMO given the decentralized nature of the data and the reliance on manual processes. There were questions around the resident advisor's intentions with the reforms as an outsider pushing an external initiative. Leadership within the back office appeared disinterested and distrustful of the resident advisor and the DDW initiative. There was also fear of people losing their jobs, particularly in the back office. Respondents reported that some data is held by individuals rather than in a system; this means that certain data requests require individuals to be physically present or information cannot be extracted from the database. The system where individuals have ownership over certain sets of data ensures their power and job security, and this component threatened that structure. Throughout this period, there were also concerns about the validity of the debt data; respondents noted that in 2017, the auditor was unable to run an audit of the debt registry. This meant the debt data was not in a state to be transferred into a centralized system. With all these fears, concerns, and issues, this initiative would not move forward without strong leadership.

There were multiple activities to address the issue of manual data and payment processing systems. The KNT was working to transition their data from the CS-DRMS²⁸ to the new cloud-based Meridian system — a process that was significantly delayed, partially because Kenya was serving as a pilot country for the new system. There was also an attempt at the time to integrate the CBK and the PDMO's CS-DRMS, as they were running separate systems. With the separate systems, it was possible to have conflicting data on the same debt records, and with some of the payments

²⁸ The CS-DRMS generates operational, analytical, and statistical reports for management decision-making, policy analysis, and statutory reports. It was used by most Commonwealth countries globally before the transition to Meridian.



being handled manually, some payments went into arrears.²⁹ There was also an effort to integrate the CS-DRMS with the GoK's payment system – the IFMIS. While the Meridian transition was not a precondition for the DDW, a centralized digitized version of the debt data was necessary for it to be established. The numerous demands placed on staff and leadership's attention toward data management unquestionably impeded progress on the DDW. The PDMO also had, and continues to have, software and hardware limitations, where government employees do not have adequate computer equipment or software to effectively do their jobs.

Just as the DDW process started to move forward, the COVID-19 pandemic hit Kenya. The pandemic shifted focus and resources away from the DDW, which was only just starting to gain traction in the KNT. In 2021, resources were still focused on the pandemic and focus has not shifted back to the DDW.

Not Achieved: 3.2 Debt data is converted and consolidated to be included in DDW.

Since the DDW was not created, no data was converted or consolidated to be included in the DDW.

COMPONENT 3 CONCLUSIONS

The Financial Infrastructure and Information Technology project component was not achieved or sustained. Many factors hindered the implementation of the DDW. Among them was a lack of leadership, a lack of staff ownership, technology limitations, other competing data system priorities, the low automatization of debt management, and COVID-19. The PDMO leadership still recognizes the importance of the DDW, but they have no current activities or plans in process to push forward a DDW.

Project Component 4: Retail Government Security




Component 4 focused on developing and offering a small denomination retail government security. The aim of developing these financial products is to create opportunities for retail investors to purchase securities for savings in the government security market and to develop a domestic retail securities market in Kenya.

Project outputs under this component include: 1) retail investor meetings and workshops, 2) a retail security demand study, and 3) the small denomination government security (M-Akiba). **Table 6** summarizes the findings for Component 4, and a detailed discussion follows the summary.

²⁹ Arrears is a payment that is overdue.



Table 6: Component 4 Outcomes, Status, and Sustainability.

Project Component	Outcome	Status (EQ 1, EQ 3)	Sustainability (EQ 2)
 Component 4: Retail Government Security Develop small denomination financial instruments and products to create opportunities for retail investors to invest available savings in the government securities market.	4.1 The KNT offers small denomination government security. Retail investors can use savings to buy, hold, and trade minimum risk government securities, thereby increasing their participation in the government securities market. The security provides increased safety and ease of investing for retail customers.	 M-Akiba was launched as a pilot in March 2017, and then released for short periods in June 2017, February 2019, and May 2019. There were significant challenges to the bond's implementation, but a lot was also learned from the process. The resident advisor served to help coordinate the PDMO's involvement, offered resources, designed the secondary market, and served as an advocate for the product.	 The PDMO reports that they are restructuring M-Akiba to work better. Currently, it requires users to open an account in person at the CBK rather than on a cellphone as originally intended. There is interest and investment from leadership to relaunch this in the near future.

COMPONENT 4 FINDINGS



EQ 1. Which of the anticipated project outcomes were achieved?

Fully Achieved: 4.1 KNT offers small denomination government security.

The KNT offered M-Akiba³⁰ in 2017 and 2019, so this outcome is fully achieved. M-Akiba was offered as a pilot in March 2017, and then released for short periods in June 2017, February 2019, and May 2019. During those months, the security was available for purchase only for a few weeks at a time. M-Akiba is a three-year infrastructure tax-free bond issued by the GoK, with a return of 10% a year. Planning for M-Akiba predated the resident advisor's tenure, and there were many stakeholders who got involved in the activity at various points. While OTA and the resident advisor do not have ownership over M-Akiba, they played an important coordination, knowledge management, and advocacy role.

³⁰ M-Akiba comes from m for "mobile" and Akiba for "savings" in Kiswahili.



In 2017, the bond was able to be purchased through the popular mobile money platform M-PESA and Airtel Money, with a minimum investment of 3,000 Kenyan shillings (approximately 29 United States dollars in 2017). It was also possible for owners of the bond to resell it if they needed cash before the bond matured through the secondary market, which the resident advisor helped develop. In March of 2017, there was a large campaign to encourage people to register for the bond, resulting in the registration of 102,632 mobile phone users.³¹ When it came time to buy the bond, only 5,692 people purchased the bond—5.5% of the total registered users. Those who ended up purchasing the bond in 2017 and 2019 were largely middle- and upper-class Kenyans, as opposed to smaller investors who were the target of the bond. The average bond purchase was approximately 250 United States dollars.³² Approximately 59% of customers had attended university, 61% were formally employed, and 51% lived in Nairobi, Kenya. It was relatively successful at bringing new customers to the bond market—85% of customers had never purchased a bond before.³³ The other releases of the bond in 2017 and 2019 had similar results.

The issuance of the bond required multiple actors' coordination and planning over many years, including KNT, PDMO, and CBK. The Capital Markets Authority provided oversight and regulation of the bonds. Safaricom³⁴ and Airtel³⁵ were vital players by using their Unstructured Supplementary Service Data (USSD)³⁶ platforms M-PESA and Airtel Money to sell the bonds and pay customers. The Central Depository and Settlement Corporation had delegated authority from the CBK to manage the register of bondholders. The Nairobi Securities Exchange provided customer service support and online trading of the bonds. Finally, the Commercial Bank of Africa was selected to guarantee purchases sold in the secondary market. Respondents noted multiple different people and institutions that originated the idea for M-Akiba, which predates the establishment of the PDMO in 2015.

The challenges that prevented the widespread uptake of M-Akiba at the time included: 1) poor timing, as the pilot and initial launch were during national elections, 2) a lack of understanding of the product amongst consumers, 3) a confusing purchase process, 4) lack of reminders or prompts after registering, 5) marketing and outreach focused on registration rather than purchasing the bonds, 6) difficulty getting in contact with customer care, and 7) customers' concerns over accessibility of their investment and worries that the return on investment was not sufficient. Respondents also noted that the government did not pay all the private sector costs that were

³¹ FSD Africa, "M-Akiba Post Issuance Survey."

³² FSD Africa, "The story of Kenya's m-akiba: selling treasury bonds via mobile."

³³ FSD Africa, "M-Akiba Post Issuance Survey."

³⁴ Safaricom is the largest telecommunications provider in Kenya, and is the provider of M-PESA, a SMS-based mobile banking service.

³⁵ Airtel is a multinational telecommunications provider in 18 countries, including Kenya. It is the second largest telecommunications provider in Kenya.

³⁶ USSD enables users on non-smartphones to execute tasks with codes using their phone and no cellular data. This enables M-PESA to reach anyone with a mobile phone, an important innovation.



contracted in 2017 and 2019, and that there were reportedly delays in payments to bondholders who sold their bonds on the secondary market.

It is worth noting that one of the main advocates for M-Akiba was Henry Rotich, cabinet secretary for the KNT. In 2019, he was removed from office due to corruption allegations.³⁷ It is possible that M-Akiba was politically unviable for a few years following these events as people did not want to be associated with Rotich or anything associated with him.

The resident advisor's role in this activity appears to be coordination with the multiple different actors while representing the PDMO, offering international resources that could help the bond development process, helping design the secondary market, and advocacy for the product when roadblocks appeared. Through the resident advisor's time in Kenya, they served as a link to global resources, and this was no exception; respondents noted how helpful the resident advisor was in connecting them with the Colombian Debt Office, which had released a similar product and was able to share learnings with their Kenyan colleagues. While this was a giant undertaking and not led by the resident advisor, key players noted the resident advisor's importance in pushing it forward and were thankful for the resident advisor's help.



EQ 2. Which of these outcomes have been sustained up to the present?

Partially Sustained: 4.1 KNT offers small denomination government security.

M-Akiba has not been offered in the same way since 2019. As of August 2023, a user must go in person to one of a few centrally located CBK offices and register to set up a trading account. Once that registration is complete, it is possible to purchase bonds through the user's mobile phone. This barrier to entry is significant and prevents most small investors from accessing the bond market.

Respondents noted that there is currently work underway to relaunch a version of M-Akiba in the coming months, and that there are staff at the PDMO assigned to work with the various actors needed to achieve this goal. There have also been multiple news items reporting that M-Akiba is again being planned for re-release.³⁸ The evaluation team has noted this outcome as partially sustained because the systems still exist to run M-Akiba, there is interest from staff and leaders within the GoK, there is investment in efforts to relaunch, and it is still possible to purchase bonds through the mobile network (albeit with a convoluted registration process).



EQ 3: For any anticipated outcomes that were not achieved, which factors hindered success?

All outcomes in this project component were partially or fully achieved.

³⁷ Miriri, "Kenyan Finance Minister."

³⁸ Amadala, "Kenya to Relaunch M-Akiba."





COMPONENT 4 CONCLUSIONS

M-Akiba was a success in piloting mobile retail securities in Africa. Still, there were significant challenges to reach the target customers and to get more of them to purchase bonds once they were registered. The resident advisor helped coordinate the PDMO's involvement in the M-Akiba bond offering, offered resources, helped design the secondary market, and served as an advocate for the product. Although M-Akiba was publicized globally and seen as a success and a case study for other countries, the GoK has not issued the bond since 2019.

During the interviews, several public officials indicated they are trying to re-release M-Akiba. This was also substantiated by multiple news sources. It seems likely that at some point, a new release of the bond will occur; when that bond will be released, if it becomes a standard bond product, and how successful it will be remains to be seen.



V. CONCLUSIONS

Project Components	
	1. Consolidating the PDMO
	2. Public Outreach and the IRU
	3. Financial Infrastructure and Information Technology
	4. Retail Government Security

The goal of the GDIF project was to support the GoK to consolidate the PDMO, improve public outreach through the IRU, improve the financial infrastructure and information technology of debt data in the PDMO, and release a retail government security. The resident advisor successfully advocated for the front, middle, and back offices to be established following Kenyan law and international best practice, supported capacity building and the development of public information and materials for investors by the IRU, advocated for the creation of the DDW, and provided guidance on the development of the M-Akiba security. However, there were multiple barriers and challenges, including competing mandates of various institutions, staff distrust of the aims of the resident advisor, and a lack of leadership at various points of the project. In the end, two components of the project were fully achieved, one component was partially achieved, and one component was not achieved. From these project findings, the evaluation team reached the following cross-cutting conclusions:

THE ROLE OF THE RESIDENT ADVISOR

- 1. Technical assistance from the resident advisor was highly valued.** Respondents from the PDMO and other market players who had interacted with the resident advisor largely valued their input. The resident advisor served as an advocate for key reforms, built the staff's skills, provided linkage to international resources, and provided key technical assistance across offices. Even those respondents who were against the reforms and changes the resident advisor supported, noted how effective the resident advisor was at enabling the office to undertake those reforms. Beyond the resident advisor's mandate, other market players also noted the help they received from the resident advisor.
- 2. The resident advisor's ability to build relationships allowed them to effectively advocate for reforms and their activities.** This resident advisor spent a lot of time establishing the right connections and had an approach to their work that was focused on relationship building. The resident advisor also had important financial and technical expertise and enough seniority to be viewed by high-level counterparts as a helpful



resource and connection. These strategic relationships proved vital throughout the implementation of the project and were a major factor in accomplishing so much.

3. **The resident advisor had a background that fit the needs of key counterparts.** The background of the resident advisor working in middle-income countries ensured that key leadership viewed their background as helpful. Multiple respondents noted that the advice and support the resident advisor provided was more helpful than many other advisors they had currently or in the past (from various international institutions) because the resident advisor was not coming from a background of only working in very advanced treasuries. The resident advisor provided better advice, according to multiple experts, on what the next step should be, rather than what was best practices in the most advanced treasuries.
4. **The ability of the resident advisor to mediate reforms between KNT and CBK was valued from both sides, despite the conflict of objectives of those institutions.** The relationship between the KNT and the CBK during the project was at times contentious. With the relationships the resident advisor established at both institutions, they would serve as a go-between at times between leadership at the PDMO and at the CBK. The resident advisor developed good relationships with leadership at the CBK, which helped establish roles for the PDMO that were enshrined in law but not in practice. The resident advisor also represented the PDMO in various meetings at a leadership level when no leadership was available.
5. **Capacity building was a particular strength of the resident advisor.** As noted above in Component 1, the resident advisor was particularly adept at offering capacity building. Respondents who had interacted with the resident advisor noted how they were always willing to offer resources, provide information training and support, and host formal trainings, as necessary. Respondents viewed the resident advisor as a resource.

EXTERNAL BARRIERS AND COORDINATION

6. **There were barriers to project activities outside the resident advisor and OTA's control, and addressing those barriers was not always possible in a timely manner.** Although the project was largely successful at achieving its aims, it often took longer than anticipated. There were often several more steps than originally planned, and it was often because unanticipated barriers arose, including staff or stakeholder opposition, lack of access to necessary technology, and many other challenges. For example, staffing of the offices within the PDMO was delayed by approximately a year and a half, and the transfer of data to Meridian is still not complete as of August 2023, when it was originally planned for 2017. These roadblocks were often outside the control of the resident advisor and OTA and were often either due to political maneuvering above the influence and power of the resident advisor or technological systems the PDMO had limited capacity to support.
7. **Activities that required coordination outside of the core PDMO focus were significantly more difficult than other activities.** The relationships the resident advisor



built throughout the project helped push forward various activities; however, any activities that required work outside of the PDMO was more difficult to implement. Coordinating across different government and private entities is inevitably more difficult than coordinating activities solely in the PDMO, and the resident advisor's connections were not as strong within these organizations. The DDW, for example, would require coordination with the CBK and the commonwealth secretariat who was launching Meridian, among other systems.

8. **Corruption allegations posed a threat to all project activities.** During project activities, the cabinet secretary for the KNT was removed from office due to corruption allegations. There were other reports from respondents of other suspicious dealings in the past, which still have an impact on how the PDMO operates and how they are viewed by other government departments and the public. This perception, real or imagined, had an impact on how effective reforms could be. In particular, the delay in debt data management reforms was highlighted as suspicious. It is outside the scope and interest of the evaluation team to investigate any corruption in any office, as the focus of this evaluation is OTA's work. Still, where the operations of the project interacted with areas in the office that have direct control over money, there were significant barriers to pushing through any reforms.

VI. RECOMMENDATIONS

The evaluation team makes the following key recommendations, some of which are reflective of best practices of this project and should be replicated in other projects, and some that were not done in this project.

THE ROLE OF THE RESIDENT ADVISOR

1. **Engage mid-level management and technical staff along with leadership.** While it is often the focus and mandate of resident advisors to engage with leadership and serve as their advisors, it is equally important to engage with staff. In this case, some staff felt that they were engaged, especially after a few years on the project. However, others did not feel engaged in the planning or initial stages of the project, and some staff initially worked to prevent some activities from moving forward, particularly in the back office. Staff understand the issues in the department. They can provide keen insight and can view advisors as an avenue to communicate indirectly with leadership when they do not feel they can communicate concerns directly—as was the case on this project with some staff. It is important to engage with staff early in the project to ensure they have input and ownership on the project components and engage them throughout to understand how the issues the project is focused on addressing are evolving. Finally, if staff are not engaged and do not feel ownership over the work of the resident advisor, they can prevent it from moving forward.



2. **Take advantage of the resident advisor’s role as an advocate for reforms.** While the approach and work of the resident advisor is focused on technical assistance, if they are properly placed, they can serve as an advocate for reforms. The resident advisor in this case was seen as a vital player in the reforms of the PDMO, and beyond providing information, they were able to advocate at very high levels of the GoK for best practices to be followed. Utilizing their role as an advocate was a strength of this project and should be integrated into the strategy of other projects.
3. **Provide guidance to advisors on approaches to barriers that are outside the influence of OTA or the advisor.** On this project, there were many barriers and challenges that even the most effective advisor could not address, and there will be barriers in every project. Working to create an open culture of understanding at OTA around these barriers could help identify them faster. Then, creating a structured approach within the design process and M&E plan (see recommendations 4-7) to adapt to barriers at various intervals would help projects pivot when barriers are truly immovable.

PROJECT PLANNING, LEARNING, AND RISK

4. **At the beginning of engagements, utilize a collaborative and data-driven design process that includes engagement with counterparts and other stakeholders in a scoping mission to identify project priorities.** It is vital to ensure that future projects utilize a data-driven approach to designing the project components and activities. While this project conducted a limited needs assessment before the engagement began, the co-existence of simultaneous challenges in countries asking for assistance might require a more in-depth scoping mission to identify what is required and prioritize the most pressing issues. Engagement with counterparts and other stakeholders in a scoping mission could also build consensus and support for the project before it begins. Once this process is complete, an appropriate profile for the resident advisor can be identified. This design process should involve several experts working with a standardized process and tools over a relatively short period to decide on the urgency and sequencing of project components, and profile of the future resident advisor. This process should also account for instability and changing priorities, which inevitably shift the focus of the OTA project mid-stream. Planning with flexibility in mind will better support resident advisors to change course when activities or project components no longer seem viable given current economic and political conditions.
5. **As a part of the data-driven design process, conduct other assessments, including risk assessments or gap analysis.** Completing a risk assessment could help the team anticipate the numerous risks that hinder achievement of project outcomes. This could come during project design and scoping but should also be integrated into routine M&E and planning throughout the project. OTA should use a systematic approach to identify and map potential risks at all levels, determine the risk severity, and develop mitigation measures. In particular, activities that require coordination of many actors or threaten existing power structures are risky, and work planning should anticipate delays and plan for strategies to



mitigate them. Beyond risks, *identifying key gaps* (e.g., information technology, materials, capacity) *through a needs or gap assessment* could help identify and prioritize needs. In this case, the access to updated computers was a barrier to all work occurring at the PDMO. Addressing through gaps through additional OTA activities or through other donors is possible, once those needs are identified.

6. **Develop an M&E plan for project with resident advisors.** While this project had a log frame finalized in March 2020, no formal M&E was undertaken during the project. The monthly reports and trip reports capture day-to-day outputs of the project. That said, it is difficult to assess the performance of any project without a M&E plan, activities, or baseline. A planning process that involves developing a M&E plan that links to the global OTA M&E plan would set OTA up to better measure the performance of its projects, demonstrate success, and improve. This can help guide implementation and make course corrections during the project, as well as document learnings after the project is complete. It is possible that the design process recommended above could aim to develop a basic M&E plan for the proposed activities. When learning is considered and planned for from the beginning, OTA will be better set up to identify what works and what does not.
7. **When drafting logframes, utilize “SMART” indicator principles.** SMART indicator principles help ensure that indicators are specific, measurable, achievable, relevant, and time-bound. As general guidance, being thoughtful about how outcomes are written can provide more guidance and support to advisors as they work towards goals, can provide counterparts with clear understanding of what they are working towards with advisors, and can provide the most accurate evaluations when monitoring and evaluation occurs. In this case, outcomes are not always drafted based on these principles, which had an impact on how the outcomes themselves were evaluated. The outcome 1.1.2 for example, includes many different achievements in one outcome, has set the implementation of multiple different international best practices as the criteria for success, and is broad enough in wording that interpretation can reasonably vary by person. Utilizing standard M&E principles when drafting logframes can help ensure the outcomes of OTA’s work are effectively evaluated and that successes can be more accurately documented.
8. **Tailor the level of technical assistance and resources to where the country is currently, not necessarily global best practice.** In this project, the resident advisor strategically advocated for the use of best practice while supporting the establishment of better practices. Several respondents noted how useful the coordination with Nigeria and Colombia were to understand how they conducted their policies; in contrast, they valued expertise originating from Europe or the United States less. Although it is sometimes possible for developing countries to leapfrog interim steps and “advanced” economies can bring the best advisors well-informed on the best practices available, leaping from current policy in Kenya, or other developing countries, to examples in Europe or the United States may not be possible. Respondents found it most helpful to exchange practices with peers at a similar level of development to design a more realistic roadmap.



VII. ANNEXES

Annex 1: OTA Project Document List

Annex 2: Context Document List

Annex 3: KII Guides

Annex 4: Evaluation Team Qualifications

Annex 5: Full Table of Scores for OTA's GDIF in Kenya Project



Annex 1. OTA Project Document List

OTA provided the evaluation team with a variety of documents about the GDIF project in Kenya. The following list details the project documentation received, organized by category:

- End of Project Report (1)
- End of Tour Report (1)
- Evaluation Coversheet (1)
- Log Frame (1)
- Monthly and Trip Reports (81)
 - Bacchi (79), Gray (4), Opper (1), Schwartz (2), Summers (2)
- Project Reviews (2)
- Terms of Reference (1)
- TIATA Proposals (7)
- Traction & Impact Reports (6)



Annex 2. Context Document List

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Public Finance Management Act of 2012, No. 18 of 2012. Kenya Parliament. <https://www.worldbank.org/content/dam/Worldbank/document/Africa/Kenya/Kenay%20D%20evolution/Public%20Finance%20Management%20Act%20%282012%29.pdf>.

“Securing Growth: Opportunities for Kenya in a Decarbonizing World.” World Bank. 2023. <http://documents.worldbank.org/curated/en/099060523141041477/P17976900a185c0a608fc8057aefbd0539d>.

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Annex 3. KII Guides

Kenya OTA Debt Project

Qualitative Interview Guide—OTA Debt Advisor

Updated: July 11, 2023

Interview Date	
Interviewer Name	
Notetaker Name	
Unique ID	

Introduction

The evaluation of OTA/Kenya’s debt project will serve two purposes:

- First, to ensure OTA’s compliance with the FATAA of 2016, which includes requirements to evaluate the objectives, outcomes, and impacts of OTA’s projects.
- Second, to provide OTA with in-depth, third-party, retrospective insights of its debt project activities in Kenya. The evaluation will focus on key questions related to OTA’s contributions to financial sector strengthening through its technical assistance to the KNT.

Throughout the interview, we will focus on the four OTA project components and the intended outcomes for each one:

1. Consolidating the PDMO
2. Public Outreach and Investor Relations
3. Financial Infrastructure and Information Technology
4. Retail Government Security

Informed Consent

We will be asking you a series of questions on the topic of OTA’s work in the financial sector in Kenya. Your participation in this discussion is voluntary and you are free to discontinue with the discussion at any point or can ask us for further details.

We expect the discussion to take 60 to 90 minutes.



We plan to share our findings in publications or presentations. You will not be identified by name. At the end of this interview, we will ask you if there is any information that you shared that is confidential or off the record. If you understand these points and consent to continue the discussion, please give us a verbal agreement stating, “Yes, I consent to be interviewed.”

For our own record-keeping purposes, we would also like to record. We will use the recording to create a clear transcript, and we will also take notes during the interview. This recording will be deleted after it is used, and your name will not be tied to the notes or the recording. If you agree, please give a verbal agreement, “Yes, I consent to be recorded.”

Interview Questions

Introduction

Thank you for your consent to be interviewed. We will start with asking you some general questions about OTA in Kenya.

1. Could you describe your role at OTA and with the Kenya debt project?

Component 1: Consolidating the PDMO

Thank you for those answers. Next, we will talk about the establishment of the PDMO.

Outcome 1.1.1: The KNT consolidates PDMO functions into one office that is appropriately staffed and organized along functional lines (front, middle, and back offices).

Outcome 1.1.2: KNT front, middle, and back offices use policies and procedures that carry out its debt issuance and debt management responsibilities in compliance with the existing legal framework. All debt offices understand their roles in the debt issuance and management framework and communicate effectively on issues related to debt management and issuance.

The operations manual aligns Kenya’s public debt management operations with Kenya’s PFM Act, the Kenyan Constitution, and East African community integration protocols for public debt management, bringing debt issuance and management in line with the applicable frameworks.

Outcome 1.2.A: PDMO management is aware of the capacity limitations of its staff and develops plans to meet training needs. Staff are trained in key areas of critical job functions, increasing the operational effectiveness of the PDMO. The PDMO assesses staff and provides necessary training on an ongoing basis.

2. Can you talk about how the PDMO was established, and OTA’s role in the staffing, structure, and management of the office?



- a. What kind of policies were established to support operations (e.g., operations manual)?
 - b. What kind of trainings were done for staff?
 - c. How did training provided by OTA contribute to improved public debt management in Kenya?
 - d. Was a training needs assessment or training plan completed?
3. How did the establishment of the PDMO within the KNT contribute to improved debt management in Kenya?
 4. Has OTA's initial work on the PDMO been sustained?
 5. Have OTA interventions influenced current legislation, procedures, or policies?
 6. What outcomes would you say were not achieved? Why?
 7. What were some challenges you encountered during the PDMO work, and were these challenges addressed?

Component 2: Public Outreach and Investor Relations

Thank you for your thoughtful responses. Next, we will talk about public outreach and investor relations.

Outcome 2.1: The KNT operationalizes and appropriately staffs the IRU within the PDMO front office. The IRU utilizes the outreach manual and trainings to standardize debt-related communications and messaging to more effectively and transparently communicate GoK borrowing requirements and plans.

Outcome 2.2: The IRU develops website content and uploads updated borrowing calendars to its website that allows for investors and market intermediaries to make informed government securities investment decisions and increase their participation in the financing of government.

8. Can you talk about how the IRU was established, and OTA's role in developing the staffing, training, and outreach procedures of the unit?
9. What kind of outcomes did the IRU achieve during this project with OTA?
 - a. Can you talk about any website content development?
 - b. Can you tell me about other communications and outreach the IRU undertook?
10. Did the OTA project achieve the aim of improving public communications regarding GoK public debt data and borrowing? Why or why not?
11. Has OTA's initial work in public outreach and investor relations been sustained?
 - a. It does not appear that IRU's site has been updated in the last two years. Do you know why this is? What are the constraints for updating this information?
12. What outcomes would you say were not achieved? Why?
13. What were some challenges you encountered during the public outreach or investor relations work, and were these challenges addressed?



Component 3: Financial Infrastructure/Information Technology

Thank you for your thoughtful responses. Next, we will talk about financial infrastructure and information technology.

Outcome 3.1: The KNT-led task force agrees to the DDW implementation plan and utilizes the defined software and hardware requirements to create a centralized DDW.

Outcome 3.2: The KNT and PDMO converts and consolidates existing disparate data sources into the DDW. The PDMO has a streamlined, transparent view and easy access to information necessary to manage debt from a single source. The PDMO staff uses the DDW and standardized reporting to fully automate debt service payments, reducing errors and ensuring timely payments to investors.

14. Can you tell me how OTA supported the DDW or other technology initiatives?
 - a. How was the National Treasury task force involved?
 - b. Who manages it now? Is it still in operation today?
15. How efficient was the DDW (or other technology products) at helping PDMO staff access the information they needed?
 - a. Does PDMO staff use the DDW to automate debt service payments and other tasks?
 - b. Does the DDW serve their needs?
16. Has OTA's initial work on financial infrastructure and information technology been sustained?
17. What outcomes would you say were not achieved? Why?
18. What were some challenges you encountered during the financial infrastructure work, and were these challenges addressed?

Component 4: Retail Government Security

Thank you for your thoughtful responses. Next, we will talk about retailing government securities.

Outcome 4: The KNT offers small denomination government security. Retail investors can use savings to buy, hold, and trade minimum risk government securities; thereby increasing their participation in the government securities market. The security provides increased safety and ease of investing for retail customers.

19. Has KNT been able to offer government securities (M-Akiba)? How did OTA support this process?
20. What activities were done with OTA's support to engage investors, intermediaries, and regulators on retail government security?



- a. Do you think these activities made investors more knowledgeable and comfortable with the government securities market?
 - b. What percentage of domestic borrowing is retail investors and has that increased?
21. What securities work has been sustained until now?
- a. What instruments and policies were put in place for developing the retail investor markets?
22. What outcomes would you say were not achieved? Why?
23. What were some challenges you encountered during the securities work, and were these challenges addressed?
24. Do you think with the activities OTA has undertaken through the life of the project, the PDMO and other stakeholders are set up to manage existing and create new government securities in the future?

Recommendations and Closing

Thank you for your thoughtful responses. Finally, we will talk about the project more generally.

25. What recommendations or additional thoughts do you have for OTA projects in Kenya in the future?

That is the end of my questions for you. Thank you for taking the time and providing your thoughts today.



OTA Debt Project

Qualitative Interview Guide—Counterpart Version

Updated: July 11, 2023

Interview Date	
Interviewer Name	
Notetaker Name	
Unique ID	

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We expect the discussion to take 60 to 90 minutes.

We plan to share our findings in publications or presentations. You will not be identified by name. At the end of this interview, we will ask you if there is any information that you shared that



is confidential or off the record. If you understand these points and consent to continue the discussion, please give us a verbal agreement stating, “Yes, I consent to be interviewed.”

For our own record-keeping purposes, we would also like to record. We will use the recording to create a clear transcript, and we will also take notes during the interview. This recording will be deleted after it is used, and your name will not be tied to the notes or the recording. If you agree, please give a verbal agreement, “Yes, I consent to be recorded.”

Interview Questions

Introduction

Thank you for your consent to be interviewed. We will start with asking you some general questions about OTA in Kenya.

1. Could you describe your current role and your interaction with the OTA Kenya debt project?
 - a. How long have you been working in your current role or at PDMO?
 - b. Do you have any past roles that are relevant to debt management?
2. Did you have direct interaction with an OTA advisor or advisors? If so, in which capacity?

Component 1: Consolidating the PDMO

Thank you for those answers. Next, we will talk about the establishment of the PDMO.

Outcome 1.1.1: The KNT consolidates PDMO functions into one office that is appropriately staffed and organized along functional lines (front, middle, and back offices).

Outcome 1.1.2: KNT front, middle, and back offices use policies and procedures carry out their debt issuance and debt management responsibilities in compliance with the existing legal framework. All debt offices understand their roles in the debt issuance and management framework and communicate effectively on issues related to debt management and issuance.

The operations manual aligns Kenya’s public debt management operations with Kenya’s PFM Act, the Kenyan Constitution, and East African community integration protocols for public debt management, bringing debt issuance and management in line with the applicable frameworks.

Outcome 1.2.A: PDMO management is aware of the capacity limitations of its staff and develops plans to meet training needs. Staff are trained in key areas of critical job functions, increasing the operational effectiveness of the PDMO. The PDMO assesses staff and provides necessary training on an ongoing basis.



3. Can you talk about how the PDMO was established, and OTA's role in the staffing, structure, and management of the office?
 - a. What kind of policies were established to support operations?
 - b. What kind of trainings were done for staff?
 - c. How did training provided by OTA contribute to improved public debt management in Kenya?
 - d. Was a training needs assessment/training plan completed?
4. How did the establishment of the PDMO within the KNT contribute to improved debt management in Kenya?
5. Has OTA's initial work on the PDMO been sustained?
6. Have OTA interventions influenced current legislation, procedures, or policies?
7. What outcomes would you say were not achieved? Why?
8. What were some challenges you encountered during the PDMO work, and were these challenges addressed?

Component 2: Public Outreach and Investor Relations

Thank you for your thoughtful responses. Next, we will talk about public outreach and investor relations.

Outcome 2.1: The KNT operationalizes and appropriately staffs the IRU within the PDMO front office. The IRU utilizes the outreach manual and trainings to standardize debt-related communications and messaging to more effectively and transparently communicate GoK borrowing requirements and plans.

Outcome 2.2: The IRU develops website content and uploads updated borrowing calendars to its website that allows for investors and market intermediaries to make informed government securities investment decisions and increase their participation in the financing of government.

9. Can you talk about how the IRU was established, and OTA's role in developing the staffing, training, outreach procedures of the unit?
10. What kind of outcomes did the IRU achieve during this project with OTA?
 - a. Can you talk about any website content development?
 - b. Can you tell me about other communications and outreach the IRU undertook?
11. Did the OTA project achieve the aim of improving public communications regarding GoK public debt data and borrowing? Why or why not?
12. Has OTA's initial work in public outreach and investor relations been sustained?
 - a. It does not appear that IRU's site has been updated in the last two years. Do you know why this is? What are the constraints for updating this information?
13. What outcomes would you say were not achieved? Why?



14. What were some challenges you encountered during the public outreach or investor relations work, and were these challenges addressed?

Component 3: Financial Infrastructure/Information Technology

Thank you for your thoughtful responses. Next, we will talk about financial infrastructure and information technology.

Outcome 3.1: The KNT-led task force agrees to the DDW implementation plan and utilizes the defined software and hardware requirements to create a centralized DDW.

Outcome 3.2: The KNT and PDMO converts and consolidates existing disparate data sources into the DDW. The PDMO has a streamlined, transparent view and easy access to information necessary to manage debt from a single source. The PDMO staff uses the DDW and standardized reporting to fully automate debt service payments, reducing errors and ensuring timely payments to investors.

15. Can you tell me how OTA supported the DDW, or other technology initiatives?
- How was the National Treasury task force involved?
 - Who manages it now? Is it still in operation today?
16. How efficient was the DDW (or other technology products) at helping PDMO staff access the information they needed?
- Does PDMO staff use the DDW to automate debt service payments and other tasks?
 - Does the DDW serve their needs?
17. Has OTA's initial work on financial infrastructure and information technology been sustained?
18. What outcomes would you say were not achieved? Why?
19. What were some challenges you encountered during the financial infrastructure work, and were these challenges addressed?

Component 4: Retail Government Security

Thank you for your thoughtful responses. Next, we will talk about retailing government securities.

Outcome 4: The KNT offers small denomination government security. Retail investors can use savings to buy, hold, and trade minimum risk government securities; thereby increasing their participation in the government securities market. The security provides increased safety and ease of investing for retail customers.



20. Has KNT been able to offer government securities (M-Akiba)? How did OTA support this process?
21. What activities were done with OTA's support to engage investors, intermediaries, and regulators on retail government security?
 - a. Do you think these activities made investors more knowledgeable and comfortable with the government securities market?
22. What securities work has been sustained until now?
23. What outcomes would you say were not achieved? Why?
24. What were some challenges you encountered during the securities work, and were these challenges addressed?
25. Do you think with the activities OTA has undertaken through the life of the project, the PDMO and other stakeholders are set up to manage existing and create new government securities in the future?

Recommendations and Closing

Thank you for your thoughtful responses. Finally, we will talk about the project more generally.

26. What recommendations or additional thoughts do you have for OTA projects in Kenya in the future?

That is the end of my questions for you. Thank you for taking the time and providing your thoughts today.



Annex 4. Evaluation Team Qualifications

Michael Tatone is a MEL director at Bixal. He has 13 years of technical experience in evaluation and research and managing evaluations and impact studies in PFM and conflict and violence in Latin America, the United States, and Africa. Previous roles have included research manager at the University of Chicago and various project manager and researcher roles in academia and non-governmental organizations. He has a master's degree in political science from Universidad de Los Andes in Bogota, Colombia, and a bachelor's degree in political science and Spanish from the University of Wisconsin.

Tessa Ahner-McHaffie is a MEL specialist at Bixal. She has 10 years of experience in evaluation and research, managing and providing technical support for monitoring, evaluation, and research in various sectors in across Africa, notably in Kenya, Rwanda, Uganda, Ethiopia, Nigeria, and Tanzania. Previous roles have included senior research associate at Laterite based out of Kenya managing a research project in East and West Africa, and nutrition and health advisor at a local water, sanitation and hygiene organization in Rwanda. She has a master's degree in public health and a bachelor's degree in public health, both from The George Washington University.

Patricio Merlani is an international expert on sovereign debt management, macro-fiscal policy, PFM, asset and liability management, and macro-financial strategy, with 20 years of professional experience in the private sector, public sector, and international financial institutions. He was undersecretary of finance of Argentina, chief of staff of the treasury ministry of Argentina and chief financial officer of Fonplata Development Bank. He has been engaged as a consultant for the IMF, the World Bank, the Asian Development Bank, the African Development Bank, national governments, the TCX Fund, and as a volunteer for the Financial Services Volunteer Corps. He has drafted a country diagnostic note for Kenya for African Development Bank. He has a bachelor's degree in economics from the University of Buenos Aires and two master's degrees—one in finance from Di Tella University and the other in public administration at Harvard University's Kennedy School of Government.

David Atika is an experienced M&E specialist with over nine years of work experience. He has practical experience working with international and local agencies in project coordination and planning, research, monitoring, evaluation, and evidence synthesis. He has previously worked as an evidence synthesis consultant for International Initiative for Impact Evaluation and Foundations of What Works for Children Centre, an evaluation consultant for African Development Bank, a researcher for African Union, among other roles. David has a master's degree from the University of Nairobi and a bachelor's degree from Moi University.






Annie Schwartz is the director of MEL for Bixal. She has over 20 years of experience in the field of M&E with a focus on building capacity within individuals, organizations, governments, and communities to collect and use data for decision-making and project improvement. Annie most recently worked at the United States Peace Corps helping to support the 40 country offices and staff to implement the various aspects of M&E and to help them train their cohorts of volunteers. Prior to Peace Corps, Annie held similar positions with the Global Fund for HIV, Tuberculosis,








and Malaria, the United States Agency for International Development and the United States Department of State. Annie holds a master's degree in international policy from the Middlebury Institute of International Studies and a bachelor's degree from the University of St. Thomas (St. Paul, Minnesota) in international business.








Annex 5. Full Table of Scores for OTA's GDIF Project in Kenya

Project Component	Outcome	Status (EQ 1, EQ 3)	Sustainability (EQ 2)
 Component 1: Consolidating the PDMO Create an appropriately staffed PDMO that effectively and transparently issues new public debt and manages outstanding public debt.	1.1.1: The KNT consolidates PDMO functions into one office that is appropriately staffed and organized along functional lines (front, middle, and back offices).	 The PDMO was consolidated and is organized along the functional lines (front, middle, and back offices). The resident advisor was an important resource and advocate in pushing forward these organizational changes.	 The PDMO consolidation and structure has been sustained up to the time this evaluation was completed.
	1.1.2: KNT front, middle, and back offices use policies and procedures to carry out its debt issuance and debt management responsibilities in compliance with the existing legal framework. All debt offices understand their roles in the debt issuance and management framework and communicate effectively on issues related to debt management and issuance. The operations manual aligns Kenya's public debt management operations with Kenya's PFM Act, the	 With the support of the resident advisor, the PDMO developed standard internal policies and procedures for current operations, including operations manuals for the front, middle, and back offices. There are still some practices and policies that are not in line with applicable frameworks and international best practices.	 The policies and procedures developed during the project appear to still be in use; however, the practices and policies that were not in line with applicable frameworks and international best practices remain an issue.








Project Component	Outcome	Status (EQ 1, EQ 3)	Sustainability (EQ 2)
	Kenyan Constitution, and East African community integration protocols for public debt management, bringing debt issuance and management in line with the applicable frameworks.		
	1.2.1: PDMO management is aware of the capacity limitations of its staff and develops plans to meet training needs. Staff are trained in key areas of critical job functions, increasing the operational effectiveness of the PDMO. The PDMO assesses staff and provides necessary training on an ongoing basis.	 The PDMO leadership was aware of capacity limitations. The resident advisor was vital for identifying skills gaps and providing technical assistance and informal training.	 The PDMO leadership continues to be aware of current capacity limitations. The resident advisor filled an important role through capacity building and training that has not been filled since they departed in 2021.
 Component 2: Public Outreach and the IRU Improve public communications regarding GoK public debt data and borrowing requirement and plans through a newly created IRU in the PDMO. Project activities will focus on 1) supporting the organizational	2.1: The KNT operationalizes and appropriately staffs the IRU within the PDMO front office. The IRU utilizes the outreach manual and trainings to standardize debt-related communications and messaging to communicate GoK borrowing requirements and plans more effectively and transparently.	 The IRU has been established within the front office, and with the support of the resident advisor, has established relationships with sovereign credit rating agencies and the Institute of International Finance (IIF). The role of the IRU still includes significant donor	 The IRU has continued its communications and operations since the resident advisor left, but there are still some staff capacity challenges.



Project Component	Outcome	Status (EQ 1, EQ 3)	Sustainability (EQ 2)
<p>development of the IRU, and 2) creating outreach materials to facilitate IRU communication with the public.</p>		<p>responsibilities and has capacity and staffing issues.</p>	
	<p>2.2: The IRU develops website content and uploads updated borrowing calendars to its website, which allows for investors and market intermediaries to make informed government securities investment decisions and increase their participation in the financing of government.</p>	<p> The resident advisor advocated for the creation of an IRU website and supported the development of updated public materials; the IRU website was published after the resident advisor left in 2021. The website included relevant information for investors on debt, credit ratings, investor presentations, and statistics, but was last updated when it was launched in 2021. The borrowing calendar was never updated on the IRU or PDMO website since it is owned by the CBK.</p>	<p> The IRU has not updated the website since it was launched in 2021. The IRU produces various public reports, some of which can be found elsewhere on the PDMO site. Investors and market intermediaries have access to more information, albeit not directly on the IRU site as originally intended, and the borrowing calendar is still owned and operated by CBK.</p>
<p> Component 3: Financial Infrastructure and Information Technology Reduce operational risks and improve the technical capacity of PDMO staff to use modern technology to analyze and manage</p>	<p>3.1: The KNT-led task force agrees to the DDW implementation plan and utilizes the defined software and hardware requirements to create a centralized DDW.</p>	<p> With the advocacy of the resident advisor, the DDW task force was created in 2019. The DDW was not created due to a combination of factors, including 1) no leadership for the initiative until 2019, 2) a lack of ownership from the back office, 3)</p>	<p> Although the authorities recognize the value of the DDW, it has not been implemented.</p>



Project Component	Outcome	Status (EQ 1, EQ 3)	Sustainability (EQ 2)
<p>debt information and data. Project activities will focus on the creation of a DDW with linkages to KNT’s debt recording system — Commonwealth Secretariat Debt Recording System (CS-DRMS) — and integrated financial management information system (IFMIS), which will enable PDMO staff to more efficiently, effectively, and transparently execute its government debt analysis and management responsibilities.</p>		<p>low consolidation and automatization of the debt registry, 4) software and hardware limitations, and 5) the COVID-19 pandemic.</p>	
	<p>3.2: The KNT and PDMO converts and consolidates existing disparate data sources into the DDW. The PDMO has a streamlined, transparent view and easy access to information necessary to manage debt from a single source. The PDMO staff uses the DDW and standardized reporting to fully automate debt service payments, reducing errors, and ensuring timely payments to investors.</p>	<p> The DDW has not been implemented, and therefore no data was converted or consolidated.</p>	<p> Although the authorities recognize the value of the DDW, it has not been implemented.</p>
<p> Component 4: Retail Government Security Develop small denomination financial instruments and products to create opportunities for retail investors to invest available savings in the government securities market.</p>	<p>4.1 The KNT offers small denomination government security. Retail investors can use savings to buy, hold, and trade minimum risk government securities, thereby increasing their participation in the government securities market. The security provides increased safety and ease of investing for retail customers.</p>	<p> M-Akiba was launched as a pilot in March 2017, and then released for short periods in June 2017, February 2019, and May 2019. There were significant challenges to the bond’s implementation, but a lot was also learned from the process. The resident advisor served to help coordinate the PDMO’s</p>	<p> The PDMO reports that they are restructuring M-Akiba to work better. Currently, it requires users to open an account in person at the CBK rather than on a cellphone as originally intended. There is interest and investment from leadership to relaunch this in the near future.</p>



Project Component	Outcome	Status (EQ 1, EQ 3)	Sustainability (EQ 2)
		involvement, offered resources, designed the secondary market, and served as an advocate for the product.	

