



THE NATIONAL TREASURY

State Department for Economic Planning



Transforming Kenya's Productivity through Strategic Economic Planning and Economic Intelligence.

Economic Planning Policy and Economic Intelligence as Drivers of Performance and Productivity

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Economic Planning Policy and Economic Intelligence

Drivers of Productivity and Performance in Kenya's Public Sector

Focus

Kenya Vision 2030 | MTP IV | BETA

Approach

Mixed Qualitative-Analytical

Institution

State Dept. for Economic Planning

Executive Summary

Purpose:

Examines how economic planning policy and economic intelligence drive productivity and performance in Kenya's public sector and broader development framework.

Context:

Situated within Kenya Vision 2030, the Fourth Medium-Term Plan (2023–2027), and the Bottom-Up Economic Transformation Agenda (BETA).

Key Finding:

Planning and intelligence are mutually reinforcing—planning provides strategic direction while intelligence supplies evidence for informed, adaptive decision-making.

Main Challenge:

Institutional fragmentation, data silos, weak planning-budgeting integration, and capacity constraints continue to limit productivity gains.

Recommendations:

Strengthen planning institutions, build integrated intelligence systems, improve data governance, and institutionalize evidence-based policymaking.



Introduction & Background

Global Context

Rapid technological change, climate variability, demographic transitions, and fiscal pressures require governments to make informed decisions that maximize development outcomes.

Contemporary planning now emphasizes policy coherence, stakeholder participation, results-based management, and adaptive decision-making—beyond mere plan preparation.

Economic intelligence—systematic collection, analysis, and application of socioeconomic information—has emerged as an essential driver of modern governance and public sector productivity.

Kenya's Context

- 1 Constitution 2010 anchors national planning and devolves county functions
- 2 Vision 2030 → MTP IV (2023–2027) → BETA: comprehensive planning continuum
- 3 KNBS, SDEP, IFMIS, e-NIMES, e-Citizen: growing intelligence infrastructure
- 4 Productivity growth remains uneven; structural transformation slower than envisaged
- 5 Executive Order No. 1 of 2025 strengthens SDEP's planning & intelligence mandate



Empirical Productivity Trends & Structural Transformation

Indicator	Status	Strategic Implication
Labour Productivity Growth	~2.5–3.5% annually	Moderate growth with sectoral disparities
Agriculture share of GDP	~20–25%	High employment but low productivity
Manufacturing share of GDP	~7–8%	Below Vision 2030 target of 15%
ICT Contribution to GDP	>8%	Key driver of digital transformation
Total Factor Productivity (TFP)	Relatively low growth	Limited technological upgrading
Public Sector Efficiency	Moderate	Need for integrated governance reforms

Source: KNBS (2024); World Bank (2023, 2024); AfDB (2023)



Problem Statement & Objectives

Core Problem:

Kenya's planning system is constrained by fragmented data ecosystems, weak planning-budgeting integration, coordination gaps in the devolved structure, limited application of advanced analytics, and input-oriented frameworks focused on expenditure rather than measurable outcomes—collectively reducing efficiency and adaptability.

Study Objectives:

1 Assess the current landscape of economic planning policy within the public service

2 Determine the linkage between economic planning policy and productivity outcomes

3 Establish the level of utilization of economic intelligence (data, analytics, forecasting) and its effects on productivity

4 Propose targeted strategies for enhancing the impact of planning and intelligence on national productivity and public sector performance



Economic Planning Framework in Kenya

Kenya Vision 2030

Long-term blueprint to 2030

Fourth Medium-Term Plan (MTP IV 2023–2027)

Implements Vision 2030 | Aligned with BETA

Sector Plans · Strategic Plans · County CIDPs

Sectoral and devolved implementation

Annual Development Plans · Programme-Based Budgets

Annual resource allocation and programming

Performance Contracts · Annual Work Plans · M&E

Monitoring, evaluation and accountability



Economic Intelligence for Evidence-Based Policymaking

Economic intelligence = systematic collection + analysis + interpretation + application of economic information to support policy formulation, strategic planning, and decision-making

1 Decision Support

Forecasting, analytics and performance data enable proactive management—reducing uncertainty and improving public expenditure efficiency

2 Policy Coherence

Integrates planning and budgeting; harmonizes national and county reporting; aligns resource flows with development priorities

3 Accountability & M&E

Performance analytics shift governance toward results-based management; KPIs and digital M&E tools strengthen transparency

4 Adaptive Response

Real-time data on fiscal, food security, climate and labour risks enables timely corrective policy interventions



Economic Intelligence: Systems & Functions

IFMIS

Integrated Financial Management Information System — tracks public expenditure, procurement, and financial reporting across MDAs

e-NIMES

Electronic National Integrated M&E System — monitors development programme outcomes and performance targets

KNBS Databases

Kenya National Bureau of Statistics manages the national statistical system and generates socioeconomic data for planning

e-Citizen Platform

Digitized public services platform improving service delivery and generating administrative data for governance analytics

Macroeconomic Forecasting

Budget Policy Statements, revenue projections, debt analysis — supporting fiscal planning and adaptive policy responses

KIPPRA Analytics

Kenya Institute for Public Policy Research and Analysis — evidence synthesis, economic modelling, and policy research



International Best Practices & Lessons

Singapore

Strategic Foresight

Integrated long-term planning with robust scenario analysis and whole-of-government performance management driving sustained productivity growth

South Korea

Innovation & Digital Governance

Government-wide digital transformation agenda coupled with evidence-based industrial policy delivered structural transformation and TFP growth

Rwanda

Results-Based M&E

Imihigo (performance contracts) and integrated national M&E linked to budget allocation improved public sector accountability and development outcomes

Key Lesson for Kenya:

Data alone does not generate productivity gains. Governments must establish institutional mechanisms that transform data into actionable intelligence and integrate that intelligence into planning, budgeting, implementation, monitoring, and policy review cycles. Investment in data governance, interoperability, analytics capacity, and institutional coordination is essential.



Planning, Intelligence & Productivity Nexus

Economic Planning

- ▶ Sets strategic development priorities
- ▶ Guides resource allocation across sectors
- ▶ Aligns public expenditure with national goals
- ▶ Coordinates national and county institutions
- ▶ Establishes accountability frameworks

Economic Intelligence

- ▶ Generates timely and actionable information
- ▶ Supports forecasting and risk identification
- ▶ Enables evidence-based policy evaluation
- ▶ Strengthens performance monitoring
- ▶ Drives adaptive management

Productivity Outcomes

- ▶ Improved public expenditure efficiency
- ▶ Enhanced service delivery quality
- ▶ Stronger institutional accountability
- ▶ Accelerated structural transformation
- ▶ Inclusive and sustainable growth



Productivity Transformation Under BETA

The Bottom-Up Economic Transformation Agenda (BETA) places productivity enhancement at the centre of Kenya's development strategy through targeted investments in key sectors:

Agriculture

Modernisation, value addition, mechanization and climate-smart farming

MSMEs

Access to finance, markets, business development and formalization support

Housing

Affordable housing programme stimulating construction and urban productivity

Healthcare

Universal Health Coverage improving human capital and labour productivity

Digital Economy

Technology-enabled enterprises, e-government and digital infrastructure

Creative Economy

Cultural industries, tourism and youth employment diversification

Challenges Limiting Planning & Intelligence Effectiveness

1

Institutional Fragmentation:

Planning, budgeting, M&E, and data functions spread across multiple MDAs with overlapping mandates, reducing coordination and resulting in compliance-oriented rather than strategically integrated planning

2

Data & Information Gaps:

Dispersed data across institutions in different formats, inconsistent standards, reporting delays, incomplete datasets, and limited interoperability constrain intelligence generation and sharing

3

Capacity Constraints:

Significant disparities in analytical and planning capabilities across MDAs and counties; gaps in economic modelling, forecasting, project appraisal, data analytics, and digital systems management

4

Weak M&E Utilization:

M&E reports produced regularly but findings not systematically incorporated into planning, budgeting or policy review, limiting adaptive management and the productivity feedback loop

5

Coordination Across Government Levels:

Differences in planning cycles, resource availability, technical capacity, and reporting frameworks create inconsistencies between national objectives and county-level implementation



Policy Recommendations

1

Strengthen Planning Institutions

Clarify mandates, enhance coordination mechanisms, and ensure full operationalization of the Economic Planning Policy as a coherent whole-of-government framework

2

Build Integrated Intelligence Systems

Develop interoperable data infrastructure linking IFMIS, e-NIMES, KNBS and sectoral databases; establish a national economic intelligence hub

3

Enhance Data Governance

Establish national data governance standards, enforce interoperability protocols, and improve data quality, timeliness and accessibility across MDAs

4

Build Analytical Capacity

Invest in human capital development in economic modelling, forecasting, policy analysis, data analytics and digital systems across national and county levels

5

Improve Resource Allocation Efficiency

Strengthen planning-budgeting integration; institutionalize Programme-Based Budgeting linked to measurable outcomes and performance evidence

6

Institutionalize Evidence-Based Policy

Embed M&E findings systematically into planning, budgeting and policy review cycles; reward institutions that demonstrate results-based management



Conclusion

- 1 Economic planning and economic intelligence are mutually reinforcing functions—planning provides strategic direction while intelligence supplies the evidence for effective decision-making
- 2 Kenya has made considerable progress: Vision 2030, MTP IV, BETA, digital platforms, and institutional reforms reflect sustained investment in planning systems
- 3 Persistent challenges—institutional fragmentation, data gaps, capacity constraints, and weak M&E utilization—continue to limit the productivity dividend from planning and intelligence
- 4 Strengthening planning institutions, building integrated intelligence systems, enhancing data governance, and institutionalizing evidence-based policymaking are essential reform priorities
- 5 These reforms are critical for supporting sustainable development, improving public sector performance, and advancing Kenya's long-term economic transformation agenda



End

Thank you

