



Institute of  
Economic Affairs

# Strategic Plan 2014 - 2018

Research, Informed Debate and Policy Innovation

The Institute of Economic Affairs

# Strategic Plan

2014 - 2018

Research, Informed Debate and Policy Innovation

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Institute of  
Economic Affairs

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# Foreword

The **Institute of Economic Affairs (IEA-Kenya)** decided to cast its thinking and engagement in policy affairs by drafting and publishing its thinking in the form of strategy documents. This is the fourth Strategic Plan that we have developed and it continues the quest to consolidate our place as an open forum and research facility for topical policy discourse and development of innovative policy proposals in Kenya.

While the foregoing strategic plan emphasized the centrality of dispassionate knowledge and evidence for informing policy discourse and policy engagement, we advance that same tradition by re-emphasizing that facts count. Through the decisive change of a new constitution in Kenya, we noted with gladness that the arena for policy engagements has been expanded and this requires that we should re-emphasize our formative goal of public education through open forums for diverse audiences in Kenya. The Board of Directors therefore clarified our vision to recognize that constitutional principles will underpin the formation and execution of public policy.

In addition to added clarity to our vision and mission, we have reviewed the breadth and depth of our programme and policy areas. Feedback from our members and joint evaluations with partners was used to sharpen the goals that we pursue within the programme and policy areas. A comparison of the scope of the policy areas between this and the foregoing plan will confirm that we applied deep thinking and made decisions about keeping the goals consistent and relevant to the policy landscape in Kenya for the medium term.

With the reflection and adjustments that have been addressed above, we have agreed to place our institutional bets in four core policy areas. These are: Trade and Development, Economic Regulation and Competition, Public Finance Management and Futures. These four policy areas are supported by a prominent communications capability and financial and administration component. In all these policy areas, we provide assurance to our members and institutional partners that we have assessed our capabilities and developed plans to be on the cutting edge with research, advocacy and communication.

We have taken cognizance that the discovery of a diverse set of natural resources in Kenya is bound to have policy consequences. As a result, we have placed this policy area within our Special Projects and conducted foundation research to guide our thinking throughout this strategic plan. We hope that this will feature as a core policy area during the life of this plan.

We close this letter with the undertaking from the Board of Directors and the Staff that our commitment to dedicated work and contributions to policy discourse, innovation and evaluation remain. We express our gratitude to our members and partners for supporting the work undertaken in the Strategic Plan that ended in October 2014. We especially acknowledge The International

Development Research Centre (IDRC) under the Think Tank Initiative and the Canadian International Development Agency (CIDA) who provided the core funding throughout the course of the last strategic plan.

Our confidence in the ability to conduct high quality research, advance public education in policy processes and outcomes and to engage with policy makers remains high. We ask that you join us in the journey and keep us true to this undertaking.

**Solomon Muturi**

Chairman, Board of Directors

# Acknowledgement

We acknowledge with gratitude our longstanding partners and donors including the IDRC - Think Tank Initiative, Ford Foundation, Rockefeller Foundation, Global Development Network (GDN), the International Budget Partnership (IBP), Canadian Department for Foreign Affairs, Trade and Development (DFATD), Danish International Development Agency (DANIDA), the DFID-Kenya, Centre for International Private Enterprise (CIPE), World Bank Group, Friedrich Ebert Stiftung (FES), Diakonia-Sweden, Uraia, The Institute for Defense Analyses, GIZ and Pact-Kenya.

Separate from our technical and financial partners are the numerous partners in Kenya's civil society arena. We pledge to continue to work together in the quest for a just, economically prosperous and informed society in Kenya and beyond.

# Who We Are

The Institute of Economic Affairs (IEA) is a think-tank that provides a platform for informed discussions in order to influence public policy in Kenya.

## 1.1 Our Vision

A Kenyan society that is prosperous, and has a well-managed economy that upholds constitutional principles of governance

## 1.2 Our Mission

To inform decision making in Kenya through policy innovation, research, analysis and dialogues

## 1.3 Core Values

- **Professional integrity:** We discharge our duties diligently and in line with nationally and internationally recognized ethical and professional standards. Further, we uphold

honesty, transparency, reliability and consistency in all our decisions and actions.

- **Innovation:** We are committed to continuous learning and improvement on how we do our work. We deliver high quality policy and research products and outputs by encouraging and supporting positive critique, new ideas, tools, methods, and techniques in policy analysis, research, planning, and capacity building.
- **Initiative:** We believe in initiative as value for encouraging and developing leadership in our organization. We encourage our staff to learn how to work without supervision and for individuals to be the first in identifying opportunities and taking appropriate action.
- **Inclusiveness:** We are an inclusive organization where differing points of view and experiences are valued as opportunities for mutual learning, as well as ensuring gender equity in all our endeavours.

## 1.4 Summary 2014 - 2018 Strategic Focus

Thematic Focus	Strategic Goals
<i>Public Finance Management:</i> PFM landscape has changed significantly since the promulgation of the Kenya Constitution (2010). Public participation in PFM is even more important under the current devolved system of government.	To promote budget transparency and effective participation of state and non-state actors, including key institutions in public finance management.

Thematic Focus	Strategic Goals
<p><i>Trade and Development:</i> The international trade treaties and agreements that Kenya enters into require close scrutiny and monitoring to ensure they do not come with detrimental effects on Kenya's development.</p>	<p>To influence the formulation of development-oriented trade policies, both at the national and county level in Kenya.</p>
<p><i>Futures Approach:</i> The 'Futures approach' is a versatile methodology available for use by development actors working in various sectors and levels of government. Its application in key sectors is picking up and will become of even better use under the devolved system of government.</p>	<p>To facilitate the utilization of futures methodologies in policy formulation processes.</p>
<p><i>Regulation and Competition:</i> The new economic policies and legislation that Kenya has developed under the Kenya Constitution (2010) require continuous review and monitoring to ensure they serve the intended purpose of enhancing the country's development.</p>	<p>To examine economic regulatory policies and related topical questions for informed policy making in Kenya.</p>
<p><i>Special Projects:</i> From time to time IEA has been confronted with situations that require its intervention on emerging issue of key public concern.</p>	<p>To identify and respond to emerging socioeconomic issues that are of significant public interest.</p>
<p><i>Policy Engagement and Communication:</i> As a think-tank and advocacy champion, IEA require an effective policy engagement and communication strategy.</p>	<p>To facilitate policy engagement and communication of IEA research outputs to its membership and other policy audiences.</p>
<p><i>Organizational Capacity Development:</i> Organizational development is a lifelong growth path that IEA must work on.</p>	<p>To build an effective, efficient, and sustainable organization.</p>



# How We Work

Over the years, we have achieved significant results through a unique combination of approaches. Our work involves a combination of futuristic planning, policy analysis, research, advocacy, capacity building, and public education. Following is a description of how we apply each of these approaches to create value for the public:

## The 'Futures' Approach

The 'Futures' Approach is one of our key innovations in service delivery. The approach involves the application of three closely related methodologies in future-oriented planning, namely: scenarios planning, strategic planning and visioning to analyse, create, anticipate, and test the present and likely desirable futures.

- **Scenarios planning** is a tool for ordering perception about alternative future environments in which today's decisions may play out and it results in scenarios stories. It is a strategic planning approach that systematically explores, creates, and tests both possible and desirable futures. The approach also includes analysis of how those conditions might change as a result of the implementation of policies and actions, and the consequences of these policies and actions. The scenario stories that are a product of this process describe alternative pathways into the future based on trends and events. The scenarios stories help policy makers anticipate future challenges or uncertainties, interrogate today's decisions, develop and rehearse difficult decisions one may have to take and to identify what can

be done to secure a desired outcome.

- **Strategic planning** as a methodology defines strategy and direction towards a desired future, within a given timeframe. It translates a vision into broadly defined goals, objective, strategies and a sequence of activities to achieving them.
- **Visioning** is a process of creating shared mental images of a desirable end in the long term. It is based on the assumption that images of the future lead peoples' present behaviours, guide choices and influence decisions. Visions help focus energies towards specific goals resulting in efficiency, provide a banner for evaluating effort and create ownership of the process and outcome due to its participatory nature.

We have used the Futures Approach for the last seven years with very positive results in informing decisions and improving the quality of dialogues, policies, and actions. As Kenya transition to a devolved system of government, the Futures Approach will definitely be an approach for the IEA to make maximum use in informing governance and planning decisions.

## Policy Analysis

Policy analysis will continue playing a pivotal role in our work. We undertake policy analysis with an aim of clarifying policy choices and suggesting options that will improve policy outcomes. The process involves the identification of policy issues that are relevant to our strategic focus, analysis of the issues to create understanding, analysing policy options,

identifying their costs and providing advice and recommendations to the best option given the prevailing circumstances.

## Research

Research plays a critical complementary role to our work in Futures planning and policy analysis. We undertake research to generate new information and knowledge for use in decision-making in Kenya. We apply both qualitative and quantitative research design depending on the nature of the issues being analysed. The research findings and recommendations are disseminated through a variety of media and fora including publications, seminars, web portals, and public discussions fora.

## Advocacy & Policy Dialogues

The research and policy analysis we undertake informs our policy advocacy agenda. We undertake evidence-based advocacy aimed at influencing public policy and decisions on the issues that we are concerned about. We use policy dialogue as a platform for the public to engage in debate about a policy issue. The platform provides an opportunity for stakeholders with divergent views and standpoints to engage discourses that would enable the public understand an issue and thus influence their decisions.

## Capacity Building

Over the years, our capacity building efforts have largely targeted three groups, namely: civil society organizations (CSOs), parliament (national assembly and senate) and the media. As an ongoing process of enhancing skills

and abilities, our capacity building approach is largely demand-driven. We strengthen capacities of individuals and CSOs mainly through structured trainings with an aim of enhancing their capacities to effectively participate in decision-making, planning, budgeting processes, and advocacy. For the media, our focus has been to enhance economic literacy for improved media reporting. We foresee an increase in the demand for our capacity building services, largely driven by the change into a devolved system of government. We will continue to strategically and selectively engage in capacity building at the national and county levels, both directly with the targeted individuals, organizations and institutions and indirectly through partnership with other actors.

## Public Education

Information and knowledge sharing plays a critical role in ensuring our research, policy analysis, and advocacy efforts are effective in influencing public policy and decisions. The role IEA plays in educating the public enables citizens to actively and meaningfully engage with each other, the government and leaders in ways that promote transparency, accountability and good governance. Our public education strategy applies a variety of tools and techniques, including producing publications, bulletins, newsletters, publication of website of newspaper articles, and engaging with the public through social media. Moving forward, with more Kenyans having access to the internet, social media stands out as a key platform through which we plan to engage the public.



# Our History, Achievements and Lessons

The Institute of Economic Affairs (IEA) was founded in the early 1990s. At its formation, the IEA was just a forum for policy dialogue open to a broad set of professionals. With time, IEA became recognized as a credible institution, which furnished the public with information and allowed for open dialogue on key issues in public affairs. This stature has been maintained for the two decades since its formal registration in 1994 and it has expanded its remit to include objective research and policy innovation to highlight Kenya's policy challenges and ensure that policy responses are sound and their costs taken into account. The progress that the IEA has made closely reflects the complex journey in policy reforms that the country has undertaken since the early 1990s. During each important step of the reforms in social and economic policy, the IEA has had publications, policy discussions and proposals to define the core issues and guide thinking and policy-making institutions. When Kenya reverted to multiparty democracy in 1992, the IEA not only provided a platform for interrogating the different policy choices of contending parties but also published the Post Election Action Programme (PEAP), a set of research papers that highlighted the primary policy challenges and offered a roadmap for the first 100 days for a new government.

Thus the IEA has always remained alert to emerging opportunities for policy reforms and directed its research and policy dialogue towards influencing policy through these processes. We recognized the opportunity to influence formulation of the new constitution as

a critical reform issue and dedicated resources to provide analysis for the Committee of Experts (CoE) in the chapters related to public finance, devolution and general transparency provisions. We have continued to provide research and other inputs in the implementation of the constitution and keep watch of the process of implementation to ensure that the laws that are required have as much of the IEA's input as is possible. In 2002, the Board of Directors and the management conducted a review, which advised that the sustainability of the institution required organization around key policy areas or programmes. This finding led to the establishment of programmes as a coherent way of looking at identified policy areas. Following that decision, the IEA has maintained policy focus on budget policy, futures thinking, Kenya's international trade policy and economic regulatory issues. In each of these policy areas, the IEA has, not only maintained a research-driven focus, but also been dedicated to facilitating the participation of professionals in shaping policy discourse throughout the policy formulation and reform cycle. This consistent engagement with policy makers and institutions in the public sector, through research and analysis, has in turn led to partnerships and recognition that widen the scope for further policy influence and public education.

As a policy forum and a think-tank that brings the topical policy issues to the fore, it is incumbent on the IEA to retain its stature and credibility for dispassionate analysis and non-partisanship. This preserves the ability to

provide analytical advice to various arms of government and non-state actors without the appearance of partiality. In addition, it is evident that few institutions in the area of economic policy have taken as much interest in creating broad public understanding of the implications of the main choices of economic policy.

To cover this ground adequately, means that the IEA must anticipate increased demand for information and insight from the media, non-state actors and selected arms of government. Thus the ability to keep a multi-disciplinary team of constantly improving researchers and an active communications capability is imperative. The IEA, through its Futures Programme, developed the Constituency Strategic Planning Manual for guiding the development of constituency strategic plans. During the launch of this manual, the Ministry of Planning made it a requirement that constituencies develop strategic plans to enable planned utilization of decentralized funds and other resources in the counties in order to avoid wastage and duplication. The manual has since been used by IEA and facilitators trained by IEA, including the 208 Constituency Development Fund (CDF) Account Managers in the development of constituency strategic plans. The IEA used the manual in facilitating the development of strategic plans for several constituencies among them Langata, Ganze, Githunguri, Kabete, Sotik, and Dujis constituencies. The development of these plans has been entrenched in the Constitution of Kenya (2010) with the requirement that county governments need to develop a five-year integrated development plans.

The programme developed the 'Kenya at the

Crossroads Scenarios for the Future', the 'Youth Scenarios', the 'Nairobi 2040 Scenarios', and is currently developing scenarios for the country's energy sector. The scenarios developed have been shared with policy makers as well as the public informing discussions on policy issues. The research done under the youth scenarios work was collated in the Youth Fact Book and Youth Research Compendium have been used in various academic and research institution as reference material by students, researchers and teaching fraternity, e.g., the St. Paul's University Theology Class. The organization has been invited to guide policy discourse in most of the 11 thematic areas researched upon at both local and international platforms. These include: Discussions on Policy Frameworks Supporting Youth, Employment and Economic Empowerment during an International Labour Organization (ILO) youth unemployment symposium in 2012 and the 2011 Africa Youth Conference. Civil Society Organizations have also used the facts and figures as well as scenarios stories to reflect on their work and appropriateness of their interventions in light of the emerging issues. They include Oxfam Kenya, Kenya Community Development Foundation, UNICEF Kenya, and the Truth Justice and Reconciliation Commission of Kenya.

Under visioning, the IEA, through a proposed vision for Kenya, spurred the debate that culminated in the Vision 2030 national process and the ultimate development of the Vision that guides development plans in the country. The IEA has continued engagement during the review of the Medium Term Plans. Through the visioning work, the IEA was involved in the development of the social pillar of the Vision 2030 document as well as the first medium term

plan. In the subsequent development plan (the second medium term plan), the IEA, through the Regulation and Competition programme, undertook research on the employment diagnostics analysis, which was used as input in the development of the employment policy reforms.

The IEA has also provided technical assistance to donors and government. For example, the IEA offered technical assistance to the Danish Embassy in coming up with strategies for engagement around devolution in Kenya for the next five years. Under Visioning, the programme was involved in the drafting of the first Vision 2030 Medium Term Plan (MTP) for the period 2008-2012 as well as the review of the second MTP 2013-2017 and review of the draft National Monitoring and Evaluation Framework by the Ministry of Devolution and Planning. In the 2008-2013 period, the IEA successfully produced publications such as “The Youth Research Compendium”, “The Impact of Trade Liberalization on Poverty in Kenya”, “Economic and Administrative Implications of the Devolution Framework in Kenya”, “The State of Competition Report: Mobile Money Transfer, Agricultural Bulk Storage and Milling and Media Sectors in Kenya”, “A Citizen’s Handbook on Taxation in Kenya”, “Citizens’ Handbook on the Budget”, among others. These publications can be found at [www.ieakenya.or.ke](http://www.ieakenya.or.ke).

The IEA has influenced policies on public finance management (PFM) reforms through research and analysis on fiscal issues, which are then submitted to the Treasury during the medium term expenditure framework (MTEF) budget allocation process. For the legislature, the IEA has regularly disseminated the annual budget

analysis through its pre- and post- budget workshops in partnership with the Parliament Budget Office. This initiative has strengthened the capacity of parliamentary committees on budget and finance to exercise its oversight role on fiscal matters, such as the discussion of the finance Bill and the budget estimates before approval. Over the last five years, the IEA has also built the capacity of civil society to demand for budget transparency through training on expenditure and taxation analysis series and the development of a trainers’ manual. This has resulted in CSOs being able to interrogate the budget and provide budget proposals to the national treasury and the institutionalization of CSOs interaction with parliament through the parliamentary Initiative Network (PIN). The IEA has therefore become the ‘go-to’ institution for budget advocacy work at the local and international level.

The IEA has regularly provided research inputs on international trade that has been used by trade negotiators to come up with positions for Kenya. For example, the research study “Tariff Binding Coverage under the World Trade Organization (WTO) - Non-Agricultural Market Access (NAMA) in 2007 negotiations and its implication for the East Africa Customs Protocol” was used to inform the Doha Development agenda negotiations on NAMA. In the last five years, the IEA has provided research input and facilitated state and non-state actors policy dialogue geared towards developing a common position in readiness for the WTO ministerial conference.

The IEA has also influenced the development of several laws, policies and also provided inputs to the Kenya Constitution (2010). The Regulation

and Competition Programme, through its research work on “State of Competition in Kenya” and policy advocacy activities, provided inputs for the development of the Competition Act (2010) which created the Competition Authority and Tribunal. The programme also reviewed several sectoral regulations such as financial services, telecommunications, micro, small and medium enterprises, and energy. The IEA has influenced property rights reform through its research series highlighting challenges and options for enhancing the sector for economic development in order to provide recommendations for regulatory policy reforms. The IEA under, its Intellectual Property Initiative project, undertook research on the legal and institutional framework governing biodiversity use in Kenya. Out of the research, the IEA provided recommendations to the

Committee of Experts which resulted in the inclusion of Article 2 (Culture) and Chapter 5 part (2) Land and Environment, Article 6 (1) (a) and (c) in the Constitution of Kenya (2010).

One major lesson that has been learnt amidst all these achievements is the need to balance information generation through research and analysis and advocacy work. Given that the IEA has become the ‘go-to’ think-tank, there is increased demand for advocacy work, while little consideration is being given to the time required to generate the information for advocacy. The IEA, in its new strategic plan, must make deliberate efforts to deal with this matter if it is to remain a credible source of information, meant to inform far-reaching economic decisions, both at county and national levels.



# The Context

## Socioeconomic Trends

There are several developments that are likely to transform Kenya's economic structure. First, the discovery of oil and a water aquifer in northern Kenya will change the fiscal performance and alter the socioeconomic profile of the population. This structural change can be beneficial to all segments of the Kenyan population if there is proper planning and execution in the management of the new discoveries to ensure equitable benefits to all segments of the society. The flipside is that competition for access and utilization of these resources could also come with negative consequences such as conflicts over use of the resources and environmental pollution. Secondly, the promulgation of the new constitution has serious economic growth implications with the new devolution system. Under the new devolved system, the economy is expected to grow at approximately 6 per cent per annum; this is not sufficient to drive the economy to achieve Vision 2030. Vision 2030 requires a sustained growth of 10 per cent per annum. Thirdly, the global economic recession has seen major development partners change their funding strategy. While previously donors worked through organizations such as IEA to implement their activities, donors are now turning to implementers while they sought for 'fixed services' from organizations such as the IEA based on their areas of specialization.

Unemployment in Kenya is still high, at approximately 40 per cent, based on the

approximations by the Kenya National Bureau of Statistics. A larger proportion of the unemployed (67 per cent) are the youth of age 18-35 years. Inequality is still high with a *gini* coefficient of 0.45. A major consequence of youth unemployment and inequality is the rise of insecurity and corruption. These two phenomena can be seen as short-term coping strategies out of poverty, even though they are illegal in nature with far reaching socioeconomic outcomes. The recent terrorist attacks in Nairobi and other parts of the country are executed by youth below thirty-five years old. These incidents have resulted in a number of security proposals by the government including the "Nyumba Kumi" initiative where ten households within a neighbourhood encouraged and expected to know the socioeconomic characteristics of their neighbours.

## Trends in Governance and Public Finance Management

The promulgation of the Constitution of Kenya (2010) resulted in a devolved system of governance and a shift in policy making from the executive to the legislature, especially the budget making process. There are legislations that are passed at the national or sub-national (county) level. The budget process and timelines have changed even though the budget reading remains in June of each financial year. The implementation of the Constitution is still an ongoing process, both at the national and sub-national level. The Commission

on the Implementation of the Constitution (CIC) is certainly active in interpretation of clauses where there is contention with the implementing organs.

The Public Finance Management (PFM) landscape has changed significantly since the promulgation of the Constitution of Kenya in 2010. In departure from the past, PFM is now operating under a devolved system of government comprising the national government and 47 county governments. The Constitution sets the pace for creating a PFM system that is more efficient, effective, transparent and participatory for improved public service delivery. The PFM Act, 2012 has effected the public finance provisions in the constitution. This act has replaced and consolidated various existing disparate laws that touched on public finance into one organic budget law. Together with the constitution; these two laws have introduced a new institutional framework. Parliament has two houses: the National Assembly responsible for passing legislations and the Senate with responsibility for the affairs of the county governments. In addition, Kenya now has various independent and oversight institutions such as the Office of the Auditor General and the Controller of Budget that have varying powers and responsibilities over PFM at both the national and county government levels.

The budget process has changed significantly in line with international benchmarks with regard to budget documentation, timing and opportunities for public participation, all at the heart of PFM reforms in fostering fiscal transparency and accountability. Notably, in line with the principle of separation of powers, each

of the three arms of government, the executive, the legislature and the Judiciary, not only have their own budget processes, but also make and present separate budgets since 2011/2012. In meeting the demand for participation and transparency in planning and budgeting at both the national and county government levels, the two laws have also contributed to expanded opportunities for public participation. Of importance to mention is the new opportunity of public hearings during the enactment phase of the budget process as the new opportunity for public participation. At the county governments level, the main vehicle for citizen engagement on matters of economic issues and county planning and budgeting is the County Budget and Economic Forum. The County Government Act (2012) guides the structure and operations of this forum.

## International Trade and Regional Integration

The trade landscape in Kenya has evolved over time and can be divided into three major periods: The Import Substitution Industrialization regime from 1963-1980, where Kenya had inward looking trade and economic policies that sought to develop infant industries with the objective of making them have comparative advantage. Next was the structural adjustment regime from 1981-1995, which was characterized by policy reforms geared towards macroeconomic stability. This period saw Kenya change its trade policies that resulted in a more open market. The removal of import restrictions, ratification of quantitative restriction and the removal of exchange rate restrictions were some of the trade policy changes that characterized this

period. From 1995, Kenya ratified the World Trade Organization (WTO) agreement and has since pursued initiatives that guarantee access of her goods and services to different regional and international markets. The WTO is the largest international trading system that ensures that trade impediments are tariff-based and transparent through gradual removal of these tariffs.

At the regional level, Kenya joined the Common Market for Eastern and Southern Africa (COMESA) in 1994. The main focus of COMESA is the formation of a large economic and trading unit that is capable of overcoming some of the barriers that individual states encounter. In November 1995, Kenya signed the East Africa Community (EAC) Treaty, which established the customs union, the common market protocol, the monetary union protocol and currently efforts are being made to fast track the political federation. Kenya has several bilateral treaties with China, the Netherlands, and Thailand, among others. At the international level, Kenya is among the African countries that signed the Cotonou Partnership Agreement (CPA) in 2000 with the European Union (EU) whose main objective was to enhance the production, supply and trading capacity of the African Caribbean and Pacific (ACP) countries in order to attract investments. In 2007, Kenya signed the Framework for the Economic Partnership Agreement whose main objective was to ensure that the CPA was compatible to the WTO agreement by ensuring reciprocity in trade among partners. Kenya is simultaneously engaged in all these agreements, which require monitoring, impact assessment and the development of country positions.

## Regulatory Policies and Market Competition

In 2010, Kenya enacted the Competition Act, 2010, which introduced a national framework for regulating economic markets by promoting and safeguarding competition and protecting consumers from unfair and misleading market conduct. The Act established an independent Competition Authority, which replaced the Monopolies and Prices Commission. The Competition Authority is therefore expected to liaise with other sector regulators on competition issues that may arise from time to time. Lack of appropriate competition policies and laws resulted in underdeveloped economic markets across most economic sectors, characterized by few products; unregulated or inadequate regulation; outdated regulations that do not meet emerging challenges; low levels of competition. These occurrences resulted in market inefficiencies as manifested in high commodity prices, limited product varieties and choices, substandard quality goods and services among others.

For Kenya to therefore achieve its intended economic development objectives, it has to carefully and critically examine the economic regulatory regime that it develops. Recognizing also that, the country is in a continuous reform phase as it tackles emerging economic challenges while implementing its economic development agenda. Public participation and the debating of policy choices is often muted or inadequately done for majority of the policies implemented either because of low levels of awareness by relevant stakeholders and members of the public or due to inadequate avenues for debate of public policy. The result

of this is lack of inclusion of key priorities of the public in policy formulation, in addition to poorly designed policies with adverse effects.

## Political Environment

Political representation landscape has changed as there is a bicameral house made up of members of the national assembly and the Senate. At the county level, a governor and members of the county assembly manage each county. All these officials are elected every five years. Democratization of the policy space accompanied by increase in the number of policy actors at national and county level that will impact on IEA work as there is likely to be increase in demand for IEAs work at the different levels.

Kenya's interaction with donor and foreign community is likely to be different under

the new political regime; the country is also expanding its cooperation with emerging economies such as China and Russia.

At the national level, the Jubilee government is in the process of enacting the Kenya Information and Communications Amendment (KICA) Bill (2013), which the media fraternity fears will gag it and target individual journalists. A Bill was also introduced in parliament in October 2013 that sought to amend Kenya's Public Benefit Organization Act of 2012 and grant the government powers to deny registration of non-profit organizations while capping foreign funding at 15 per cent of their total budgets. The Bill proposes that registered organizations under this Act channel all their funding through a government body, rather than going directly to beneficiary organizations.



# 2014-2018 Thematic Focus

## 5.1 Public Finance Management

### Goal

To promote budget transparency and effective participation of civil society and key institutions in public finance management.

### Key Issues

The current PFM context, as described above, presents a number of key issues that IEA would like to prioritize in this strategic plan:

- Research and public policy analysis and knowledge dissemination in fiscal policy, in areas such as public debt level, interest rates & repayment period, intergovernmental transfers, budgets for State Corporations, and adoption of economic, social and cultural rights budget analysis approaches will increasingly gain currency.
- How to engage strategically in strengthening the capacity of parliament to exercise its oversight role and budget powers more efficiently as well as engaging with the other key independent institutions for effective overall upstream policy influence.
- Evidence from the Open Budget Survey still shows that, despite positive reforms in budget transparency, there is still need to improve accessibility and comprehensiveness of budget information.
- Documentary evidence reveals that public participation is not effective due to issues.
- Public participation is hampered due to general complexity of budget information.

### Strategic interventions

Following is an outline of the interventions we

shall use to address the issues identified.

1. Inform tax policy by undertaking research and public policy analysis in revenue and taxation areas and in tax related Bills and laws.
2. Conduct more incisive and diverse analyses of public expenditure through consistent engagement with key budget documents produced over the budget cycle.
3. Promote budget transparency through open budget surveys at the national level and selectively at the county government level.
4. Empower civil society capacity to participate effectively in the budget process.
5. Strengthen the capacity of parliament and other key independent institutions to exercise their oversight role.
6. Hold public forums to discuss topical PFM issues, policies or related Bills to educate and inform public and media debate.
7. Undertake knowledge dissemination of budget analysis and research related output.
8. Engage in networking and coalition building with budget groups for increased budget advocacy.

## 5.2 Trade and Development

### Goals

To influence the formulation of development-oriented trade policies in Kenya.

### Key Issues

Kenya is simultaneously involved in several trade agreements such as the WTO, EAC, COMESA, EPA, bilateral agreements, and is in

the process of negotiating a protocol for the establishment of the tripartite free trade area for EAC, COMESA and SADC (Southern Africa Development Community). Being a member of free trade areas and customs union comes with a number of implications and challenges such as:

- The responsibility of understanding the issues under the agreements, interpreting the agreements, and adhering to the rules set out.
- The need to continuously generate knowledge and information that will inform the trade negotiations and effectively disseminate this information.
- The need to determine and communicate the development impact of these trade agreements through research and knowledge and information sharing with both state and non-state actors.

### Strategic Interventions

- 1) Monitor the Kenya trade negotiations agenda and developments at bilateral, regional and international level through engagements with stakeholders in the trade arena.
- 2) Provide policy research inputs that inform Kenya's trade position at bilateral, regional or international level.
- 3) To assess the impact of the components of trade agreements that Kenya is party to on development and poverty reduction.
- 4) To disseminate the information generated through policy analysis and research and advocacy and networking.

## 5.3 Futures

### Goal

To facilitate the utilization of futures methodologies in policy analysis and formulation processes.

### Key Issues

Informed by our past successes and lessons, we see an opportunity in applying the Futures Approach to make devolved governance more effective in Kenya. In the period 2014-2018, we will continue to apply the Futures Approach to address devolution, urbanization and demography as our priority areas. The IEA will engage with administrative and political aspects of devolution, looking at public service delivery, efficient use of public resources and stakeholder, mainly public, engagement in governance processes, as well as policy formulation. The IEA will work in partnerships with the government (at both the national and county levels), development partners, professional and private sector organizations, civil society networks, citizens, resident alliances and the media, among others. IEA will also seek close working relationships with independent public offices, institutions and commissions including but not limited to the Commission on the Implementation of the Constitution, Parliament (Both the Senate and National Assembly) as well as County Assemblies.

Besides technical assistance and capacity building of both the duty bearers and the right holders, we will increase policy research in the identified areas with the aim of influencing policy at both the national and

county levels of government. The IEA-Kenya's communication department will have a critical role to play particularly in the development and dissemination of the concepts and research findings to multiple audiences through a variety of media.

### Strategic Interventions

1. Undertake research, analysis and formulation of policy options on devolution, demography issues, and urbanization.
2. Develop research reports and other publications, e.g., bulletins, policy briefs, discussion papers on areas of focus.
3. Hold public forums and round tables for policy dialogue on devolution, urbanization and demography.
4. Capacity building workshops for right holders and duty bearers on devolved governance and development planning.
5. Media engagement and public education through the media, e.g., talk shows, media briefings and newspaper articles.
6. Building networks on Futures methodologies as well as devolved governance.

## 5.4 Regulation and Competition

### Goal

To examine economic regulatory policies and related topical questions for informed policy making in Kenya.

### Key Issues

Economic policies and regulations tend to affect the economy in different ways at macro- or micro- level. At the macro-level, economic regulations have the potential of altering the economic structure; while at the micro-level, economic agents are likely to experience

welfare gains or losses emanating from policy regulations. Secondly, with structural changes emanating from economic policies and regulations, the economic performance of different sectors will also be affected, positively or negatively, depending on the structural dynamics. Ultimately, this results in improvement or reduction of individual welfare. It is therefore important to understand the potential impact of regulation proposals and how they affect different sectors of the economy. This can be achieved by undertaking regulatory impact assessment, which can be used to inform regulatory policy making in Kenya.

Different regulatory frameworks affect competition in the provision of goods and services within a sector. It is important to establish the impact of economic regulations and policies on competition in different markets of the country. Furthermore, certain economic policies and regulations in Kenya emanate from the global rules, it is important to trace out this linkage in affected sectors and their implication on global and national competition, structural change and economic performance. The outcomes of these forms of analysis will be to increase awareness on the impact of economic policies and regulation on the Kenyan economy. This information generated will increase the level of understanding of both state and non-state actors on economic regulation and competition matters. Lastly, with the changing regulatory environment, topical issues arise that require to be answered either to inform the policy process or raise the level of awareness of the public. The programme will focus on topical economic regulation issues dealing with labour, energy, or land.

## Strategic Interventions

1. Undertake research on economic regulation, which will largely focus on:
  - a. Economic regulation and policy and economic performance.
  - b. Regulatory impact assessment of regulatory proposal.
2. Undertake competition analysis based on the economic policy and regulatory framework in Kenya and make cross-country comparative experiences.
3. Examine topical issues related to economic policy and regulations with a focus on labour, energy, and land.
4. To disseminate the information generated through policy analysis, research and advocacy and networking.

## 5.5 Special Projects

### Goal

To identify and respond to emerging socioeconomic issues that is of significant to public interest

### Key Issues

In addition to addressing its strategic priorities, the IEA has from time to time dealt with emerging socioeconomic issues of public significance. These emerging issues take a significant amount of time and resources that have not been planned for. Yet the issues are so critical that they cannot be ignored. For example, in the just concluded planning period, we initiated policy dialogue on the 'green economy', i.e., climate change adaptation, environment and sustainable development. Moving forward, we need to be more structured on how we address such issues. This strategic plan provides for a mechanism of addressing

these issues. A situational analysis will be conducted periodically in order to establish which issues are of public interest that requires to be addressed.

## Strategic Interventions

- 1) Develop a special fund for use as rapid response mechanism for addressing priority emergent issues.
- 2) Define criteria for determining which emergent issue to address.
- 3) Conduct periodic (quarterly) situation analysis in order to proactively identify issues to focus on.
- 4) Implement interventions for addressing emergent issues.
- 5) Actively seek partnerships with other actors specialized in the issues identified and jointly work out an exit strategy for the IEA.

## 5.6 Policy Engagement and Communication

### Goal

To facilitate policy engagement and communication of IEA researches to members and other policy audiences.

### Key Issues

IEA generates important information and knowledge that needs to get its way into the public arena, to facilitate debates and public dialogues, as well as inform policy. This requires a systematic approach in the policy engagement and dialogues with key policy stakeholders. In the just ended planning period, IEA's core donor the IDRC offered institutional support and mentorship, through the Think-Tank Initiative Policy Engagement and Communication project, which greatly helped

improve IEA's strategic communication. The communications team has also been proactive and innovative; and this has greatly enhanced IEA's communication effort, thereby increasing visibility and research uptake. IEA will continue using some of the strategies adopted in the ending strategic plan, and also adopt innovative communication strategies and tactics that can help increase research uptake and inform policy decisions and dialogue. In the period 2014–2018, the results that we seek to achieve through improved external communication and outreach include:

- 1) Branding – To raise the profile of IEA as being an independent key provider of relevant, reliable information and knowledge on policy issues.
- 2) Dialogue and debate – Provoke and encourage sustained policy dialogues and public participation on economic issues around IEA's thematic focus.
- 3) Evidence-based policy – By giving decision makers and citizens the independent information they need to make informed policy choices.
- 4) Policy process – Create and sustain the demand of IEA's work through a stream of public policy information to various stakeholders, so that they can be an active part of Kenya's policymaking process.
- 5) Public understanding of policy issues – Help IEA to fulfil its mission to help others to understand the public policy process; according to its own mission and objectives, IEA should be involved in research of this nature.

- 6) Policy Awareness – Communicate IEA's messages in a transparent, understandable way to as broad an audience as possible, so as to increase policy dialogues and debate.

### **Strategic Interventions**

In order to address the issues highlighted above, the following strategic interventions will be adopted:

- 1) Branding and profiling of the Institute's programmes and projects as well as other public relations functions.
- 2) Develop and implement a detailed communication strategy that integrates institutional goals and thematic focus areas.
- 3) Develop an IEA research uptake and dissemination strategy that ensures effective communication of IEA's researches and engagement initiatives.
- 4) Assist with programme and internal communication.
- 5) Manage IEA's online communication channels: website, social media, blogs, eNewsletter, etc.
- 6) External communications including media liaison/relations, partnerships with other institutions.
- 7) Organize key institutional events and activities.
- 8) Coordinate the preparation, editing, publication and dissemination of IEA's Policy Magazine, as well as other institutional publications.
- 9) Recruitment and servicing of IEA membership.



# Organizational Capacity Development

## Our Goal

To build an effective, efficient and sustainable organization.

among programmes and support services and knowledge management for effective communication with IEA audiences.

## Overview

In the period 2008-2013 we made a number of significant steps in strengthening the capacity of IEA. Through these efforts, there were notable improvements in our organizational capacities. Key ones were programme and financial management through the introduction of the enterprise resource management programme, which ensures information sharing

Moving into the future, we will continue walking this journey of becoming an excellent and sustainable organization. In the period 2014-2018, the IEA has identified a number of issues that we would like to focus on. The following section outlines the capacity areas that will be strengthened and the strategic interventions for each one of them.

Area of Intervention	Interventions
Membership	<ul style="list-style-type: none"> <li>Develop and implement a clear membership recruitment and retention plan.</li> </ul>
The Board and Oversight Function	<ul style="list-style-type: none"> <li>Revise the Board members recruitment criteria and ensure the recruitment procedures are clear about the expectations of the prospective Board member and IEA as an institution.</li> <li>Develop a mechanism of evaluating the effectiveness of the Board.</li> </ul>
Organizational Structure	<ul style="list-style-type: none"> <li>Revise the organizational structure to ensure the clarity in the supervision and reporting lines of all positions and organs in the structure.</li> </ul>
Human Resources Management	<ul style="list-style-type: none"> <li>Revise the staff salaries structure in line with existing market rates and level of responsibility</li> <li>Develop a mechanism for rewarding exemplary staff performance</li> <li>Separate the Human Resources Management function from Finance and Administration.</li> </ul>
Programmes Development	<ul style="list-style-type: none"> <li>Adopt a more consultative approach in the design of programmes (all departments need to be represented).</li> <li>Ensure a balance between research and advocacy in the design and implementation of programmes. Aim for a ratio of 60/40 - 70/30 for research and advocacy.</li> <li>Use research outputs as one of the criteria of evaluating the performance of programmes staff.</li> <li>Integrate evaluation in the programmes management cycle.</li> </ul>

Monitoring and Evaluation	<ul style="list-style-type: none"> <li>• Hire staff specific for implementing the M &amp; E function of IEA.</li> <li>• Sensitize programmes staff on respective roles in making the M&amp;E function effective.</li> <li>• Ensure every programme developed has a clear M &amp; E plan and that its implementation is adequately budgeted for.</li> <li>• Develop an M &amp; E system to monitor implementation of IEA's strategic plan.</li> <li>• Develop an internal tool for continuous organizational capacity assessment and improvement.</li> </ul>
Knowledge Management	<ul style="list-style-type: none"> <li>• Develop a knowledge management policy.</li> <li>• Develop a knowledge management and dissemination strategy.</li> <li>• Develop a centralized database using ERP.</li> <li>• Develop and market IEA brand image.</li> <li>• Develop and implement an internal communications plan.</li> </ul>
Communication	<ul style="list-style-type: none"> <li>• Develop and implement a detailed communication strategy.</li> <li>• Develop an IEA research uptake and dissemination strategy.</li> </ul>
Resource Mobilization Sustainability	<ul style="list-style-type: none"> <li>• Revise the resource mobilization strategy to ensure clear identification and planning for strategies that will increase unrestricted income.</li> <li>• Improve the resource mobilization by recruiting staff specifically responsible for that function and constitute a resource mobilization Committee to provide an oversight role.</li> </ul>



# Monitoring and Evaluation

We will use both qualitative and quantitative methods to measure the progress and results of this strategic plan. This section describes the quantitative indicators that we will use

in measuring our performance. Annual performance targets will be set for each of these indicators. The targets will form the basis of measuring progress and results over time.

## Service Delivery

Areas	Strategic Goal	Performance Indicators
Public Finance Management	To promote budget transparency and effective participation of civil society and key institutions in public finance management.	<ol style="list-style-type: none"> <li>1. Number of research papers and policy analysis on PFM.</li> <li>2. Number of encounters with state and non-state actors in the budget cycle.</li> <li>3. Number of bulletins/policy briefs on PFM that IEA produces.</li> </ol>
Trade	To influence the formulation of development-oriented trade policies in Kenya.	<ol style="list-style-type: none"> <li>1. Number of international trade policies whose formulation IEA influences.</li> <li>2. Number of researches on international trade and development that IEA completes.</li> <li>3. Number of bulletins/policy briefs on international trade that IEA produces.</li> </ol>
Futures	To facilitate the utilization of Futures methodologies in policy formulation processes.	<ol style="list-style-type: none"> <li>1. Number of persons and institutions whose improved capacity to apply the Futures Approach is attributed to IEA capacity building intervention.</li> <li>2. Number of regional/national / county planning initiatives that successfully apply the Futures Approach as a result of IEA interventions.</li> </ol>

Regulation and Competition Policies	To review economic regulatory policies and related topical questions for informed policy making in Kenya.	<ol style="list-style-type: none"> <li>1. Number of researches on economic regulation that IEA completes.</li> <li>2. Number of economic policies whose formulation or review IEA contributes to.</li> <li>3. Number of bulletins/policy briefs on economic regulation that IEA produces.</li> </ol>
Special Projects	To identify and respond to emerging socioeconomic issues that is of significant public interest.	<ol style="list-style-type: none"> <li>1. Number of emerging socioeconomic issues that IEA addresses.</li> <li>2. Number of engagements with the public to debate emerging socioeconomic issues.</li> <li>3. Number of bulletins/policy briefs on emerging socioeconomic issues that IEA produces.</li> </ol>
Communication	To facilitate policy engagement and communication of IEA researches to members and other policy audiences.	<ol style="list-style-type: none"> <li>1. Number of IEA publications disseminated.</li> <li>2. Number of public debates and dialogues and policy engagements.</li> <li>3. Feedback received from the public/ opinion leaders (verbal &amp; written).</li> <li>4. Media coverage (volume, breadth and depth).</li> <li>5. Survey to measure public understanding of policies and associations with IEA's intervention.</li> <li>6. Growth in membership numbers.</li> <li>7. Number of persons accessing and utilizing IEA's databases.</li> </ol>

## Organizational Capacity Development

Capacity Area	Performance Indicator
The Board	<ul style="list-style-type: none"> <li>Annual rating of the effectiveness of Board performance.</li> </ul>
Membership	<ul style="list-style-type: none"> <li>Number of active IEA membership disaggregated by type.</li> <li>Rate of recruitment of new members.</li> <li>Rate of membership renewal.</li> </ul>
Organizational Structure and Oversight	<ul style="list-style-type: none"> <li>Staff rating of the effectiveness of IEA's structure and the oversight function.</li> </ul>
Human Resources Management	<ul style="list-style-type: none"> <li>Staff rating of IEA's human resources management function.</li> <li>Rate of staff turnover.</li> <li>Percentage of IEA jobs with salaries based on market rates.</li> </ul>
Programmes Management	<ul style="list-style-type: none"> <li>Number of programmes/projects that have effective M&amp;E plans</li> <li>Number of programmes that are successfully implemented based on mid- and end- term evaluation of programmes/projects.</li> <li>Annual evaluation of SP.</li> </ul>
Knowledge Management	<ul style="list-style-type: none"> <li>Staff rating of IEA's knowledge management function.</li> <li>Number of persons, organizations and institutions that access and use IEA's information portal and database.</li> </ul>
Policy Engagement and Communication	<ul style="list-style-type: none"> <li>Number of policy engagements.</li> <li>Number of partnerships.</li> <li>Level of public awareness about IEA and its services.</li> </ul>
Resource Mobilization and Sustainability	<ul style="list-style-type: none"> <li>Number and diversity of donors at any given time.</li> <li>Amount of funding secured for programmes/project (restricted).</li> <li>Amount of unrestricted income.</li> <li>Ratio of unrestricted to restricted income.</li> </ul>

# Quality Control

We shall use a combination of internal and external mechanisms of quality control, particularly of our programmes, policy, and research outputs. This section describes the key mechanisms and processes we shall use.

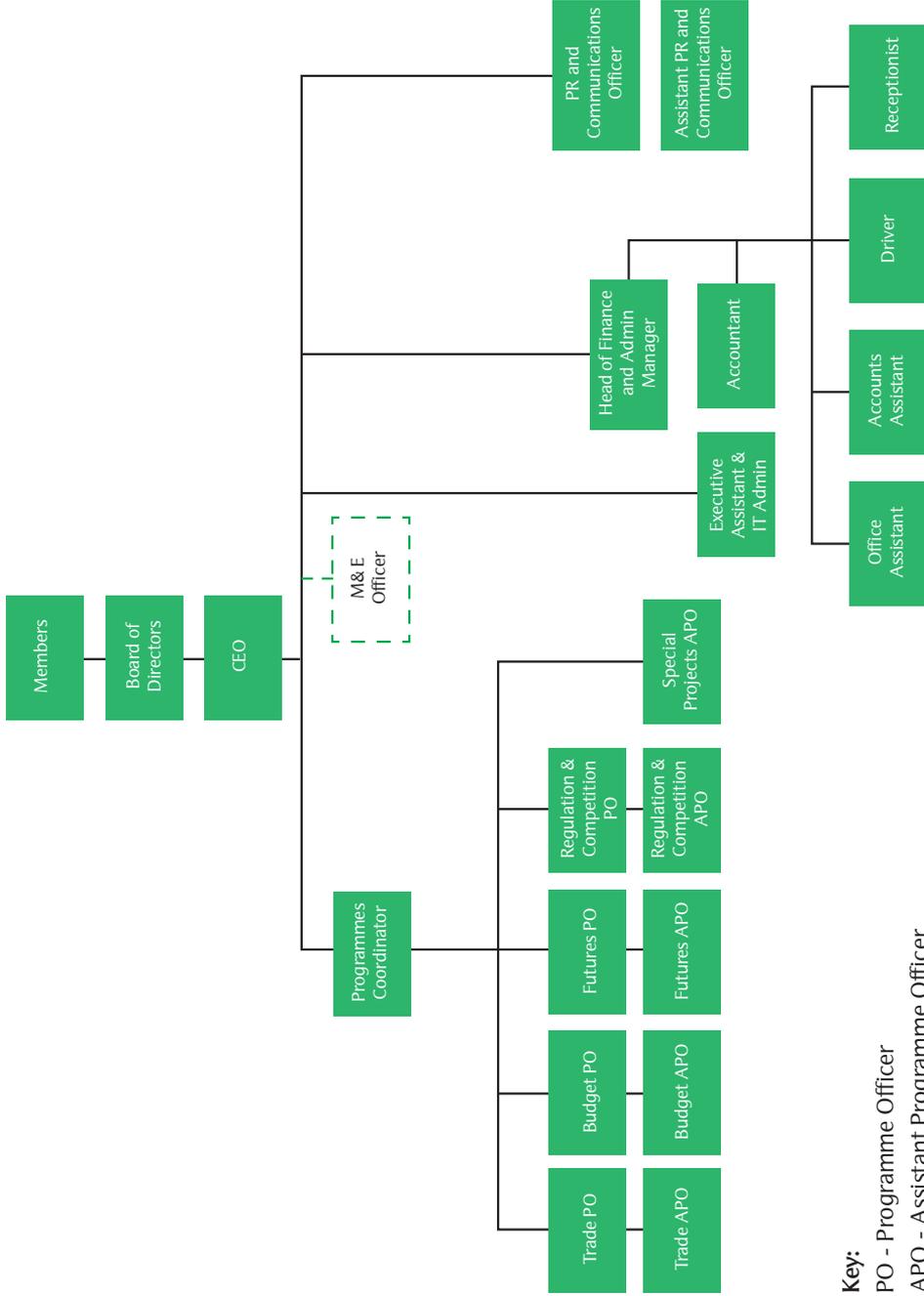
## Internal Quality Control Mechanisms

1. **Monthly Staff Meetings:** The IEA holds monthly meetings to review progress in programme implementation. This provides opportunities for early identification of handicaps in programme implementation and feedback on implementation progress.
2. **Management Meetings:** These are monthly meetings for management teams, including the Chief Executive, Programme Coordinator and the Finance & Administration Manager, where issues arising from staff meetings are discussed and solution agreed on at management level.
3. **Board Meetings:** The IEA Board meets once every quarter where the Board is appraised on programme, financial and institutional matters. The Programmes Committee and the Finance Committee, that are the key sub-committees of the Board, also meet from time to time as part of their oversight role in respective functions.
4. **Staff Appraisal:** Staff appraisals also provide opportunities for evaluating the performance of individual staff members. It helps with the identification of performance evaluation; skill gaps identification and recommendation and thus feeds into the training plan.
5. **Quarterly and Annual Reports:** Each programme prepares a report at the end of each quarter with information on activities carried out within the quarter. This assists in measuring work progress in the programme. At the end of each year programmes produce annual reports.
6. **Enterprise Resource Planning System:** The system is still under implementation, but when fully operational it will provide modules for financial, programme, and human resource management.
7. **Donor Reports:** Staff for each programme normally prepares reports for donors at regular intervals as stipulated in the contract agreements. Also prepared are the corresponding financial reports. Copies are then filed in a central file for ease of retrieval and reference.
8. **Annual Finance Audits:** As required by law, the IEA conducts annual finance audits and the reports are tabled for discussion and approval by Members during the annual general meetings (AGMs). The auditors are professional bodies selected by Members during AGMs and engaged by the Board for that purpose.
9. **Feedback for External Parties:** The IEA uses workshop questionnaires and attendance logs to solicit for feedback from the public whenever we hold a public event. IEA also conducts participants' evaluation after holding an event.

## External Quality Control Mechanisms

9. **Feedback for External Parties:** The IEA uses workshop questionnaires and attendance logs to solicit for feedback from the public whenever we hold a public event. IEA also conducts participants' evaluation after holding an event.

# Organization Structure



**Key:**  
 PO - Programme Officer  
 APO - Assistant Programme Officer  
 M&E - Monitoring and Evaluation Officer (available on call)









Institute of  
Economic Affairs

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