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'Holding against the tide': Exploring the role of bureaucratic pockets of effectiveness in Kenya

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Abstract

This paper explores the factors that have influenced the performance of the Central Bank of Kenya, Kenya Revenue Authority and National Treasury since the 1990s, all of which were identified as potential examples of 'pockets of effectiveness' in the Kenyan context. The paper finds that Kenya's 'dispersed' political settlement (which moved from a 'narrow' to 'broad' social foundation during the paper's period of analysis) creates an environment that is generally not conducive to concerted, longer-term investments in state capacity, as ruling elites tend to be preoccupied with shorter-term efforts to keep themselves in power and lack sufficient enforcement powers to discipline or centralise rent seeking. To varying degrees, these political pressures have been felt by the three case-study organisations, especially the Treasury. That said, other factors have helped to maintain some degree of autonomy for these organisations (even if the extent of their autonomy has varied significantly, both between the organisations and within the same organisations over time). These include organisational-level factors, such as the extent of each organisation's formal autonomy, as well as, more informally, the nature and embeddedness of its leadership. Transnational factors have also been important, notably the extent to which these organisations have been subject to the disciplinary logics of global neoliberalism. Finally, ideational factors have helped to buttress the autonomy of these organisations, at least during particular periods, as policy coalitions composed of politicians and technocrats (drawing on, but not beholden to, donor support) have occasionally come together around shared developmental ideas to try and protect these organisations – and the economic technocracy generally – from the more corrosive pressures generated by Kenya's political settlement.

Keywords: politics, pockets of effectiveness, state capacity, development, Africa, Kenya

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Introduction

The existing literature on the capacity and performance of the Kenyan state has not engaged extensively with the 'pockets of effectiveness' (PoE) concept, but it does suggest that the phenomenon may have become increasingly relevant since around the mid-1980s. This was as external and domestic pressures around elite fragmentation, state informalisation and political and economic liberalisation fragmented the previously broad-based capacities (and performance) of the Kenyan state (Barkan and Chege 1989; Branch and Cheeseman 2008; Leonard 1991; Mueller 2011; Opalo 2019). Today, scholars observe that the distribution of capacity within the Kenyan state is 'not uniform' (Porisky 2020:4) and that there is significant 'variability' in its performance, both 'over space', from one region to another, and 'across agencies', with some agencies being much 'more capable than others', despite all operating 'within the same state' (Hassan 2020:14). Yet, beyond Kenya's coercive apparatus – and, particularly, the Provincial (or, since 2013, what has been called the National) Administration – there is little sense of where these higher levels of capacity and performance might actually be observed. Indeed, the literature has often been focused more on discussing the general weaknesses, inefficiencies and pathologies of the Kenyan state than exploring the areas in which it performs well. It offers little sense of the conditions that explain the emergence, persistence and decline of PoEs within the Kenyan context, and few clues about the identity (let alone full organisational case studies) of contemporary examples of the phenomenon.

This paper seeks to fill that gap. Summarising the findings of three organisational case-study papers (Tyce 2020a/b/c), it introduces three examples of current or recent PoEs in the Kenyan context – the Central Bank of Kenya, Kenya Revenue Authority and National Treasury – and tracks the drivers of their performance since the early 1990s. Employing an expanded, multi-scalar version of political settlement analysis that has been outlined by Hickey (2019), this paper argues that interests and ideas have intertwined within Kenya's highly transnationalised political settlement to direct capacity-building efforts and political support towards these three organisations, which together comprise the country's 'economic technocracy'. These alignments have allowed the three organisations (to varying degrees, and at different times) to perform relatively well in achieving their stated mandates and (again, in varying degrees and times) to be somewhat insulated from the more corrosive pressures generated by Kenya's markedly 'dispersed' political settlement. However, the paper does find that structural pressures associated with global 'disciplinary neoliberalism' (Gill 1995) have ensured that the mandates of these three organisations have tended to reflect and serve a rather narrow neoliberal state building and developmental agenda, rather than more activist, heterodox ones. The three organisations, and Kenya's economic technocracy generally, have also received disproportionate amounts of attention and resources (from both domestic and transnational actors) relative to other parts of the Kenyan state, which has only compounded the uneven distribution of capacity and performance that scholars observe within it.

The paper proceeds as follows. Section 2 offers a history of Kenya's political settlement. Section 3 presents a broad overview of the nature of public-sector performance since the 1990s. Section 4 presents the results of a literature review and expert survey that, taken together, identified the three case-study organisations as potential PoEs. Section 5 then offers condensed histories of the three organisations, before Section 6 identifies the factors that explain their performance. Finally, Section 7 offers policy and research implications.

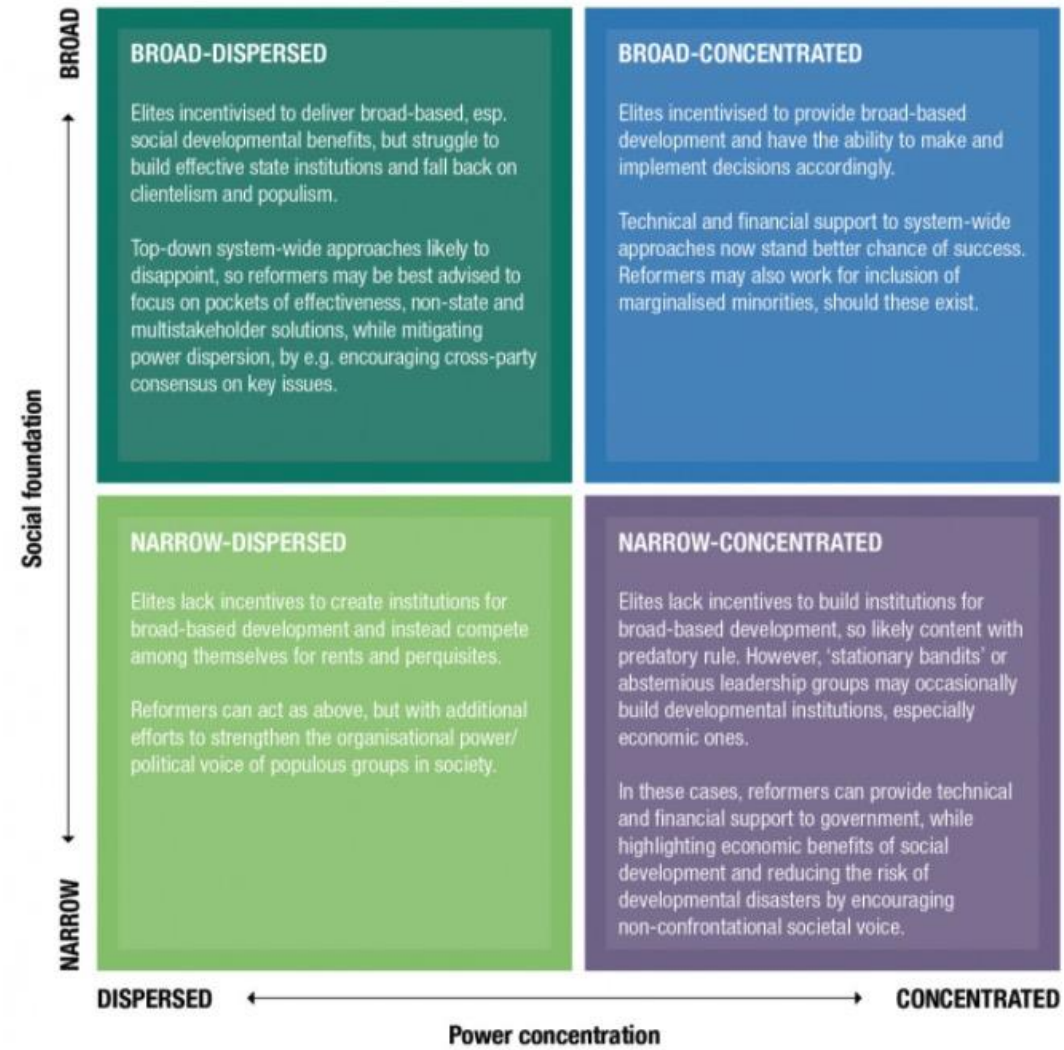
Kenya's political settlement

This paper utilises a definition and typology of political settlements that has been – and is continuing to be – developed by ESID researchers working on its 'defining and measuring political settlements' project (Kelsall and vom Hau 2020; Schulz and Kelsall 2021; and Kelsall et al. forthcoming). Within their framing, a political settlement can be defined as 'an ongoing agreement among a society's most powerful groups over a set of political and economic institutions expected to generate for them a minimally acceptable level of benefits, which thereby ends or prevents generalised civil war' (Schulz and Kelsall 2021:4). As a definition, it more or less aligns with those that have previously been proposed by other scholars, including Di John and Putzel (2009) and Khan (2010). That said, there are key differences between these approaches, not just in how they define political settlements, but in how they conceptualise and disaggregate between different 'ideal types' of political settlement within a typology. [1] According to Khan's (2010) typology, for example, different types of settlement can be distinguished primarily by the horizontal and vertical distribution of power within them, as well as the predominant ways in which ruling coalitions secure financing and how state–business relations are consequently structured. Within ESID's typology, by contrast, these dimensions of power are all collapsed into a single dimension relating to a political settlement's 'power configuration'. Broadly, power configurations can be conceived of as being either *concentrated* or *dispersed*, with *concentrated* configurations being ones where power is centralised around the ruling coalition's top political leadership.

By merging Khan's varying dimensions of power distribution into a single dimension, this opens up space for the addition of a second dimension around the 'social foundation' of a political settlement. A settlement's social foundation can, essentially, be understood as being either *narrow* or *broad*, and refers to what proportion of a country's powerful groups have acquiesced to, or been co-opted into, the settlement as a whole (noting that this is not necessarily the same thing as what proportion of powerful groups are supportive of the ruling coalition itself, which is the focus of Khan's typology). By bringing these dimensions together, one arrives at the typology below, which identifies four ideal types of political settlement. Figure 1 lists key hypotheses for each of the four types of settlement, but Kelsall and vom Hau (ibid:21) identify the *broad-concentrated* political settlement 'as has having, ceteris paribus, the highest developmental potential'. This is because a broad social foundation is likely to incentivise ruling elites to 'try and engender broad-based growth and provide inclusive public services', while a concentration of power around the ruling coalition's top leadership is likely to enhance its enforcement powers, its ability to centralise rent seeking, and its inclinations to invest in longer-term efforts building state capacity in order to achieve these aims.

[1] There are several areas of divergence between the approaches cited here, but there is only room in this paper to discuss the ones that have most significance for the analysis that follows. To get a sense of other points of divergence, readers can refer to a series of short discussion pieces in *African Affairs* between Mushtaq Khan (2018a and b) and Tim Kelsall (2018).

Figure 1. Political settlement typology



Source: https://www.effective-states.org/what-is-political-settlements-analysis/

Since independence in 1963, Kenya has moved through all four of the political settlement types identified above. From 1963 up until the early 1990s, Kenya possessed a *concentrated* political settlement, as power was highly centralised around the presidency and an executive bureaucracy – including the Provincial Administration (PA) – that did the president's bidding (Mueller 2014). This was the case under both presidents who served during this period, namely Jomo Kenyatta (1963-1978) and Daniel arap Moi (1978-2002). However, there was quite significant variation in terms of the social foundation of Kenya's settlement during this period. Under Kenyatta, Kenya's settlement was *broad-concentrated*, as he hailed from one of Kenya's largest and most powerful ethnic groups and enjoyed broad legitimacy amongst the population because of his role in Kenya's independence movement. Kenyatta's status as the leader, or father, of the nation gave him sufficient assurances not just to tolerate competitive one-party elections, but to delegate significant degrees of autonomy to 'regional barons' who commanded sizeable ethnic bases beyond his own, thereby ensuring a greater reach of the political settlement (Cheeseman 2009:95). By contrast, Kenya moved towards a *narrow-concentrated* settlement under Moi, as he came not only from a smaller and more fragmented ethnic group, but entered office in 1978 as the global economy was entering a downturn, which undermined his ability to sustain the extensive clientelist networks that Kenyatta had built (Barkan and Chege 1989). Following an attempted coup in 1982, Moi adopted an ‘increasingly exclusionary form of governance’ that relied less on co-opting rival factions and more on repressing them (Branch et al. 2010:251).

The next shift in Kenya’s settlement occurred in the early 1990s, as democratisation pressures led to a *narrow-dispersed* power configuration. Political liberalisation, and the legalisation of multiparty politics, allowed politicians to defect freely from the ruling party (ibid). Simultaneously, economic liberalisation unravelled Moi’s control over the economy, which allowed business elites to channel political financing to rival candidates without fear of punishment (Arriola 2013). However, the settlement’s foundation remained narrow because, within this context, the costs of repressing and intimidating rival groups were still less than co-opting them (Mueller 2014). Moi’s allies financed ethnic militia to suppress opposition supporters in vote-rich regions, while they also covertly supported rival presidential candidates to fragment the opposition (Kajwanja 2009). The continued narrowness of the settlement can, perhaps, be best illustrated by the fact that Moi secured re-election in 1992 and 1997 with just a third of the votes. In 2002, with Kenya’s constitution preventing Moi from standing for a third term, the social foundation of Kenya’s settlement finally appeared to be broadening again, as an inclusive National Rainbow Coalition (NARC), led by Mwai Kibaki, came to power, promising a different form of politics. However, NARC quickly disintegrated along largely ethnic lines, leaving Kibaki, by 2005, in charge of a coalition that was dominated by co-ethnics, and his former NARC principals back in opposition, claiming that they were once again being ‘excluded from the political process’ (Cheeseman 2008).

These historical grievances, and feelings of exclusion from the political settlement, formed the backdrop to Kenya’s controversial 2007 elections, and the months of violence that followed. However, they also informed debates around drafting a new constitution, which became the overriding priority of a unity government, led by Kibaki, that was formed in early 2008 and brought together (in a somewhat unwieldy and fragmented arrangement) all key political factions. The passage of this constitution, in 2010, offers the most visible (and formal) manifestation of what has been a broader shift, since 2008, to a *broad-dispersed* political settlement. This is because there have been quite explicit attempts, through the constitution in particular, to broaden the foundation of Kenya’s settlement. For example, there are various new electoral rules, including that presidential candidates must secure over 50 percent of votes and at least 25 percent in half of Kenya’s 47 counties, to incentivise politicians to appeal more broadly (and programmatically) to voters and construct broader coalitions. Within the state, meanwhile, there have been moves towards ‘representative bureaucracy’, with rules mandating ethnic, gender and regional diversity in public-sector appointments (though enforcement of these has often been lacking) (Hassan and O’Mealia 2020). The president’s power over such appointments has also been weakened. Additionally, Kenya’s constitution introduced an extensive form of decentralisation, or devolution, that ‘was not merely a central government gimmick to control peripheral elites’, but a genuine attempt to ‘improve service delivery, ensure geographically equitable public spending and curtail presidential powers’ (Opalo 2020:852). Devolution remains a work in progress, and in some respects has simply devolved the logics of national politics to local levels (D’Arcy and Cornell 2016), but it has been, and will continue to be, ‘a game changer in Kenya’s politics of development’, helping to secure greater buy-in to the country’s political settlement (Kanyinga 2016:163).

The corollary of these attempts to expand the foundation of Kenya’s political settlement is that they have entailed an even greater dispersion of power within it. Devolution, in particular, was framed as a way of unravelling Kenya’s ‘top-heavy, winner takes all political system’ (Blampied et al. 2016:19) and its ‘imperial presidency’ (Bosire 2016:119). Kenya’s settlement is therefore now characterised by a marked dispersion of power, with an extensive number of ‘veto players’ operating at different political and administrative levels, who can provide a significant restraint on the enforcement powers of central state organisations and the executive (Boone et al. 2018; Cheeseman et al. 2016; Waddilove 2019). Mwai Kibaki experienced some of these realities during his second term (2008-2013), as Kenya began its shift towards a *broad-dispersed* settlement. However, as discussed in the following sections, they have been even greater for President Kenyatta and his Jubilee coalition, whose election coincided with full implementation of Kenya’s devolved form of governance in 2013.

Public-sector performance

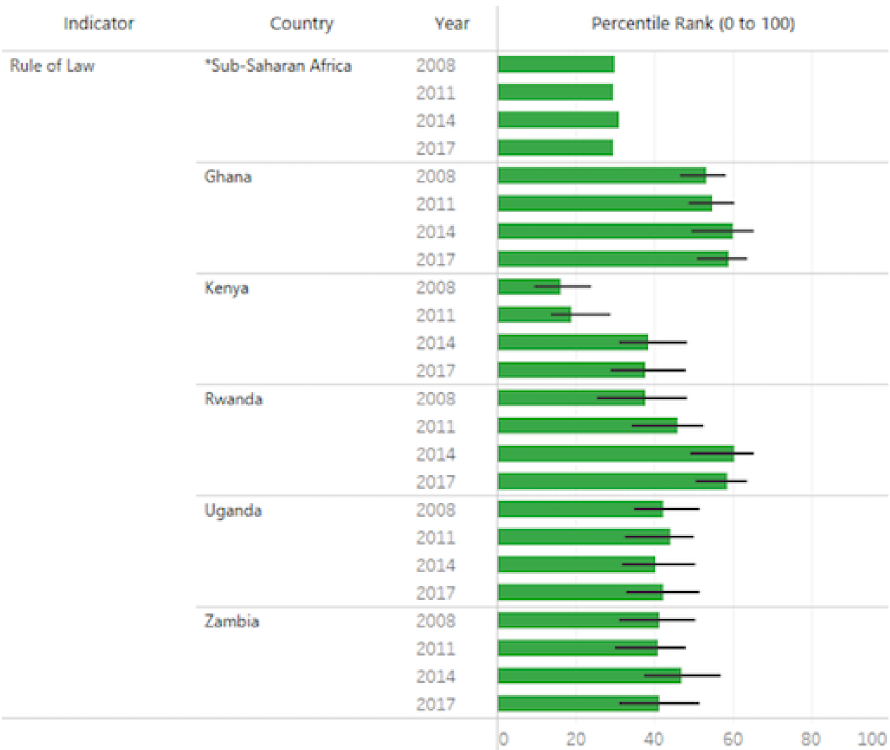
The literature offers a sobering assessment of public-sector management in Kenya. There are regular discussions of ‘state failure’ (Branch and Cheeseman 2008) and ‘state capture’ (Maina 2019), along with claims that the Kenyan state has been ‘repurposed into a zone for personalised appropriation’ and ‘gut[ting] state resources for electioneering’ (ibid:vii; Ndii 2020). The Kenyan state is variously described as ‘grabbed’ (Manji 2012), ‘criminal’ (Kajwanja and Southall 2009) or, most often, simply ‘categorised as “weak”’ (Hassan 2020:15). As the references to electioneering suggest, scholars often link these realities to the emergence of multi-party politics, which accelerated pre-existing processes of elite fragmentation and state informalisation and saw a ‘slide into corruption and financial scandal, ineffective governance, [and] the crumbling of institutions’ (Kajwanja 2009:366). This begun under Moi, who ‘responded to the new challenges posed by political liberalization by pursuing a policy of state informalisation characterised by looting of the Kenyan state’ and recruiting ethnic militia to ‘hold onto power through force’ (Branch and Cheeseman 2008:4). Not only did this open a ‘Pandora’s Box’ that eroded what, for many, is the state’s fundamental role – namely, maintaining a monopoly over legitimate use of force – but it also led to ‘oversight institutions’ being weakened to enable this ‘pervasive corruption’ (Mueller 2011:104).

Yet similar dynamics have been observed under subsequent presidents, to the extent that Kenya’s story is often labelled as one of ‘continuity rather than change in public resource management’ (Murunga and Nasong’o 2006:22). For Cheeseman (2009:94), in Kenya, ‘the more things change, the more they stay the same’. Mueller (2014:333), similarly, finds that ‘Kenya has displayed a remarkable ability to re-invent the status quo’. This, seemingly, has also been the case with the country’s new constitution, which has not fundamentally improved the nature of public-sector performance, despite containing an array of provisions that sought to do so (from creating new oversight bodies, and bolstering the powers of existing ones, to stipulating that ministers cannot be serving politicians, with the hope that this would create stronger incentives for technocratic rather than political decision-making) (Hassan 2015).

According to Maina (2019:8), Ndii (2020) and others, deeprooted processes of state capture have remained remarkably 'stable' under Kenya's new constitutional dispensation.

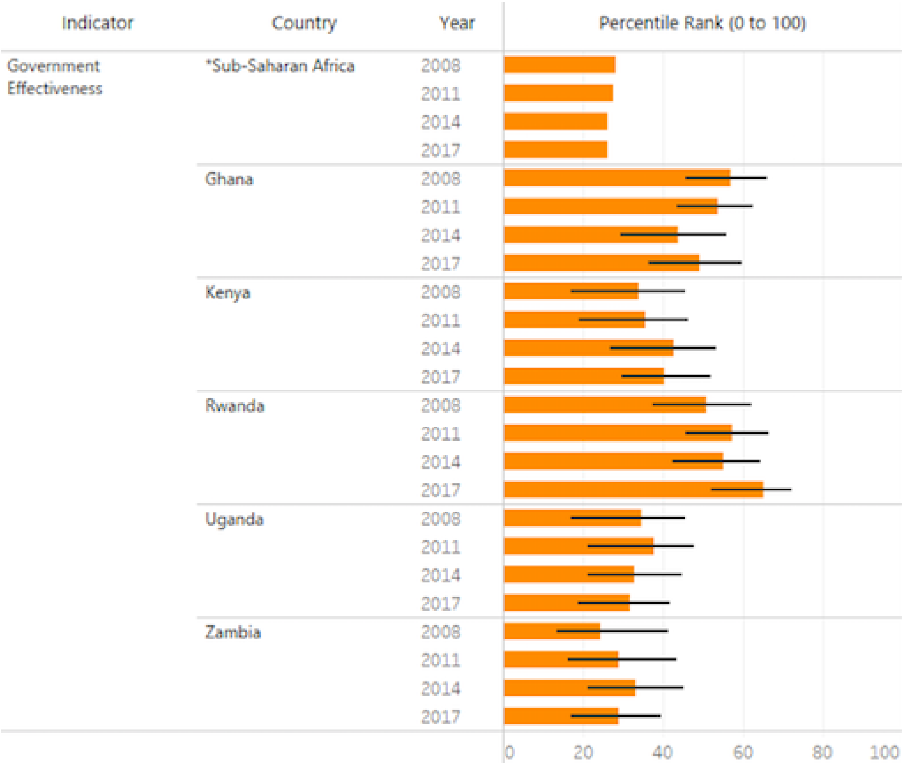
One gets a similar picture from the World Governance Indicators (WGI). Kenya has made clear strides since 2007/08 in the Rule of Law (see Figure 2) but fewer signs of progress – if any – can be seen in scores for Government Effectiveness or Regulatory Quality, where Kenya trails other case-study countries for this project, notably Ghana and Rwanda, and has even shown recent signs of decline (Figures 3 and 4). Clearly echoing the literature, Kenya's lowest scores come in the Control of Corruption, to the extent that it not only lags all of the project's other country cases, bar Uganda, but falls well below the sub-Saharan African (SSA) average (Figure 5). There are even signs that corruption may have been worsening under Kenya's new constitutional dispensation – a finding that is echoed by surveys conducted by the country's own Ethics and Anti-Corruption Commission (EACC 2018).

Figure 2. Rule of Law



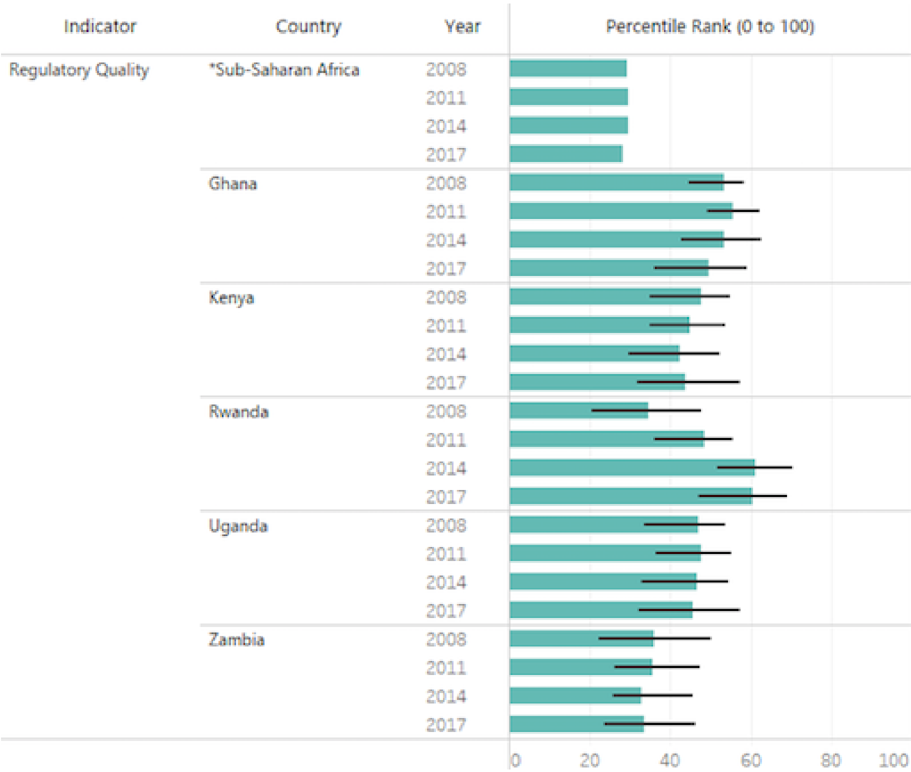
Source: World Governance Indicators.

Figure 3. Government Effectiveness



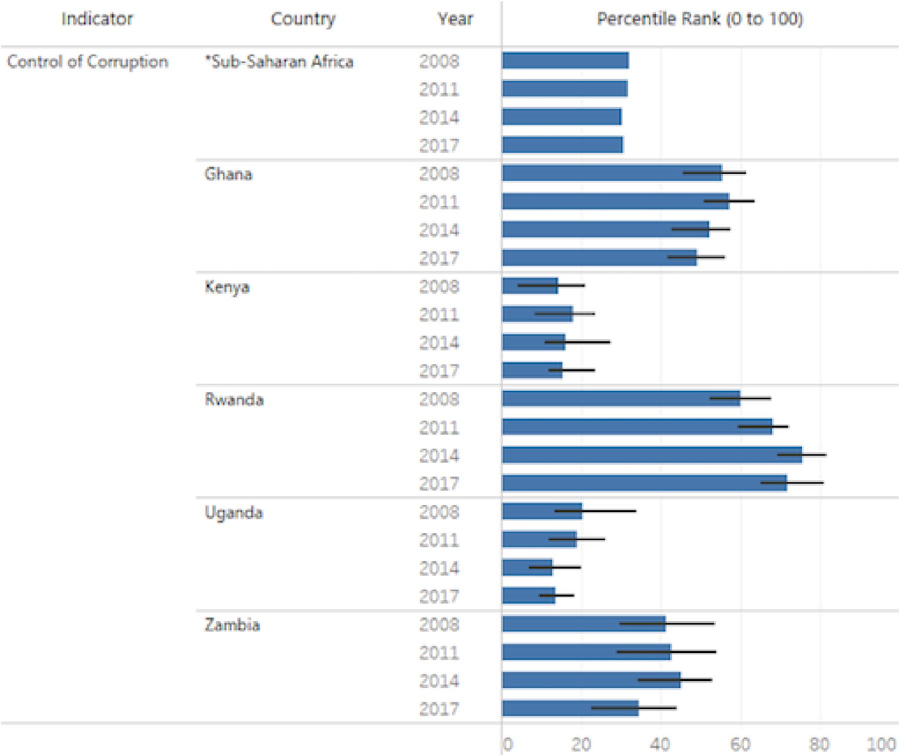
Source: World Governance Indicators.

Figure 4. Regulatory Quality



Source: World Governance Indicators.

Figure 5. Control of Corruption



Source: World Governance Indicators.

'Pockets of Effectiveness': Past and present

While databases like the WGI offer high-level insights into aggregate levels of public-sector performance, they say little about the extent to which performance varies *within* the state – and, thus, whether there are PoEs present that might be bucking these broader trends (Bersch et al. 2017). [2] Therefore, to get a better sense of the role that PoEs have played, and do play, within Kenya's political economy, the paper now returns to reviewing the literature.

Secondary literature

The literature suggests that the PoE phenomenon has become increasingly pronounced in Kenya since the mid-1980s, though the terminology has rarely been used. Before the 1980s, Kenya possessed a generally 'strong state' (Opalo 2019:12) and 'autonomous administrative apparatus' (Leys 1975:122). This had been inherited from the colonial regime and was preserved by President Kenyatta within the context of Kenya's *broad-concentrated* settlement (Barkan 1994; Widner 1992). Nonetheless, certain parts of the Kenyan state were particularly effective. These included the coercive state apparatus – and particularly the PA – which possessed a disciplined and well-renumerated workforce (Barkan and Chege 1989; Branch and Cheeseman 2006; Hassan 2017,2020). Within the economic technocracy, meanwhile, organisations like the Central Bank of Kenya (CBK) and the Finance Ministry were also highly

[2] Scholars have also questioned the degree to which the WGI can even offer useful aggregate-level insights, given that various conceptual, methodological and normative limitations appear to be built into the dataset. See: Langbein and Knack (2010); Magnusson and Tarverdi (2020).

capable, led by UK-educated economists from Kenyatta's ethnic group, but supported by significant technical assistance from donors, who saw Kenya as a poster-child for market-led development (Nyong'o 1989; O'Brien and Ryan 2001). Reflecting the fact that many of Kenyatta's allies – and, indeed, Kenyatta himself – were invested in commercial agriculture, particularly tea, and more broadly derived support from regions producing these commodities, the state maintained 'effective agricultural institutions' such as the Kenya Tea Development Agency (KTDA) (Poulton and Kanyinga 2014:154). In all these cases, Kenyatta's recruitment policy combined 'an element of personal loyalty with a preponderance of objective merit' (Leonard 1991:134).

Yet the performance of these organisations – and, indeed, the Kenyan state generally – worsened in the 1980s, as processes of elite fragmentation and state informalisation took root. These had emerged during the latter years of Kenyatta's presidency, as his worsening health saw increased factional conflict within the ruling coalition, but escalated throughout Moi's, as Kenya shifted towards a *narrow-concentrated* settlement. Across the state, but particularly within the economic technocracy, long-standing (and capable) technocrats were removed because they hailed from Kenyatta's ethnic group – or, indeed, any ethnic group that was not aligned with the narrowing social foundations of Moi's coalition (Throup 1987). In their place, Moi appointed individuals that he could trust, but who lacked the capacity or experience to run such organisations (O'Brien and Ryan 2001). Organisations like KTDA were also hobbled as Moi rerouted state support from cash crops like tea and coffee, grown in areas dominated by rival political factions, towards cereal crops produced in his own social heartlands (Poulton and Kanyinga 2014). 'This switch meant reduced earnings from exports', which led to a broader 'reduction in the state's capacity to deliver basic services' (Kanyinga 2016:161). The 'exception was the security apparatus', where 'Moi was careful to maintain the [PA's] capacity and professionalism' because of its role in coercing opponents and ensuring the basic stability of the political settlement (Branch and Cheeseman 2008:11; Hassan 2020).

Compounding this situation, Kenya's structural adjustment reforms, from the 1980s, 'further undermined the state's capacity', because, within this context of growing predation, what the state 'really needed was strengthening, not cutting back' (Murunga and Nasong'o 2006:197). In sectors ranging from health (Brown 2015) and education (Oketch 2003) to energy (Newell and Phillips 2016) and water (Marcus and Onjala 2008), external pressures around decentralisation, liberalisation and Good Governance led state organisations to disengage – often 'too rapidly' (ibid:23) – from administrative processes, creating a 'regulatory and monitoring vacuum' that often only heightened corruption further (Tyce 2019:563; 2020d).

Broadly, the literature suggests that these domestically rooted pressures around state informalisation and elite fragmentation, along with more externally driven pressures around economic and political liberalisation, have continued to undermine the state's effectiveness and capacity ever since. That said, Hassan (2020:15) has argued that, while the Kenyan state is often now often 'categorised as "weak"', some of its entities remain 'very capable' in 'helping their leaders meet critical policy or political goals.' Hassan's case-study organisation is the PA, which continues to be effective in delivering on its formal (and informal) mandate, even if it would not meet Roll's (2014) criteria for a PoE because of its human right infringements. [3] However, other scholars corroborate Hassan's claim that there is 'strategic variation of capacity' within the state. For instance, Tyce (2019) identifies Kenya's Export Processing Zones Authority as a potential PoE, while Byrne and Mbeva (2017:2) argue that 'parts of the Kenyan state', such as its Geothermal Development Company, have been effective at building renewable energy 'niches' with foreign investors. Similarly, Upadhyaya (2017; 2020) suggests that CBK is a relatively effective organisation within the Kenyan context, while Moore and Prichard (2017:11) claim that the 'Kenya Revenue Authority is one of the most effective tax administrations in sub-Saharan Africa'. Thus, PoEs do appear to be a salient feature in Kenya's political economy, even if the literature suggests that their status as such may be fragile and perhaps also reflective of a 'disciplinary neoliberalism' (Gill 1995; Newell and Phillips 2016) that encourages investment in particular state organisations and functions (macroeconomic stability, attracting foreign investment, etc.) over others.

Expert survey

To identify contemporary examples of potential PoEs for research, the researcher conducted a small, targeted survey of 21 respondents with a knowledge of Kenya's public-sector. These included current and former civil servants, journalists, donor representatives and academics. There are inevitable pitfalls in conducting a survey with a small and non-representative sample, notably that responses will be swayed by the reputational bias of organisations, or simply by the timing of the survey. In Kenya, these were surely important realities, as the survey was conducted in February 2019, amidst widespread reporting of a series of corruption scandals that may have tainted perceptions of public-sector performance as well as that of particular organisations. Nonetheless, the survey did offer interesting insights – even if only a snapshot in time – about the nature of the Kenyan state, particularly once triangulated with secondary literature and statistical data.

The survey corroborated the sense that PoEs are a relevant phenomenon in Kenya. Over half of respondents claimed that only a minority of state organisations regularly deliver on their mandates (Figure 6). Regarding the identity of these potential PoEs, CBK emerged as the clearest contender, receiving nearly twice the number of nominations that KRA, the second-ranked organisation, received (Figure 7). The sense that these organisations were high performers was also supported by the literature, which had already identified them – albeit often only in passing – as being relatively effective within both a Kenyan and African context (Moore and Prichard 2017; Ndung'u 2017; Prichard 2015; Upadhyaya 2020; Waris 2017). CBK and KRA were therefore selected as obvious case studies for further investigation.

[3] As Hassan (2015) argues, the 'PA's unofficial, yet largest, role' has been to 'suppress regime opponents, rig elections, and control civilian protests throughout the country'.

Figure 6. Distribution of performance

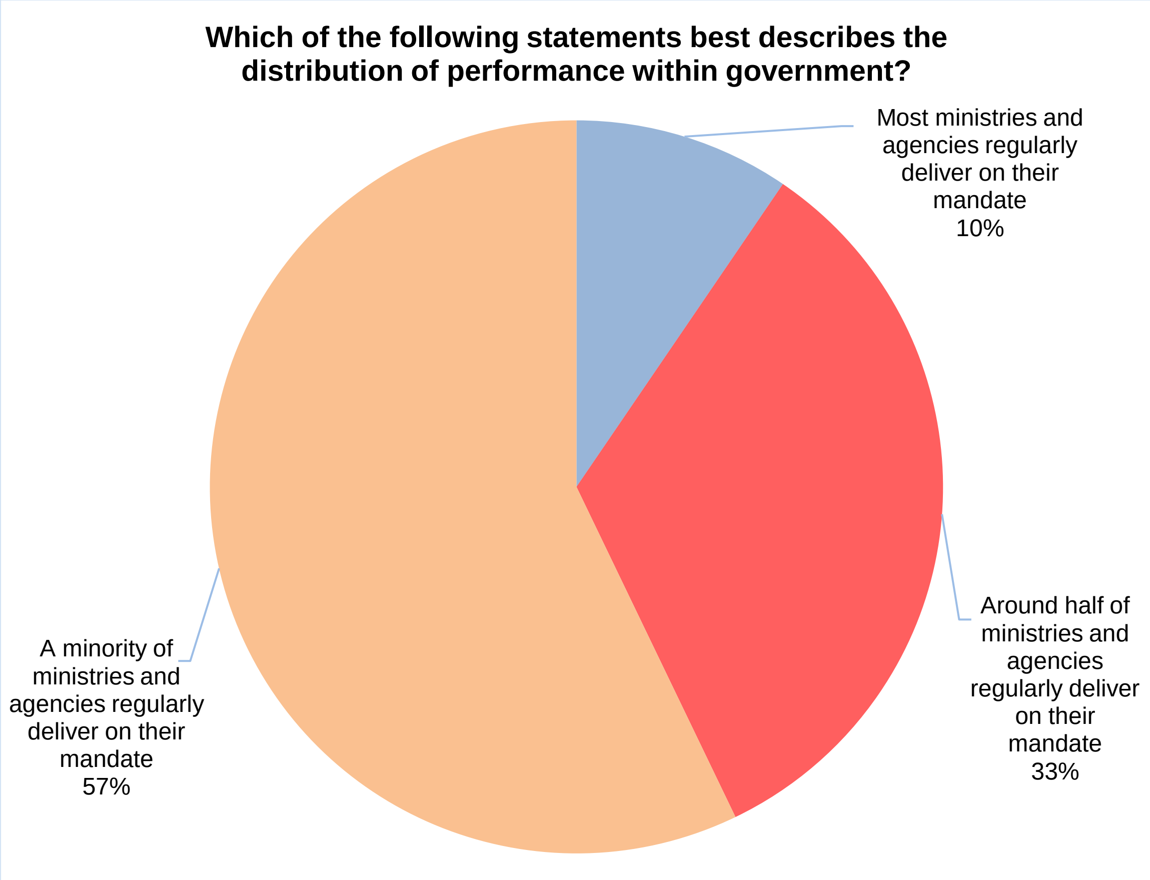
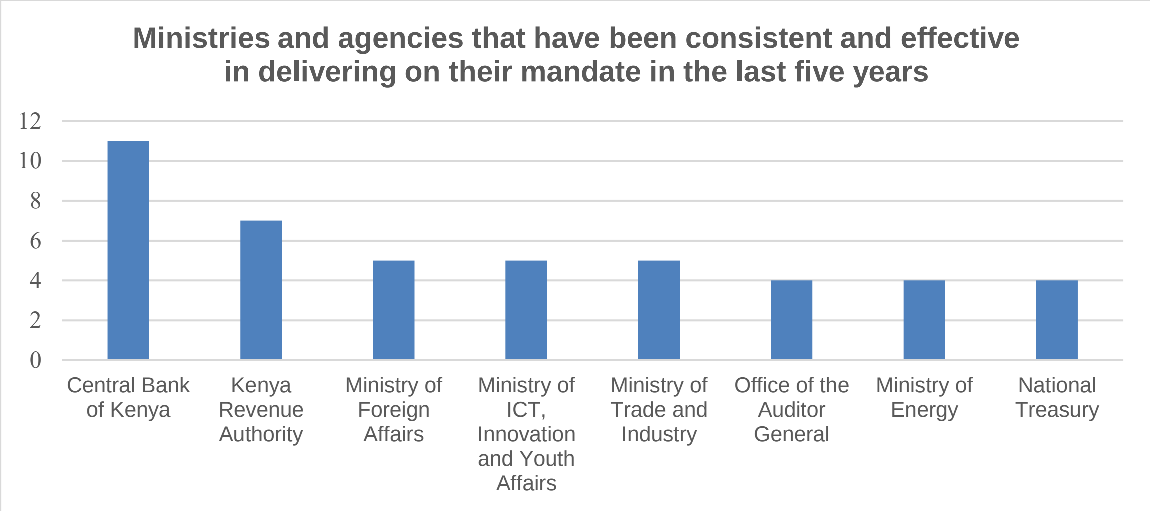
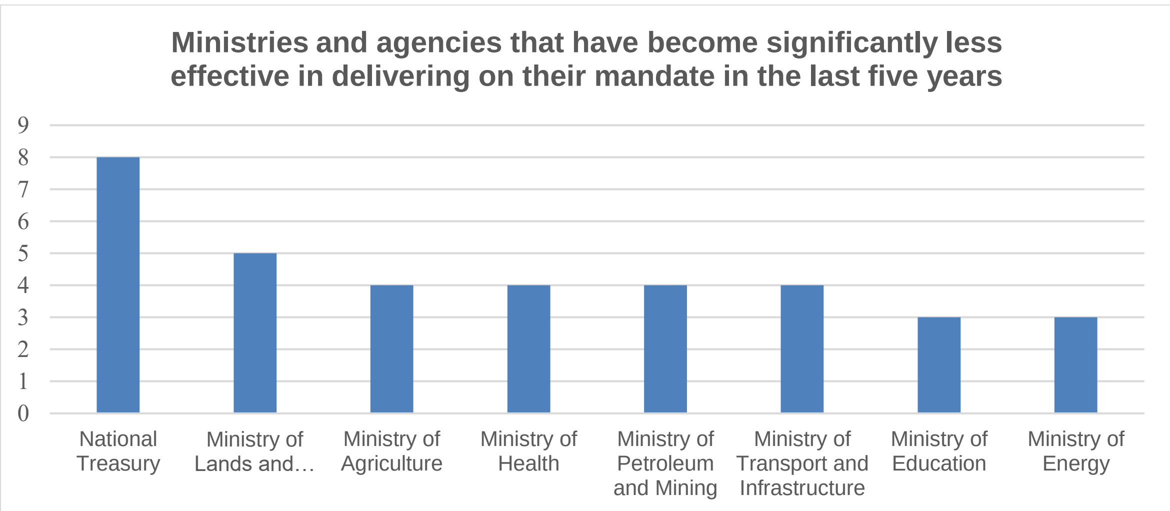


Figure 7. High performers



An interesting point of divergence between Kenya and the project's other country case studies was that the Kenyan Ministry of Finance (or what, since 2013, has been called the National Treasury) was not ranked as a high performer. Instead, it was identified as the organisation whose performance had declined most significantly in the five years prior to the survey (Figure 8). To some extent, the Treasury's number of mentions in this regard was not surprising, as the survey was conducted amidst widespread reporting of Kenya's 'ghost dams' scandal, within which the Treasury had been accused of paying out hundreds of millions of dollars for dams before feasibility studies were even conducted – a scandal that itself followed on from various others in which the Treasury was implicated (Chege 2018; Maina 2019; Ndii 2020). An analysis of statistical performance indicators also corroborated the sense that there had been a decline in the Treasury's performance within that timeframe. That said, many survey respondents – and, to some extent, the statistical indicators – did suggest that the Treasury had, previously, been a relatively high-performing organisation, so a decision was taken to use it as a potentially revealing case study of a PoE that had perhaps been undermined.

Figure 8. Declining performers



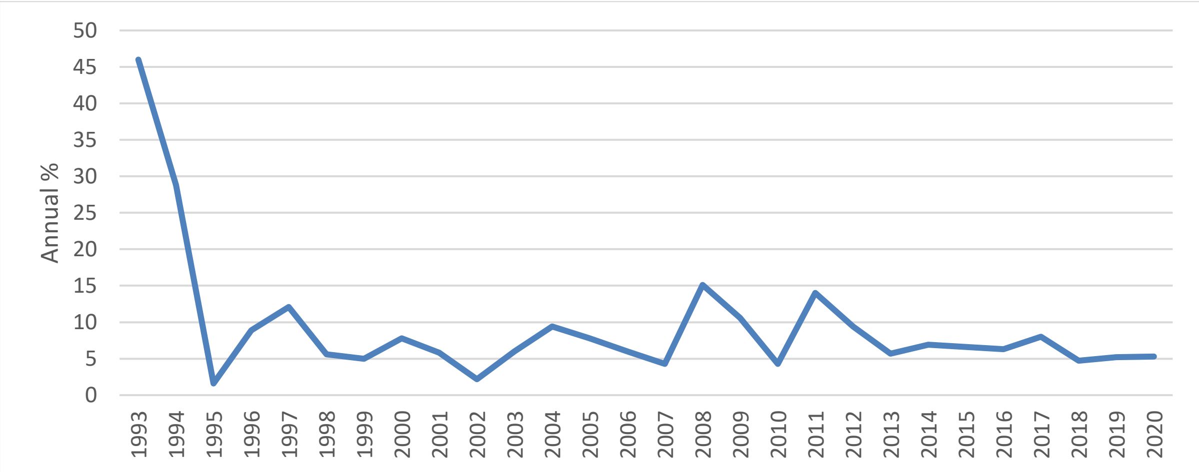
Case study findings

The following sections summarise how each of the three case-study organisations have performed, relative to their mandates and related performance indicators, since the 1990s. The summaries represent condensed versions of the full case-study papers (Tyce 2020a/b/c). The paper begins with the organisation that offers the clearest and most consistent example of a PoE – CBK – then turns to KRA, which offers a rather more partial example, having spent a significant period of the analysis as an ineffective organisation. Finally, the paper discusses the Treasury, whose performance has been the most variable and inconsistent, to the extent that it only briefly met the criteria of a PoE during the early/mid-2000s (and, even then, not clearly). Each section draws on secondary and grey literature, quantitative performance indicators, and qualitative data generated through key informant interviews. [4]

Central Bank of Kenya

CBK is a long-standing PoE within the Kenyan context, as it has been broadly effective at delivering on its core mandate of maintaining price and financial-sector stability since 1993, when the organisation began to be reformed as part of economic recovery efforts after the 1992 elections. That said, there have been periods within that timeframe when outcomes have been *relatively* high or low, across both aspects of CBK's mandate. Beginning with monetary policy, Figure 9 shows that annual inflation rates fell rapidly during the early 1990s, then stayed mostly in single digits throughout that decade. Inflation then 'accelerated substantially', from around 2002, hitting a series of peaks in 2004, 2008 and 2011 (Adam et al. 2010; IMF 2009:18). Since 2013, by contrast, inflation has been markedly stable, almost always coming within CBK's formal target range of '5% with a tolerance of +/-2%' (Andrle et al. 2013:20).

Figure 9. Annual inflation, 1992-2020



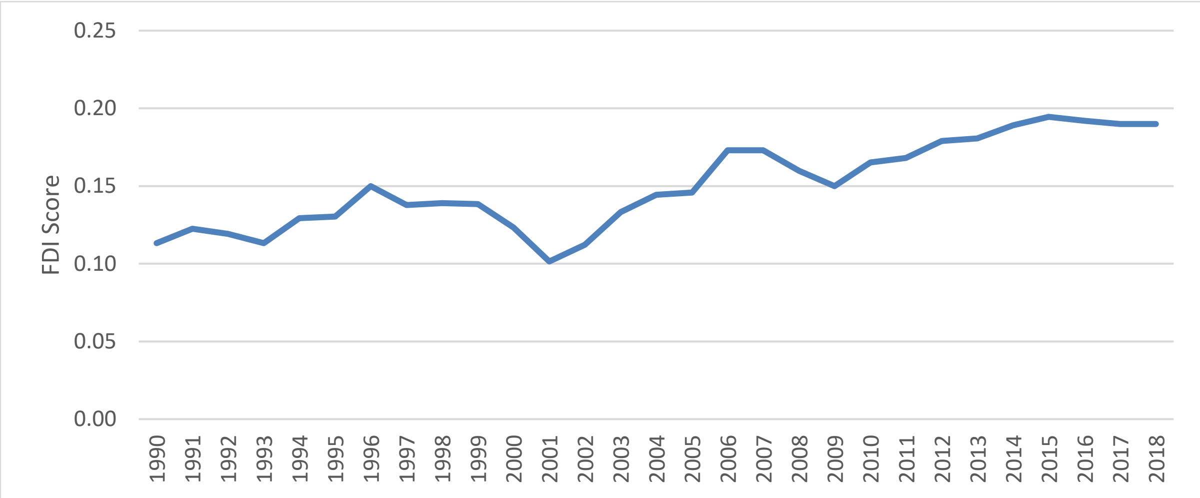
Source: https://www.imf.org/external/datamapper/datasets

Intriguingly, indicators for financial-sector stability reveal a similar set of periodisations, though the headline outcomes – in crude terms – contrast with those of price stability. In the 1990s,

[4] The researcher conducted 73 interviews with a range of informants during a period of fieldwork between March and May 2018. Informants included current and former officials at CBK, KRA and the Treasury, as well a range of more external observers such as journalists, academics, consultants, economic analysts, private-sector associations and donor representatives.

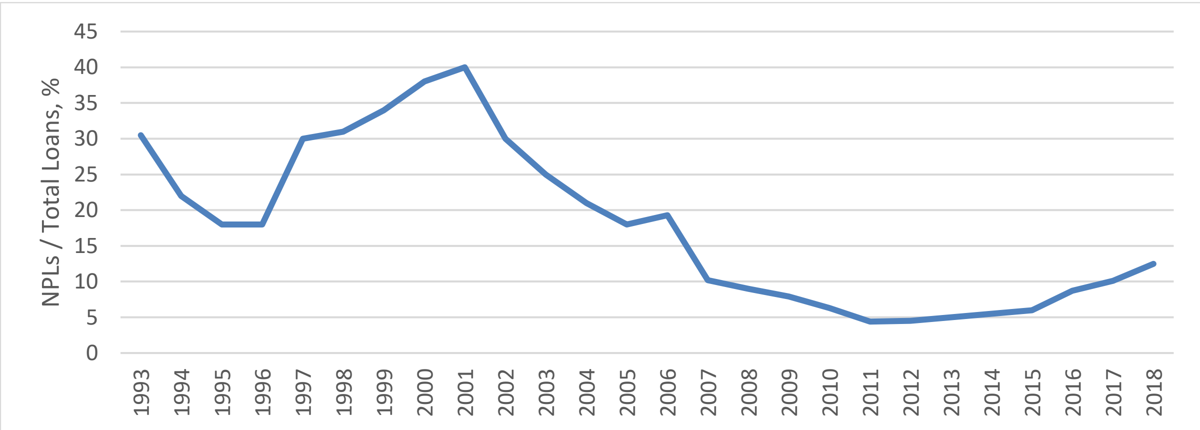
when inflation was consistently low, financial-sector indicators were notably more erratic (Figures 10-12). By contrast, from 2002, when inflation rates were becoming somewhat more erratic, financial-sector indicators improved markedly, especially the number of bank failures and proportions of non-performing loans (NPLs). Finally, there have been signs of increased financial-sector instability since around 2012/13, just as inflation rates were entering their most consistent and stable period. The drivers of these varying performance patterns – which belie simple classifications of 'strong' or 'poor' performance overall – are explored below.

Figure 10. Financial sector development, 1992-2018



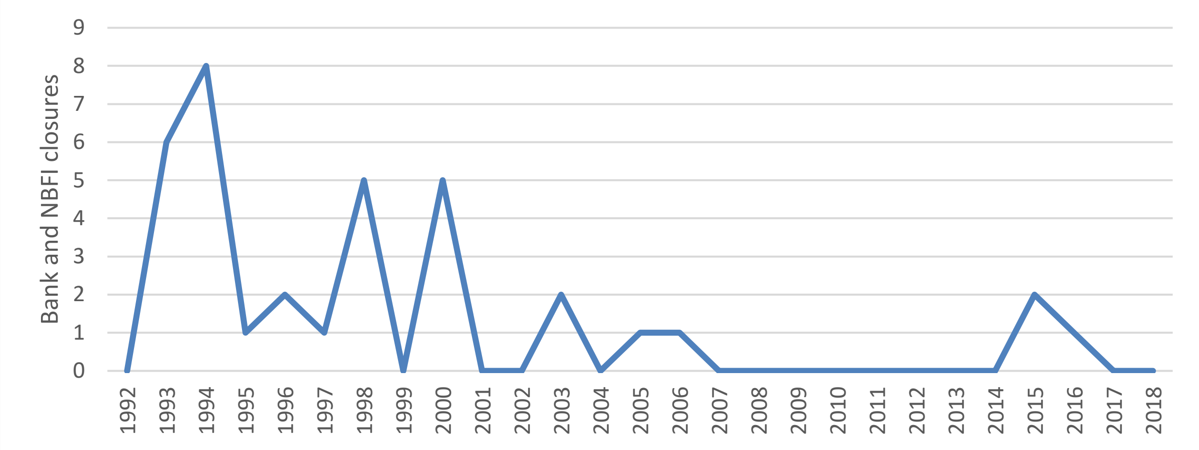
Source: https://www.imf.org/external/datamapper/datasets

Figure 11. NPLs, 1992-2018



Source: https://data.worldbank.org.

Figure 12. Bank closures, 1992-2018



Source: author's calculations. [5]

In the 1993-2002 period, CBK enjoyed strong price stability outcomes because there was commitment, inside and outside of the organisation, to implementing an inflation-targeting framework. Internally, CBK was led by a new reformist governor, Micah Cheserem, who was appointed in 1993. As an ex-corporate accountant, Cheserem had ideational proclivities for installing 'discipline' and 'balancing the books' [6] and, in his own words, 'readily agreed' with donors on the need for tight monetary policies to restore Kenya's macroeconomic fundamentals (Cheserem 2006:123). Externally, Cheserem's ability to implement such policies was boosted by the support of influential domestic capitalists and investors, whose ventures had suffered because of spiralling inflation and exchange rates after the 1992 elections (Dafe 2019a; Tyce 2020d). The interests of a range of powerful actors therefore converged around a policy framework that prioritised the achievement of low inflation above other goals. This shift was reflected in a change to the CBK Act in 1996 that narrowed CBK's monetary policy mandate to maintaining price stability and which even gave it the freedom to set its own inflation targets. These developments help to explain why inflation remained in single figures for much of this period, save for a blip during the 1997 election cycle.

CBK was less obviously successful in its financial-sector stability mandate, where Cheserem performed a delicate 'juggling act'. [7] On the one hand, he had to restore confidence in Kenya's financial sector by clamping down on 'political banks' licensed by his predecessor (Brownbridge and Harvey 1998). Owned by politicians or their associates, these 'nominally private banks were no more than officially sanctioned money laundering operations' designed to fund Moi's election expenditures (Mueller 2011:104). On the other hand, Cheserem had to tread delicately in closing banks, because he had to give Moi's inner circle sufficient leeway to continue generating political financing by not infringing too heavily on political networks that flowed through the sector (Tyce 2020a). Thus, Cheserem adopted a more incremental and flexible approach than with monetary policy, easing the pace of reform during election periods,

[5] Based on data compiled from Brownbridge and Harvey (1998), Upadhyaya (2011), newspaper/online sources and interviews with key informants.
[6] Interview, ex-CBK official, Nairobi, 3 April 2019.
[7] Interview, journalist, Nairobi, 28 April 2019.

then entering 'clean-up mode' thereafter. [8] Cheserem also accepted that some banks, notably Moi's own Transnational Bank, had to remain 'off-limits' to CBK throughout. [9] This explains why financial stability indicators were more variable than for price stability, as CBK made progress in fostering stability between elections, but then saw its progress unravel as another election approached. That Cheserem had any success in undertaking this more politically sensitive side of CBK's mandate owed to the fact that he was the brother-in-law of Moi's closest advisor, which gave him 'access to State House'. [10] Cheserem had an ability to 'read the mood of politics', and to 'give and take', which is 'so important for a position like that'. [11]

In terms of the 2002-2013 period, Figures 9-12 suggested that CBK's performance may have been the near inverse of the preceding period, as inflation rates increased, hinting at a decline in monetary policy performance, while financial stability indicators improved. However, the data presents a somewhat misleading picture of CBK's performance across both these tasks. With regards to the heightened inflation, much of that – and particularly the 2008 and 2011 spikes – was associated with exogeneous factors like the Global Financial Crisis, region-wide droughts and oil price shocks. During this period there was also reputedly an agreement between CBK and Kibaki, a trained economist whose presidency (2003-2013) spanned this period, that CBK did not need to be quite as single-minded as it had been in maintaining an ultra-low inflationary environment, particularly in meeting rigid donor-driven targets of keeping inflation 'below 5%' (ibid). [12] This development was formally reflected in another change to CBK's mandate in 2007. Price stability remained CBK's primary objective, but a secondary objective of 'support[ing] the economic policy of the Government, including the objectives of growth and employment', was added (ibid). More moderate levels of inflation – and periodic criticism from the IMF (2009:18) about 'excessively loose monetary conditions' – would be tolerated if it meant that CBK was contributing to other policy goals that were deemed to be just as important, notably to increase financial inclusion and private-sector credit (Dafe 2019b).

CBK met with success in these other, less formal, organisational objectives, as it adopted a more flexible monetary policy stance and experimented with innovations like mobile money, agent banking and 'bottom of the pyramid' initiatives, particularly under Governor Njuguna Ndung'u (2006-2015) (ibid; Tyce 2020a; Foster and Heeks 2013; Upadhyaya 2020). That said, there is a sense that, under Ndung'u, CBK became so consumed with 'deepening the financial sector' that it slipped up on, or even 'turned a blind eye' to, actually regulating it, as some banks were able to continue operating despite 'serious governance issues.' [13] Thus, while the performance indicators can make CBK's monetary policy performance appear worse than it was, they can also give a somewhat rosy impression of its supervisory approach. Nonetheless, CBK was, overall, a high-performing PoE throughout this period. Significantly, and in contrast to the cases of KRA and the Treasury described below, Kenya's shift from a *narrow-* to *broad-concentrated* political settlement from 2008 did not noticeably affect its

[8] Interview, journalist, Nairobi, 5 May 2017.
[9] Interview, ex-CBK official, Nairobi, 3 April 2019.
[10] Interview, ex-CBK official, Nairobi, 26 March 2019.
[11] Interview, ex-CBK official, Nairobi, 3 April 2019.
[12] Aside from anything, there was a sense that rigid inflation targeting had stymied the flow of credit to the private sector by causing high interest rates on loans (GOK 2003).
[13] Interview, CBK official, Nairobi, 22 October 2016.

functioning. If anything, CBK became even more effective, as it was led by a governor who was deeply embedded with the private sector and social networks close to Kibaki.

Moving on to CBK's third and ongoing performance period, which began in around 2013, CBK's embeddedness – or, perhaps more accurately, the weakening of its embeddedness – has contributed to the increased financial sector instability observed. Partly, this weakening has resulted from the electoral victory, in 2013, of President Kenyatta's Jubilee coalition, who – along with his Vice-President, William Ruto – has demonstrated less interest than the 'technocratic' economist Kibaki in protecting CBK, and the economic technocracy generally, from political pressures generated by Kenya's *broad-dispersed* political settlement (Tyce 2020a).However, CBK's embeddedness was also somewhat weakened by the appointment of a new governor, in 2015, who has been unable, or perhaps unwilling, to demonstrate similar kinds of political sensitivities to his predecessors. Previously a career IMF executive, informants variously described Patrick Njoroge as 'the Teflon man' (because he 'has no political allegiances or soft spots that can be exploited'), [14] 'a bull terrier', [15] 'a monk' [16] and 'a theorist'. [17] Taken together, these personality traits do not appear to have made him ideally suited to the transactional and politically delicate task of regulating banks.

Instead of his predecessor's incremental reforms, Njoroge came in 'all guns blazing', [18] putting three banks in receivership in short succession and declaring that this was just the start of a 'deep cleaning' of the banking sector (ibid:28). Yet, even CBK (2017:9) reports acknowledge that these moves caused 'liquidity stress' for small and medium banks, in particular, as they endured 'panic withdrawal of deposits', as well as 'overall instability' and 'uncertainty in the market'. Additionally, the closures, conducted without warning, led the Treasury to pass a measure in parliament stating that CBK must now 'consult' with it before putting banks into receivership (Tyce 2020a). This drew fire from the IMF for curtailing CBK's independence, but informants also criticised Njoroge for his 'lack of political judgement', which he has demonstrated in other respects as well. As a 'stickler for the rules', [19] Njoroge has demanded '100 percent compliance with [banking] regulations, no matter who your owners are'. [20] As a result, he spent much of his first term fighting spurious lawsuits, parliamentary committee hearings and corruption investigations, all aimed at forcing him from office (ibid).

CBK has, however, performed strongly in its price stability mandate, which is a task that plays to Njoroge's strengths as a 'very sharp macroeconomist'. [21] Inflation has remained consistently within single figures, despite the combined pressures of interest rate caps and fiscal dominance leading to 'an extremely difficult environment in which to conduct monetary policy'. [22] Njoroge has followed his predecessors in enhancing the analytical capacities of CBK's research department and strengthening its linkages with the Monetary Policy

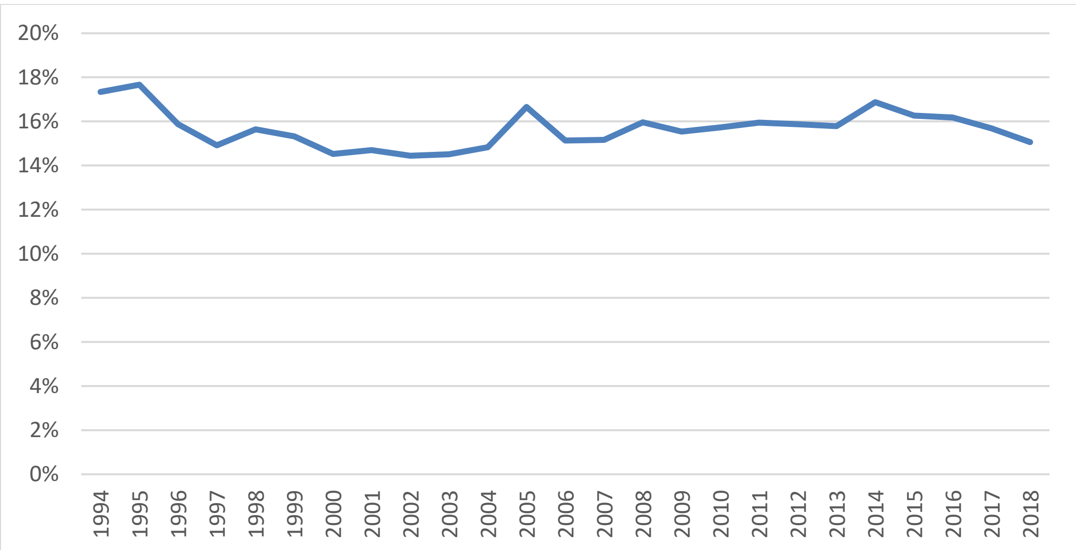
[14] Interview, commercial bank executive, Nairobi, 8 November 2016.
[15] Interview, financial sector analyst, Nairobi, 3 November 2016.
[16] Interview, economic analyst, Nairobi, 6 March 2019.
[17] Interview, commercial bank executive, Nairobi, 13 March 2019.
[18] Interview, economic analyst, Nairobi, 6 March 2019.
[19] Interview, ex-CBK official, Nairobi, 21 March 2019.
[20] Interview, banking executive, Nairobi, 12 November 2016.
[21] Interview, journalist, Nairobi, 28 April 2019.
[22] Interview, financial sector analyst, Nairobi, 3 November 2016.

Committee (Tyce 2020a). Externally, Njoroge has also benefited from increased levels of autonomy for CBK with regards to monetary policy, both formal and informal. Formally, Kenya's new constitution has boosted CBK's independence in the conduct of monetary policy (Upadhyaya and Totolo 2020). Informally, there also seems to be an acceptance amongst Jubilee's political leaders that CBK needs a degree of leeway when pursuing its price stability mandate, otherwise Kenya's ability to borrow from domestic and international capital markets – which favour low-inflationary environments that will not threaten their repayments (Hickel 2021; Jones 2020) – might be jeopardised. Jubilee's leaders have made particularly heavy recourse to external financing since coming to power in 2013, as the following sections reveal in more detail. This has given CBK more support for conducting its monetary policy functions. CBK's performance, then, while remaining broadly at a high level throughout the period of analysis, has fluctuated across different aspects of its dual mandate in line with political dynamics, transnational factors and organisational leadership.

Kenya Revenue Authority

KRA was established in 1995, as Kenya followed other (predominantly anglophone) African countries in hiving off its Tax Office from the Treasury to create a Semi-Autonomous Revenue Authority (SARA) (Moore 2014; Waris 2018). Informed by a growing interest in New Public Management (NPM) and Good Governance, donors had hoped that a SARA would insulate tax administration from political pressures and increase revenues. Yet, initially, KRA's creation had precisely the opposite effect. Revenues, relative to GDP, declined between 1995 and 2002, as did Kenya's 'tax effort' scores (Figures 13 and 14). [23] That said, there was a period of improved performance from 2002 to 2014 – especially 2002-2006, when outcomes improved really quite strongly. Since 2014, by contrast, revenue collections as a share of GDP have been falling again, pointing to a new period of declining performance.

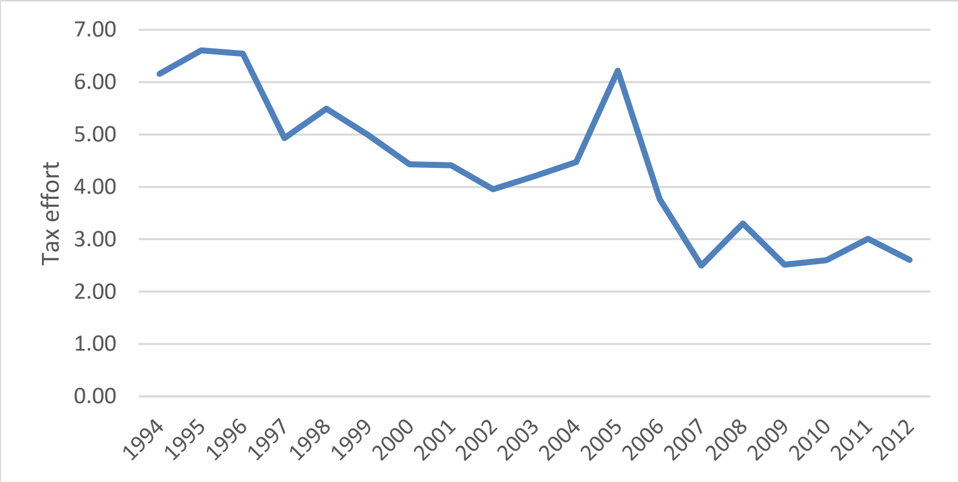
Figure 13. Tax-to-GDP, 1994-2018



Source: https://www.wider.unu.edu/data.

[23] Tax effort is an indicator for assessing how close a country comes to achieving its potential tax take, once structural factors (such as those relating to the size and diversity of the economy, as well as overall levels of health and education amongst the population) are taken into account.

Figure 14. Tax effort, 1991-2012



Source: Yohou and Goujon (2017).

As to the initial period of poor performance between 1995 and 2002, much explanation can be found in factors that were largely outside of KRA's control. For example, pervasive top-level political corruption during the 1990s caused many Kenyans to withhold their taxes – indeed, this was even an 'informal opposition strategy', designed to weaken the fiscal basis of Moi's regime (Prichard 2015). KRA was also undermined by the Treasury's inconsistent tax policies and widespread issuance of tax exemptions to secure elite allegiances during this period of especially 'intense political fluidity', which followed Kenya's shift in 1992 to a *dispersed* political settlement (Southall 1999:3).

However, organisational factors also played a part. Prior to KRA's establishment, a series of deals were cut – reflecting fears even within Moi's own cabinet that a powerful tax authority could be used as a political weapon – that placed significant constraints on KRA's operational autonomy (Tyce 2020b). Notably, these included the creation of a strong board with centralised powers and an overwhelmingly ministerial composition. The commissioner general (CG) and commissioner positions were also given no legal security of tenure. This meant that board members 'intervened a lot' in KRA's affairs, especially in shielding particular firms from scrutiny and influencing internal appointments, the latter of which attracted 'a lot of lobbying' because posts were remunerated well above normal civil service rates. [24] Board meddling also caused constant turnover in KRA's management, undermining its internal coherency and reform-mindedness as well as staff morale at all levels (Prichard 2015).

KRA enjoyed a period of improved performance between 2003 and 2013, when it finally emerged as a PoE (albeit an increasingly isolated one as the period progressed). As with CBK, this period was linked to the presidency (and ideas) of Kibaki, whose inner circle identified revenue mobilisation as a critical element of their developmental vision. They envisaged that revenue generation would create enhanced fiscal space for investing in infrastructure, education and health, while also restoring Kenya's sovereignty by diluting donor influence over the budget (Tyce 2020b). Kibaki appointed a friend and reputed business associate, Michael Waweru, as KRA's CG in 2003. Critically, Kibaki also gave Waweru

[24] Interview, ex-KRA official, Nairobi, 27 March 2019.

significant stability in his tenure, such that Waweru not only became the first CG to serve one full term, but three. Waweru therefore had sufficient assurances to undertake 'deep reforms'. [25] Internally, he cultivated a more unified organisational culture through salary increments, performance management tools, organisation-wide bonuses, and improved training schemes. An external corporate rebranding, meanwhile, emphasised KRA's newfound customer-friendly approach and the linkages between paying taxes and Kenya achieving aid independence (Moore et al. 2018). KRA also invested heavily in building its capacities around transfer pricing and digital tax collection, becoming an 'acknowledged leader' in these areas (Moore and Prichard 2017:11; Ndung'u 2019; Waris 2017,2019).

During the early years of this second performance period, KRA's reforms were supported by relatively conducive tax policies, as the Treasury, led by another Kibaki ally, revised outdated VAT and income tax legislation and introduced new transfer pricing rules. With tax administration and policy pulling in similar directions, Kenya's revenue metrics improved strongly between 2003 and 2005 (Figures 13 and 14). However, a series of political developments from 2005 meant that this momentum was not sustained. In 2005, Kibaki's NARC coalition collapsed, as Odinga's supporters decamped back to the opposition. To try and offset their loss, Kibaki co-opted politicians who had remained loyal to former President Moi (Murunga and Nasong'o 2006). Amongst other things, these coalitional makeweights were lured with tax exemptions and favourable tax policies, which ate into KRA's revenue base. Then, from 2008, Kenya began transitioning to a *broad-dispersed* political settlement, which generated new challenges around tax policy, in particular. KRA itself broadly retained its status a PoE throughout Kibaki's second term, as Waweru was 'not someone that you could bully' and he enjoyed Kibaki's unflinching support. [26] However, as explained further in the following section, factional infighting within Kibaki's unity coalition over who controlled the Treasury, combined with the emergence of new centres of power outside the executive, and especially within the legislature, undermined his government's ability to devise new tax legislation and push it through. This further undermined KRA's ability to tap new revenue streams. Indeed, Kibaki ended up having 'the least legislative success of Kenya's three presidents at the time – with only 56.5% of bills getting passed' – and so-called 'money bills' regarding taxation and spending were a particular victim (Opalo 2019:195). Thus, while KRA remained a broadly functional organisation, it became increasingly marooned within a dysfunctional policy environment, helping to explain why revenue outcomes tailed off from 2006.

In around 2013, KRA entered an apparent third performance period, within which its own status as a PoE has been weakening (Tyce 2020b). Defining features of this period have been the arrival of a new ruling coalition, in the form of Kenyatta's Jubilee Alliance, as well as a corresponding shift in ideas (and, in some respects, a lack of ideas) that bind it together. Unlike Kibaki's inner circle, Kenyatta's advisors have placed little emphasis on revenue mobilisation, especially when borrowing – particularly from China and international capital markets – offers a faster and politically less taxing route to financing the deficit and lucrative opportunities for siphoning off funds (Maina 2019; Ndii 2020). As a result, KRA has received less support than under Kibaki. Instead of trying to protect the organisation from the conflicting demands that

[25] Interview, PFM specialist, Nairobi, 12 April 2019.
[26] Interview, ex-KRA director, Nairobi, 10 April 2019.

Kenya's *broad-dispersed* settlement places on the economic technocracy, Kenyatta has done the opposite, engaging in a series of debilitating power struggles with Deputy President Ruto to control an organisation that can be used as a political weapon for hounding enemies and a patronage tool for shielding allies (Tyce 2020b). Furthermore, the lack of interest amongst either of Jubilee's leaders for promoting fiscal discipline has led the Treasury, trying to make its budgets look vaguely credible, to set increasingly unrealistic revenue targets for KRA to meet, while simultaneously giving it ever less funds to achieve them. This has caused a loss of morale at all levels, as unrealistic targets have been cascaded down and training schemes and performance bonuses have been slashed to balance KRA's books.

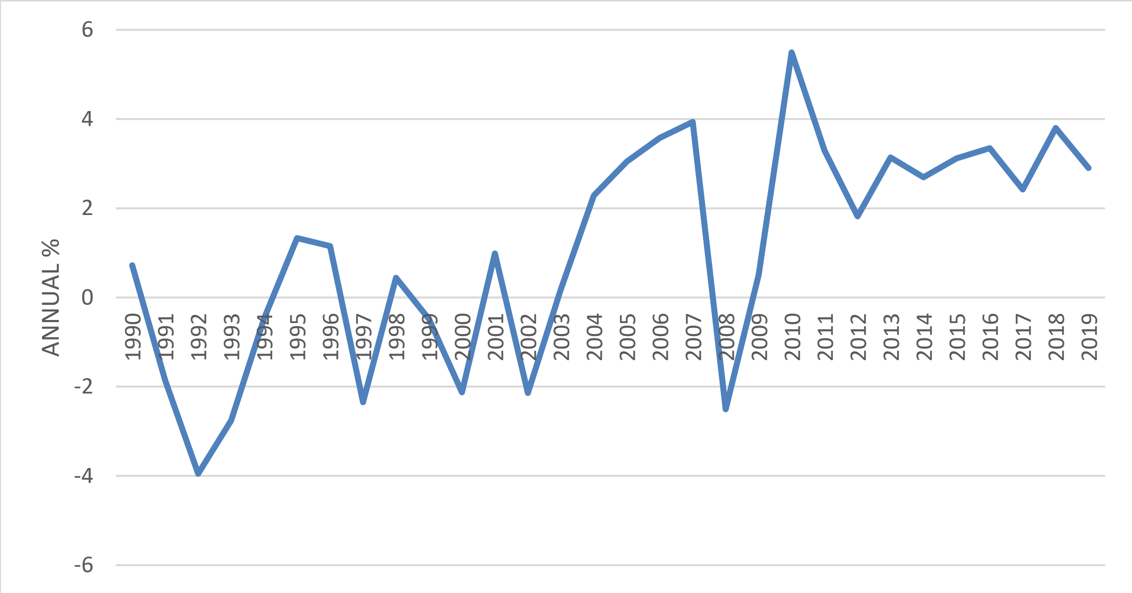
KRA has also been forced to navigate an even more difficult and unpredictable tax policy environment during this third period. In the first few months of his presidency, Kenyatta passed a new VAT Act that he himself had helped to formulate as Kibaki's finance minister. This, along with the launch of KRA's digital I-Tax platform in 2013, drove a spike in Kenya's tax-to-GDP ratio in 2014, as KRA tapped new revenue streams while enhancing the efficiency of its collections. However, since then, various provisions within the Act (as well as other pieces of tax legislation) have been reversed, weakened or stalled. Numerous goods and services have returned to concessionary rates, either because they are widely consumed by Kenyans, and serve as easy vote-winners, or because they are produced by businesses linked to Jubilee's leaders. Jubilee has made heavy use of tax exemptions – partly as an investment tool, but also very much for political purposes (Wawire 2020). This has deprived KRA of new revenue sources, forcing it to keep on 'milking the same people dry'. [27] The continued (but growing) failings of tax policy, then, combined with an erosion of KRA's own status as a PoE, help to explain why Kenya's tax-to-GDP ratios have been falling since 2014. [28]

The Treasury

The Treasury's core functions include maintaining macroeconomic stability; devising revenue and expenditure policies that finance the budgetary requirements of national and county governments; and sustaining an appropriate portfolio of debt. Figures 15-18 offer a sense of the organisation's performance in achieving these tasks. Taken together, the figures point to similar performance periods as those identified for CBK and KRA. For example, between 1993 and 2002, Kenya's performance indicators fluctuated significantly, often in tandem with election cycles, resulting in a period of variable performance overall (as was also observed with CBK, at least with respect to its financial stability mandate). By contrast, from 2003, Figures 15-18 suggest a period of improved and more stable performance – though, similar to KRA, outcomes were noticeably more impressive before 2007 than after. Finally, from around 2012/13, there are signs of a third performance period, marked by deteriorations across most indicators, offering further echoes of KRA's experiences in particular.

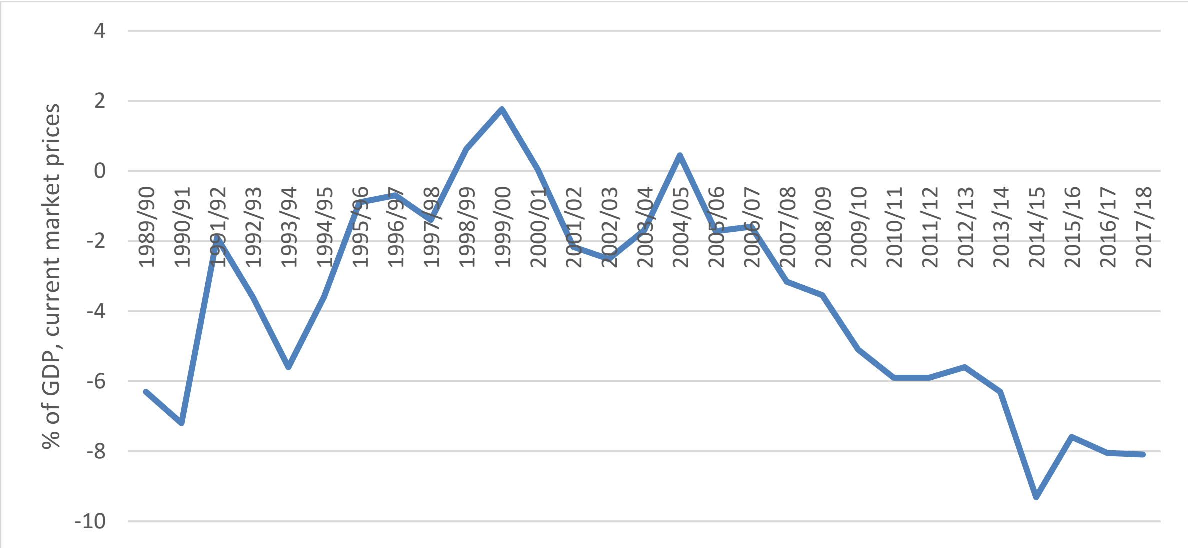
[27] Interview, economic analyst, Nairobi, 12 March 2019.
[28] It should, however, be stressed that it is still too early to confirm for certain whether this is indeed a wholly new performance period, characterised by worsening outcomes, given the lack of data points post-2013.

Figure 15. GDP-per-capita growth, 1990-2018



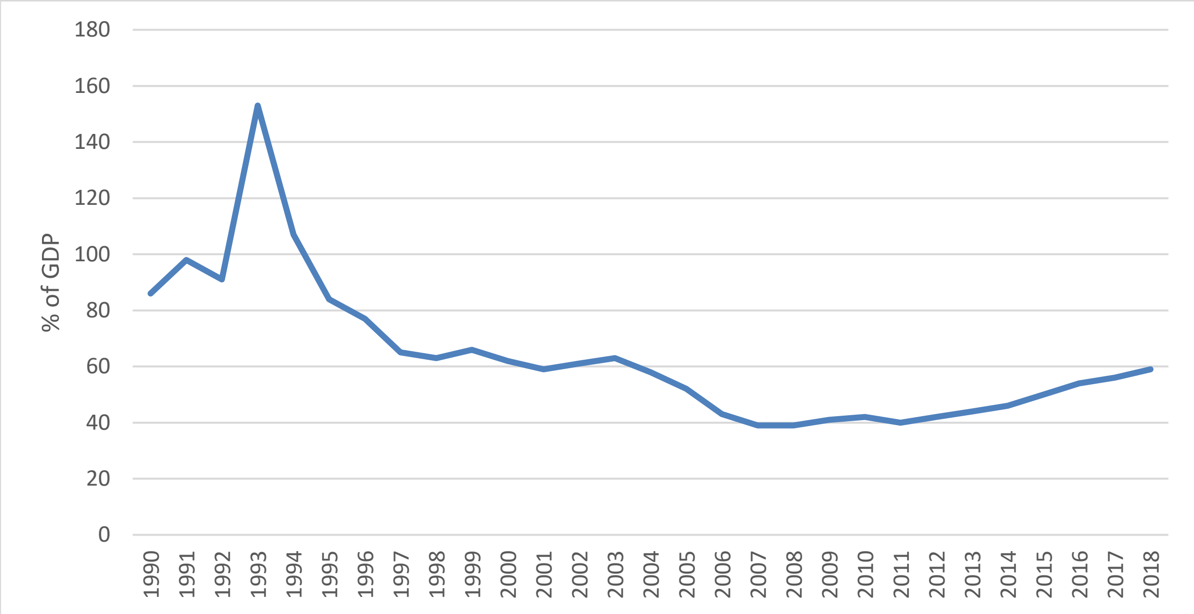
Source: https://data.worldbank.org/

Figure 16. Fiscal balance, 1990-2017



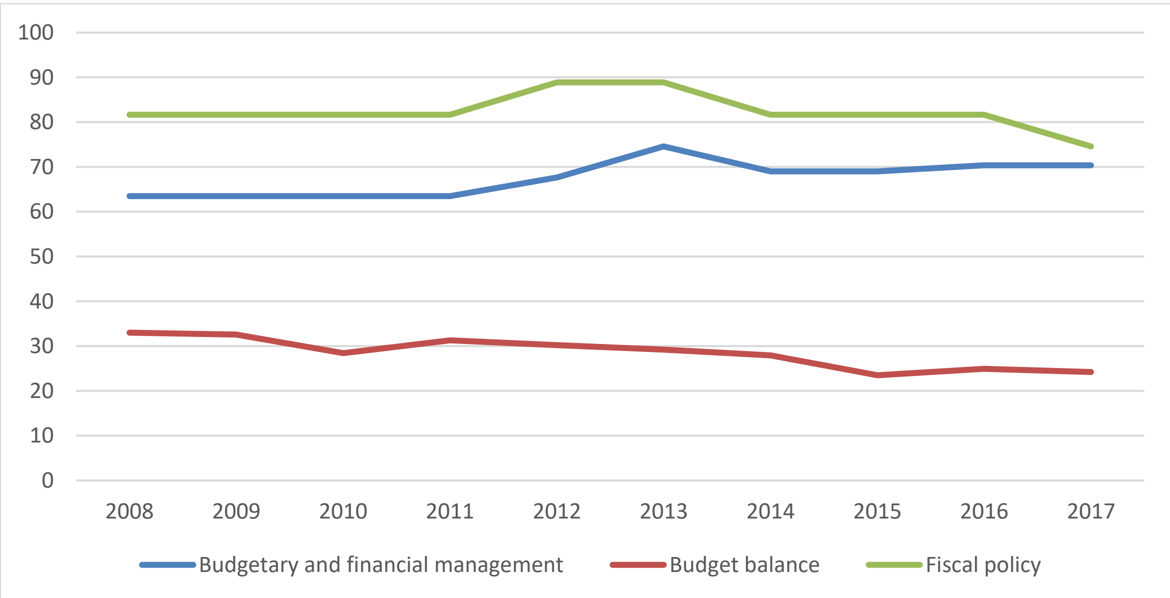
Source: KNBS annual surveys.

Figure 17. Debt/GDP, 1990-2018



Source: OECD (2003); IEAK (2019).

Figure 18. Selected IIAG scores



Source: https://mo.ibrahim.foundation/iiag

The 1993-2002 period saw mixed outcomes because the Treasury moved through a series of recurring political cycles, within which reform efforts waxed and waned in line with electoral dynamics. Between 1993 and 1996, the Treasury made strong progress in reducing budgetary deficits and debt levels as new reformist leadership (appointed at the same time as CBK's) set about restoring Kenya's credibility after the 1992 elections. However, as with CBK's attempts to stabilise the financial sector, there was a 'slackening of reform efforts' as the 1997 elections approached and the Treasury's Minister, Musalia Mudavadi, struggled to contain 'a pre-election spending spree' orchestrated by the Office of the President (O'Brien and Ryan 2001:509).

Following the 1997 elections, this same cycle started all over again. Another reform-minded minister, Simeon Nyachae, was appointed and, cooperating with CBK, the Treasury entered'clean up mode'. [29] Nyachae slashed spending, unveiled donor-appeasing taxes and implemented a Medium-Term Expenditure Framework (MTEF) (Tyce 2020c). However, Nyachae was then sacked two years later, in 1999, once renewed donor support had been secured, as his reformist zeal had caused him to be identified as a potential rival to Moi's favoured successor, Uhuru Kenyatta. The Treasury then cycled through two more ministers between 2000 and 2002, undermining its coherency and performance. Indeed, it required the presence of two countervailing forces to prevent an even greater unravelling: the first were donors who, upon resuming aid in late-1999, negotiated strict conditions that subjected almost all spending to approval; the second, meanwhile, came from CBK which, in 1997, capped the government's overdraft at 5 percent of its revenues, thereby providing a 'restraining influence on expenditure… and budgetary expansion' (Mosley and Chiripanhura 2016:923).

The Treasury entered its second performance period in 2003, with the onset of Kibaki's presidency. Kibaki saw the Treasury, along with CBK and KRA, as core implementing bodies of his developmental vision, the key tenets of which were enshrined in NARC's Economic Recovery Strategy (ERS) of 2003-2007 (GOK 2003). Mirroring his approach with CBK and KRA, Kibaki appointed David Mwiraria – another likeminded economist and friend – as finance minister, after they had 'served together in the trenches' at the Treasury during the 1970s and 1980s. [30] Mwiraria, like Kibaki's other 'technopols', enjoyed significant autonomy and discretion when leading his organisation, even when policy choices ran counter to donor orthodoxy. Similar to how CBK pushed back against what it perceived as overly rigid inflation targets, the Treasury resisted donor pressure to practice 'austerity'. [31] Instead of reducing spending, the Treasury channelled significantly expanded allocations towards growth-enhancing sectors like infrastructure, health and education, but managed to keep the deficit in check by improving how the budget was financed and executed (Chege 2008; Wekesa et al. 2016). These efforts led to strong outcomes across most indicators during Kibaki's first term, as the Treasury slashed debt levels and interest payments, kept deficits within targeted bounds and contributed to 'the only episode of five-year consecutive growth acceleration in the country's history' (Kimenyi et al. 2016:2; Muchai and Muchai 2016).

As with KRA, the Treasury's performance indicators tailed off from around 2007, especially with regards to fiscal balance. However, to some extent, these outcomes reflected a more difficult set of external conditions that were largely outside the Treasury's control. When Kibaki returned as president in 2008, the Treasury faced the combined effects of Kenya's electoral crisis and the global financial crisis. These crises required a reconstruction exercise and the Treasury, cooperating with CBK, helped to revive Kenya's economy by devising a counter-cyclical fiscal stimulus equivalent to 2 percent of GDP (Were and Tiriongo 2013). That said,

[29] Interview, journalist, Nairobi, 28 April 2019.
[30] Interview, financial sector consultant, Nairobi, 11 March 2019.
[31] Interview, ex-Treasury official, Nairobi, 29 March 2019.

there was still some deterioration in the Treasury's organisational performance, especially as it experienced less stability and coherency in its political leadership. This had started in 2006, when Minister Mwiraria was caught up in Kenya's Anglo-Leasing scandal, forcing him to resign. But it then escalated throughout Kibaki's second term, as factions comprising Kenya's all-inclusive unity coalition jockeyed for influence, and control over the Treasury, within the context of Kenya's shift to a *broad-dispersed* political settlement. The longest-serving finance minister in Kibaki's second term was Uhuru Kenyatta, between 2009 and 2012, whom Kibaki did not appoint because Kenyatta had relevant experience or qualities, as per his preference for appointing technopols during his first term, but instead because Kibaki was catering to factional interests around ensuring Kenyatta as successor. That said, one informant described Kenyatta as a mere 'figurehead' minister, as 'Kibaki and [Joseph] Kinyua [the Treasury PS] were running the show'. [32] Kibaki 'essentially became the finance minister', another source concurred, but 'could only do so much with everything else he had going on'. [33] In particular, without a strong minister to champion Kibaki's legislative agenda in an increasingly assertive and autonomous legislature, the Treasury struggled passing 'money bills' around taxation and spending, at least not without making significant concessions to powerful interests that often went 'against the publicly stated preferences of the president' (Opalo 2019:195).

However, the full implications for the Treasury of Kenya's shift to a *broad-dispersed* political settlement did not materialise until 2013. In part, this is because it was only in 2013 that devolution was fully implemented. Devolution has created significant fiscal pressures for the Treasury to accommodate, while also exacerbating pre-existing coordination issues and inefficiencies in the budgeting process, as national and county governments have fought – and continue to fight – over who has responsibility for different policy functions and their corresponding budget lines (Tsofa et al. 2017; Tyce 2020c). As noted earlier, Kenya's constitution has also contributed to the emergence of 'arguably Africa's strongest legislature' (Opalo 2014:238). This has led to a growing trend of budget statements and finance bills being held 'hostage' by legislators, who now have overall power of the purse – many of whom are, because of the competitive and expensive nature of Kenyan politics, also highly indebted, which makes them susceptible to rent-seeking (Cheeseman et al. 2020; Wawire 2020). At the same time, Kenya's constitution states that ministers can no longer be elected politicians, which has reduced the Treasury's influence in parliament. As one official lamented, 'when our minister was a politician, we could make deals with MPs to get policies or budgets through. Those deals can still be made, but it is much more difficult now'. [34]

Yet there is also a clear sense that the Treasury has been facing increased pressures since 2013 because that was the year in which President Kenyatta and his fragmented Jubilee coalition was elected. As with KRA, Kenyatta has made little attempt to support or protect the Treasury, and shared no real ideational affinity with its technocrats, particularly around a commitment to fiscal discipline. Instead, Kenyatta and Vice-President Ruto have pressured the Treasury to accommodate all of their development projects and policy whims – which have rarely been coordinated, as Jubilee essentially contains 'two governments in one'– while

[32] Interview, economic analyst, Nairobi, 6 March 2019.
[33] Interview, parastatal chairperson, Nairobi, 5 March 2019.
[34] Interview, Treasury official, Nairobi, 22 November 2016.

publicly accusing its technocrats of conspiring with donors to restrain Jubilee's development agenda through calls for fiscal caution. [35] Jubilee's leaders have also forced Treasury officials to 'bend over backwards' [36] in accommodating (and disguising) the increasingly egregious forms of 'budgeted corruption' that have been observed in recent high-profile scandals (Chege 2018; Ndii 2020; Wawire 2020). To a significant extent, Jubilee's leaders appear to have been exerting these pressures on the Treasury because of the realities of, and incentives generated by, Kenya's *broad-dispersed* political settlement, whose new electoral rules require politicians to build and maintain broader coalitions to secure power. Not only have these imperatives heightened the incentives for politicised patterns of spending, as part of the formal budget process, but they have also increased the importance of more informal transfers to politicians that can marshal sizeable voting blocs. That said, there is also a sense that Jubilee's leaders have made little or no attempt to try and resist these political settlement pressures – or even just to moderate their impact on key state organisations like the Treasury. Instead, they have often done the opposite, helping to fuel factional tussles across Kenya's state bureaucracy.

Analysis

Bringing these summaries together, one can identify three broad performance periods. These are: a period of variable, and often poor, outcomes between 1993-2002; a period of improved, and more consistent, performance between 2003-2013; and a period of mostly declining outcomes since around 2013. Table 1 offers a summarised version of the analysis that follows.

[35] Interview, PFM specialist, Nairobi, 12 April 2019.
[36] Interview, ex-Treasury official, Nairobi, 11 March 2019.

Table 1. Performance periods and drivers

Period	Performance	Political settlement	Transnational	Ideas	Organisational	Exogenous
1993-2002	Overall: variable. CBK: broadly good, especially price stability, but financial outcomes variable. KRA: poor – tax indicators decline consistently. Treasury: variable. Outcomes rise and fall with electoral cycles.	Shift to *narrow-dispersed* political settlement in 1992. Moi's coalition bound by patronage. Big shuffle across the state bureaucracy. Insatiable appetite for political financing.	Kenya's indebtedness and declining revenues ensures donor influence over reform agenda.	Donors secure appointment of organisational leaders with shared ideational outlook. No counterveiling ideas from within Moi's inner circle.	Turnover in Treasury and KRA's leadership undermines organisational cultures and coherency. CBK enjoys stable leadership, thanks to formal and informal autonomy.	1990s: 'lost decade' for SSA. Unfavourable global conditions → poor economic performance across SSA.
2003-2013	Overall: improved. CBK: good throughout. Slight decline in price stability outcomes, but improvement in financial stability.	Initially inclusive coalition, but with Kibaki's faction controlling economic technocracy. NARC collapses in 2005, leading to	Donor influence declines as budget increasingly funded through revenues and external financing.	Shared ideas of Kibaki and technopols: national sovereignty, self-reliance, fiscal discipline. Interest in NPM → state-wide experiments	CBK and KRA have stable and embedded leadership → sustained capacity/culture building efforts. Initially similar at Treasury, but instability in	Benign global economy in early 2000s. Kenya does not receive debt forgiveness and is not an extractives exporter, but profits from high

	KRA: improved overall, but outcomes tail-off post-2006. Treasury: improved and more consistent, but outcomes also drop post-2006.	growing political survival efforts. Shift to *broad-dispersed* political settlement post-2008. Kibaki's ability to protect economic technocracy reduced.		with performance management tools.	leadership post-2006 slows efforts.	prices for other exports. Global financial crisis in 2008 buffets Kenya's open economy.
2013-present	Overall: declining. CBK: strong outcomes with price stability, but some financial-sector instability. KRA: tax-to-GDP declining since 2014. Treasury: most indicators worsen.	Fragmented coalition lacking coherent policy agenda or respect for technocratic decision-making/autonomy. Intra-coalitional power-struggles heightened by pressures associated with *broad-dispersed* political settlement.	Continued decline in influence of traditional donors. But growing disciplinary role of international capital markets.	Reduced salience of ideas around fiscal discipline and NPM. Disconnect between presidency and economic technocracy.	Interference across economic technocracy, undermining organisational cultures. Leaders focused on fighting rearguard actions, including CBK.	Challenging global conditions continue, culminating in Covid-19.

Political settlement

Kenya's political settlement has been characterised by a marked (and growing) dispersion of power throughout the period of analysis. Overall, findings from this research support Kelsall et al.'s (forthcoming) hypothesis that dispersed power configurations do tend to deprive ruling elites of the kinds of enforcement capacities – and, indeed, incentives – that are required for pursuing 'longer-term' initiatives around state building and institutional reform. Instead, what mostly prevails are 'short-term fixes, primarily aimed at keeping the current political settlement afloat', and more targeted (and, often as a result, reversible) investments in state capacities and functions that serve more immediate interests (ibid). These realities are most readily observed at the Treasury – the organisation that has, for reasons explored below, been the least autonomous of the three case studies, and most exposed to the vicissitudes of Kenya's political settlement – whose performance has fluctuated in line with electoral and political cycles. However, KRA and, to a lesser extent, CBK also face similar pressures. That said, there is a sense that ruling elites must strike some kind of balance between political survival and bureaucratic autonomy with all of these organisations. This is because Kenya's economic technocracy plays such a key role in maintaining the broader functioning of the state, and thus the viability of the overall political settlement, that they need to be able to perform their mandated functions to a minimally sufficient degree (or, at least, be given enough space to enter 'clean-up mode' when political survival efforts have spiralled out of control, particularly following elections).

One period in which these organisations enjoyed more than a minimum of autonomy was during Kibaki's presidency, particularly his earlier years. This was as a techno-political alliance within the ruling coalition, bound by a shared set of ideas (and close relations with Kibaki) sought to protect these organisations from political pressures and to (re)build their internal capacities and organisational cultures. Strong upticks in performance were consequently observed across Kenya's economic technocracy between 2002 and 2005. However, these reform efforts then began to face increasingly adverse political headwinds, offering illuminating insights about the difficulties of maintaining concerted institutional and state reform within dispersed configurations of power. In 2005, Kibaki's NARC coalition collapsed, forcing him to co-opt new coalition partners using economically unproductive measures that infringed on KRA's revenue-generating efforts as well as the Treasury's fiscal performance. There was also an increasing turn to political financing schemes that could help Kibaki's allies to assemble a winning coalition at the 2007 elections, against what was an increasingly strong and united opposition (Mwangi 2008). The most illustrative of these was Kenya's Anglo-Leasing scandal, exposed in 2006, which ultimately led to the resignation of the Treasury's own technopol minister, David Mwiraria, who had been caught up in trying to cover it up (even if he had not been directly orchestrating it) (Wrong 2009). From 2008, Kibaki's ability to support and protect these organisations was eroded further, as Kenya started to shift towards a broad (and, as a result, even more dispersed) political settlement. In this context, the Treasury's performance, in particular, was weakened, as factions within Kenya's fragmented unity government jostled for influence and sought to position themselves for the 2013 elections by securing control over key flows of patronage and rents within the state. The emergence of an increasingly autonomous and assertive legislature also prevented the passage of critical new legislation, taxes and budgets that would have supported the activities of Kenya's economic technocracy.

However, the full effects of the transition to a *broad-dispersed* political settlement were not felt until 2013, when inaugural elections under Kenya's new constitutional dispensation were held and devolution was implemented. Since then, Kenya's economic technocracy has been experiencing even greater pressures, related both to the expanded foundations of the settlement as well as the correspondingly increased dispersion of power within it. In terms of the increased social foundation, the most obvious set of pressures have been fiscal. These have come not only through devolution, which required the creation (and financing) of various new political and administrative structures, but also significant new forms of state provisioning, through social protection schemes, in particular, that have been used to 'redraw the social contract between state and citizens' since 2008 (Lavers and Hickey 2020:20; Porisky 2020; Wanyama and McCord 2017). New electoral rules have also heightened these pressures, and in turn weakened the Treasury's ability to maintain budgetary discipline, as the need to construct and maintain broader electoral coalitions has ratcheted up the incentives for more politicised modes of spending, as well as the 'budgeted corruption' that caters to the more informal dimensions of building elite alliances (Chege 2018; Maina 2019; Ndii 2020:1; Wawire 2020; Zeitz 2019). At the same time, the increased dispersion of power within Kenya's political settlement has further reduced the ability of either political leaders or technocrats to manage these pressures in any kind of coordinated or consistent way. As a result, the economic technocracy increasingly finds itself 'pushed and pulled' between an array of conflicting interests and demands, both from within and outside of the ruling coalition. [37] This reality was captured by an ex-KRA commissioner who – talking specifically about KRA, but offering insights with a much broader relevance – remarked that 'I would not want to be a CG under the current arrangements. Now you get calls from the president, the deputy, MPs, governors, senators. Anyone can push you around. You are very exposed'. [38]

Organisational factors

However, at an organisational level, CBK, KRA and the Treasury have clearly been exposed to these political pressures to differing degrees. One obvious factor that helps to explain this variation is the degree to which each organisation's autonomy is formally legislated for. Of the three organisations, CBK has the strongest formal provisions regarding its autonomy, codified both within its own Act as well as in Kenya's new constitution (Upadhyaya 2020). Various provisions within KRA's Act, by contrast, leave it as a 'virtual appendage of the Treasury' – and even in official nomenclature as a 'semi-autonomous' agency – while the Treasury has even fewer protections. [39] These varying levels of formal legal autonomy offer part of the explanation for why, of the

[37] Interview, journalist, Nairobi, 19 March 2019.
[38] Interview, ex-KRA commissioner, Nairobi, 09 May 2019.
[39] Interview, journalist, Nairobi, 28 April 2019.

three cases, CBK has offered the most consistent example of a PoE, while the Treasury has offered the least.

However, while an organisation's formal autonomy is a significant factor in explaining performance, it is not sufficient. Even CBK's autonomy is 'not set in stone', as seen in the backlash to Governor Njoroge's bank closures in 2015, which 'clipped CBK's independence' by forcing it to consult with the Treasury before putting banks into receivership. [40] Echoing Leonard's (1991:258) work on Kenya's bureaucracy, 'the autonomy of an organisation … is not something that can be simply granted in a single constitutional act. It has to be earned and maintained through political connections'. What is especially critical, referencing Joignant's (2011) concept of a 'technopol', is for an organisation's leadership to possess a mix of technical skills and political management skills (Roll 2014). This will help to help steer an organisation through turbulent and dynamic political contexts, often by making deals and compromises that help to fend off external encroachments and pressures. Organisational leaders must be 'astute operatives' [41] and possess strong 'relationship management skills'. [42] They must also be able (and willing) to 'give and take' with an array of actors – from the presidency to donors, the legislature to the private-sector – while not being beholden to any them. [43] Maintaining this kind of 'embedded autonomy' (Evans 1995) is a high-wire act, requiring constant 'trade-offs' and an ability to transverse murky 'grey areas'. [44] However, each of the case-study organisations experienced their best periods of performance when they had leaders who struck some kind of balance here.

It was also under such leaders that the case-study organisations made most progress in developing stronger and more coherent organisational cultures, or what Grindle (1997) calls 'organisational mystique'. This is likely because organisational leaders who are relationally and ideationally embedded within the political networks of ruling elites are likely to have sufficient assurances regarding their positions to devote more time and attention to achieving their mandates (Johnson 2015; McDonnell 2017). They are also likely to be sufficiently trusted to be delegated with greater levels of responsibility and be able to negotiate greater access to limited budgetary resources that can fund their internal culture- and capacity-building efforts (Hassan 2020). Certainly, this is what happened at CBK and KRA during the second performance period, when both organisations had deeply embedded and long-serving leaders who experimented widely with performance management tools and reward/recognition schemes (Tyce 2020a/b). The Treasury initially undertook similar efforts, but the loss of its minister in 2006, and the subsequent instability in its top leadership, caused those efforts to slow (Tyce 2020c). Nonetheless, insiders at all three organisations generally recalled feeling a greater job satisfaction and motivation during this second period than they had in the periods either before or after. This was not just because of the increased pecuniary and material incentives that were on offer, but because they

[40] Ibid.
[41] Interview, KRA official, telephone, 12 April 2019.
[42] Interview, KRA official, Nairobi, 3 May 2019.
[43] Interview, ex-KRA director, Nairobi, 20 November 2018.
[44] Interview, ex-CBK official, Nairobi, 27 March 2019.

simply felt more 'pride' to be working for organisations that were clearly spearheading Kenya's development efforts at that time. [45] These findings tie in with Roll's (2014) conclusion that a 'sense of mission' is another important internal feature of POEs (albeit a somewhat fragile and reversible one).

Transnational factors

Transnational factors have, to varying degrees, enhanced the autonomy and performance of all three organisations, as Kenya's economic technocracy has, collectively, benefited from much higher levels of donor support and oversight than other parts of the state. That said, the significant political interference that the Treasury, in particular, has experienced throughout the period of analysis shows that there are limits to the disciplinary powers of donors – in the Treasury's case, it has more just helped to lessen the impact of political budget cycles rather than prevent them.

Furthermore, the disciplinary powers of (traditional) donors have been weakening since the mid-2000s, in line with the increasing availability of alternative forms of external financing, especially from international capital markets and China (Chege 2020; Zeitz 2019). Intriguingly, however, the increasing volumes of Chinese financing have not necessarily lessened the strictures of 'disciplinary neoliberalism' (Gill 1995), at least with respect to Kenya's approach to economic governance and financial management. Partly, this is because Kenya's access to Chinese financing has gone hand-in-hand with increasing recourse to international capital markets. As observed in the section on CBK, these markets tend to favour low and stable inflationary environments, and thus Kenya's heavy recourse to them – while giving CBK more autonomy with respect to its price stability mandate – has only served to reinforce the incentives for CBK to focus on conservative, inflation-targeting monetary policies that align with prevailing neoliberal doctrine. In a study on the financial statecraft of African debtors, Zeitz (2019:199) argues that the increasing availability of alternative forms of external financing has enhanced Kenya's negotiating position vis-à-vis its traditional donors, particularly since 2013. However, Kenyatta's government has mostly used this increased leverage to push back on donor governance conditionalities and to 'mute their criticism' of his government's political and human rights record, in a period when, for much of it, both Kenyatta and his deputy, Ruto, have faced ICC prosecution for their alleged roles in Kenya's 2007/08 election violence (ibid). By contrast, Kenya's traditional donors have actually doubled down on economic management and financial accountability issues, as they have become increasingly wary of Jubilee's proclivity for politicised forms of spending, which is threatening to put 'repayments of their own development loans at risk' (ibid:51). As a result, Kenya's approach to macroeconomic governance has 'remained broadly in line with donor interests', despite their waning influence more broadly (ibid:170). Kenya's continued adherence to the logics of global neoliberalism has also been driven by the country's status as a commercial and financial hub for East Africa, which requires continued alignment with internationally accepted best practices and regulatory standards (Upadhyaya 2020).

[45] Interview, Treasury official, Nairobi, 9 April 2019; interview, KRA official, Nairobi, 3 May 2019.

Ideas

From the preceding discussion, it is clear that ideas and ideologies have played an important role in shaping the form and function of Kenya's economic technocracy – and, further, that these ideas have been predominantly neoclassical and neoliberal in nature. Indeed, ever since independence, Kenya's economic technocrats have been exposed (and predisposed) to these kinds of ideas because donors saw, in Jomo Kenyatta's government, a posterchild for market-led development within a region otherwise tilted towards socialism (Barkan 1984). Donors offered significant technical assistance to, and embedded advisory teams within, Kenya's economic technocracy. This 'undoubtedly influenced the analytical capabilities of Kenyan technocrats … and their approach to analysing economic issues' (O'Brien and Ryan 2001).

However, while Kenya's technocrats have been – and continue to be – broadly amenable to neoclassical ideologies, this does not mean that they have not periodically been critical of, and pushed back on, these ideas and how, particularly, they have often been translated into one-size-fits all policy interventions by donors. Indeed, there have been various instances of Kenyan technocrats trying to ensure what Lavers and Hickey (2020:8) call 'ideational fit' between the overarching, paradigmatic ideas of global neoliberalism and the political economic realities of the Kenyan context. During the 1993-2002 period, CBK's long-standing governor, Micah Cheserem, played a key bridging role between donors and Moi's inner circle, by translating neoliberal policy prescriptions of the former into an incremental reform agenda that was politically palatable (and even advantageous) to the latter. Between 2003 and 2013, meanwhile, this process of ideational fit almost went into reverse. Kibaki's inner circle needed no convincing of the merits of particular economic policies, as many of them were, like Kibaki, trained economists who had spent significant periods of time serving in, and rising through, Kenya's economic technocracy. In many respects, their vision already aligned with prescriptions of neoclassical economics, reflecting the fact that many had studied at western universities and worked for western donors (O'Brien and Ryan 2001; Poulton and Kanyinga 2014; Upadhyaya 2020). However, in other respects, their vision diverged from the orthodoxy, especially in the way that it pushed back against more rigid forms of inflation targeting and deficit reduction. There was, then, a greater emphasis in these years of showing how the policy preferences of Kibaki's administration 'fitted' with the objectives of donors, rather than the other way around as before. This was encapsulated by one senior ex-CBK official, who recalled spending a lot of time during Kibaki's presidency 'reassuring the IMF that we wanted the same outcomes … [but that] it was just a slightly different way of getting there'. [46]

These insights about Kibaki's presidency also lead to a broader point about the role of ideas, and not just interests, in motivating political behaviour. As already discussed, Kibaki became president when Kenya possessed a *narrow-dispersed* political settlement that, according to Kelsall et al. (forthcoming), 'appear[s] to hold the least developmental promise' of all because of the perverse incentives and constraints that

[46] Interview, ex-CBK official, Nairobi, 27 March 2019.

it generates. These hypotheses certainly held for Moi's latter presidency but, under Kibaki, a shared set of ideas around national sovereignty, fiscal discipline, NPM and the productive potential of state spending motivated Kibaki and his inner circle of technopols to try and protect Kenya's economic technocracy from the more corrosive political pressures associated with Kenya's political settlement. As a result, Kenya witnessed higher and more inclusive economic and social development outcomes during the 2000s – even though, admittedly, these advances were not matched by political progress, as Kibaki resisted demands for a new constitution and more inclusive forms of politics. Indeed, according to various informants, Kibaki partly resisted these demands precisely because he felt that unravelling the powers of the executive would undermine the ability to implement his development agenda. This, certainly, is what happened after Kenya's 2007/08 crisis, as the social foundations of Kenya's political settlement expanded and the dispersion of power within it increased. Kibaki continued to try and support the economic technocracy, but struggled to centralise rent-seeking pressures, control bureaucratic appointments or overcome coordination issues in ways that he had before. Nonetheless, the ideas of his inner circle clearly continued to play some kind of restraining role on the pressures generated by Kenya's shifting political settlement. This became clear when Kibaki was replaced by President Kenyatta in 2013, whose clear lack of interest in similar kinds of ideas, especially around promoting fiscal discipline and having a 'respect for institutions', has subjected Kenya's economic technocracy to an even greater set of challenges and pressures. [47]

PoEs and state-building in Kenya: Policy and research implications

Findings from this research suggest that a strategy of supporting PoEs can be an important part of a more realistic and less hubristic 'with-the-grain' governance agenda (Porter and Watts 2017). The dispersion of power within Kenya's political settlement means that ruling elites will often be so preoccupied with fending off challenges from rival factions, both inside and outside of the ruling coalition, and so lacking in the enforcement powers required to centralise rent-seeking and implement far-reaching reforms, that protecting even a handful of organisations at once can be a politically consuming task – let alone the kinds of state-wide reforms that were the hallmark of the increasingly discredited Good Governance agenda (Grindle 2017).

As to where efforts to promote PoEs could be directed, this research has found clear (and quite obvious) justifications for a continued focus on the economic technocracy, which has always, and always will, play a key role in driving any country's development (Bräutigam et al. 2008; Besley and Persson 2011; Reinsberg et al. 2020). Indeed, the ongoing Covid-19 pandemic is only affirming the necessity of building and protecting capable economic technocracies, as the limited fiscal basis of the state in many African countries – and, recently in Kenya, what has been its shrinking fiscal basis – has left political leaders with 'a set of very blunt tools' for navigating such crises. [48]

[47] Interview, ex-CBK official, 18 April 2019.
[48] https://kenopalo.com/2020/04/13/some-policy-lessons-from-covid-19/.

Yet findings from this research suggest there could be a rethink about how economic technocracies like Kenya's are configured, and with what tasks they should (or should not) be mandated. For example, there are growing questions about whether central banks should be so narrowly confined to inflation targeting when this can come at the expense of more active forms of directed and restricted lending that East Asian developmental states used within their development strategies (Amsden 1989) and which a growing body of scholarship suggests may be critical for driving sustainable, low-carbon economic transformations in the face of climate change (Svartzman et al. 2020; van Lerven 2017; Volz 2017). Similarly, there are questions about whether KRA should be so closely modelled on a western tax authority, split between large, medium and small taxpayer offices, and whether, to date, external actors have put too much emphasis on supporting its ability to collect particular taxes like VAT, which are not only criticised for being regressive, but also for having less revenue-generating potential in countries such as Kenya that have much larger informal sectors than the Western countries in which VAT originated (Fjeldstad and Therkildsen 2020; Reinsberg et al. 2020). According to KRA insiders, these biases have led to informal and micro businesses being 'ignored', when bringing them into the tax net 'would eventually generate lots of revenue' [49] and potentially strengthen the state's social contract with citizens (Moore 2014; Wawire 2020). Similarly, Tsofa et al. (2015:261) call for largely 'standardised prescriptive budgeting tools' like MTEF – which donors have pushed ministries of finance across SSA, including Kenya, to adopt – to be better 'adapt[ed] to country level contextual factors'. Otherwise, there will be a continued lack of 'alignment between government policies, plans and budgets', and precious state resources and revenues will continue to be wasted (ibid).

In addition to thinking about the mandates and functions of these organisations, findings from this research also suggest that more attention should be directed to enhancing coordination between them. Informants stressed that the 'triangular relationship between a finance ministry, central bank and revenue authority is so important.' [50] However, the bulk of technical assistance – in Kenya and beyond – has adopted a somewhat siloed approach towards these organisations, focusing more on building their internal effectiveness and technical capacities, rather than the kinds of external 'political state capabilities' that allow these organisations to coordinate and cooperate more effectively with one another (Hujo 2020:416; Williams 2020). Indeed, the very logic of turning central banks and revenue authorities into autonomous/semi-autonomous authorities was to 'intentionally distance them from other branches of government', and thus from the political pressures that those other branches faced (Moore et al. 2018:200). However, in the process, these organisations have become disconnected and disembedded from each other. For example, in Kenya, donor insistence on a full separation of roles between the Treasury and KRA has left KRA struggling to input into tax policy design. As a result, the Treasury often unveils policies that are impracticable for KRA to implement (Tyce 2020b). Similarly, ongoing demands by donors for CBK to relinquish its domestic debt functions are weakening its ability to

[49] Interview, ex-KRA official, Nairobi, 9 May 2019.
[50] Interview, parastatal chairperson, Nairobi, 5 March 2019.

have a restraining influence on Kenya's borrowing strategy (Tyce 2020a). Various CBK officials – and, indeed, some Treasury officials – warned that this is causing increasing difficulties for CBK in 'defending our price stability mandate'. [51] Practitioners and researchers, then, should not just be focused on building individual 'pockets' of effectiveness, but whole 'networks' (Porter and Watts 2017) or 'channels' of effectiveness (Kelsall and Seiha 2014).

Finally, it should be stressed that efforts to build these pockets, or networks, should not be confined to a country's economic technocracy alone. There is a sense, in Kenya and beyond, that donors have tended to focus their capacity-building efforts on the economic technocracy, to the detriment of other parts of the state (Hujo 2020; Johnson 2015; O'Brien and Ryan 2001). Certainly, the economic technocracy is the only part of the Kenyan state in which donors have encouraged widespread use of special salary structures and recruitment practices. This has allowed CBK, KRA and the Treasury to attract 'some of Kenya's best and smartest people'; but equally it has resulted in few spillovers to the rest of the bureaucracy, and perhaps even done the opposite, by drawing talented officials away from it. Indeed, the only real beneficiaries of spillovers have been donors and consultancy firms, who have long sought the skills (and connections) of Kenya's economic technocrats and are about the only employers who can offer comparable renumeration (Cohen and Wheeler 1997).

It is beyond the remit of this paper to specify where exactly these other pockets, or networks, of effectiveness could most usefully be promoted. However, this research has made some broader observations that should be considered when making such decisions. Notably, it suggests that future reforms must informed by a clear-sighted realism about the limited political, financial and technical resources available to political leaders in Kenya. In a study on how to drive economic transformation in Uganda, Walter et al. (2020) propose a range of targeted institutional interventions that could help to drive that agenda there – from creating Presidential Delivery Units or East-Asian-style 'super-ministries', which could help to concentrate resources within one entity and overcome cross-sectoral coordination issues and mandate wars, to supporting more sector-specific authorities that can enable greater technical specialisation and more 'embeddedness' within the private sector. All of these proposals could have potential in Kenya. The key for the Kenyan government and its development partners is to be selective in identifying the key areas where the greatest possible gains, and spillovers, can be achieved, based on a contextualised understanding of Kenya's political economy and its likely pathways to sustainable transformation, rather than a tendency to practice 'isomorphic mimicry' (Andrews et al. 2017). As early success unlocks new opportunities in related areas of activity, these efforts can then be scaled up over time, as part of a more phased and iterative approach to state building and reform that learns lessons from the Good Governance agenda and its attempts to do all good things at once.

[51] Interview, CBK official, Nairobi, 6 April 2019; interview, ex-CBK official, Nairobi, 18 April 2019; interview, Treasury official, Nairobi, 19 March 2019.

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