

Verification Report - Final

Eastern Africa Regional Statistics Program-for-Results, for Kenya, November 2024

United Nations Economic Commission for Africa (UNECA), Addis Ababa.

Executive Summary

The Eastern Africa Regional Statistics Program-for-Results (EARSP-for-R) aims to support the harmonization, availability and use of core economic and social statistics in East Africa. Funds under the program are disbursed to the national statistics offices (NSO) of Kenya, Rwanda, and Tanzania to accomplish specific Disbursement Linked Indicators (DLIs) requiring independent verification. The United Nations Economic Commission for Africa (UNECA) is contracted by the East Africa Community (EAC) to undertake independent verification of a subset of the EARSP-for-R Disbursement Linked Results (DLRs) following established verification protocols and methodologies. Hence, UNECA is touted as the Independent Verification Agency (IVA) for the three NSOs.

In the third verification window (October 2024), two (2) DLRs were submitted for verification by the National Treasury and Economic Planning (NTEP) of the Republic of Kenya. In particular, the NTEP with Kenya National Bureau of Statistics (KNBS) through the EAC - Regional Program Coordination Unit Secretariat (RPCU) requested verifications of the following:

- **DLI 2.2: Improved availability of enterprise-based survey data:** DLR 2.2(h) Foreign Investment Survey (“FIS”) conducted, a report produced and available online for 2023, and
- **DLI 2.5: Improved availability of price and macro-economic statistics:** DLR 2.5(f) Monthly Harmonized consumer price index (HCPI) survey conducted, and reports produced for 12 months 2023/24.

The verification procedures consist of checking that both reports and/or datasets are produced and are made available on the KNBS website. Prior to this report, UNECA shared its initial findings, as well as the preliminary assessment report to the RPCU/EAC and the KNBS for comments.

The result of the October 2024 verification process is:

- DLI 2.2(h)- Achieved.
- DLI 2.5(f)- Achieved.

I. Introduction

1. Background

The Eastern Africa Regional Statistics Program-for-Results (EARSP-for-R) aims to strengthen the harmonization, availability and use of core economic and social statistics generated from the national statistics programs (NSP) of Kenya, Rwanda and Tanzania. The Program under the East African Community (EAC) and Africa Union (AU), is planned to support statistical activities of implementing countries from 2022 - 2027 within the strategic themes of SHaSA¹. The World Bank finances NSPs during the program period following the disbursement link results (DLR) mechanism focusing on the achievements of specific results.

The EARSP-for-R is structured into three result areas (RA) with disbursement link indicators (DLI) and identified DLRs. Hence, implementing agencies which are the national statistics offices (NSO) of Kenya, Rwanda, and Tanzania are expected to report their country-specific achievement of DLRs to the RPCU/EAC. These results must be independently verified to disburse the related trench of funds.

To verify the results of the DLIs reported by national implementing agencies, the UNECA through the African Centre of Statistics (ACS) has been contracted as one of the Independent Verification Agency (IVA) by the EAC for a set of DLIs.

This Verification Report is the draft of the main report which has been prepared as a follow-up to the ECA submission of the initial findings and preliminary verification results of the DLRs. The report contains some of the questions and clarifications raised in the previous ECA submissions as well as the recommendations. These may still be addressed or considered by KNBS before ECA submits the final verification report.

This report is structured into four sections as follows: introductory section (1), verification methodology (section II), detailed final findings (section III), and conclusion (section IV) which also includes the recommendations for consideration by the KNBS. It also includes relevant Appendices after the concluding section.

¹ The Strategy for the Harmonization of Statistics in Africa 2017-2026 (SHaSA 2) aims to serve as a practical tool for producers and users of statistical data, including statisticians, decision-makers (i.e. those in governments, ministries, central banks, etc.) and institutions in charge of planning, forecasting and programming. ([The Strategy for the Harmonization of Statistics in Africa \(SHaSA\) | AKMH](#))

2. Disbursement-Linked-Indicator

The EARSP-for-R program is structured into three Results Areas (RA), in which the DLRs are linked with respective RA with each RA having specific DLIs. This verification focuses on **RA 2: Availability and New Data Sources with the following DLIs:**

- DLI 2.2: Improved availability of enterprise-based survey data.
- DLI 2.5: Improved availability of price and macroeconomic statistics.

3. Independent Verification

For the October 2024 verification window, the following DLIs were subjected to a set of verification protocols and procedures undertaken by the UNECA.

- DLI 2.2(h) - verification that KNBS produced the Foreign Investment Survey (FIS) report and is available online from the KNBS website for 2022.
- DLI 2.5 (f) - verification that KNBS produces monthly harmonized consumer price index (HCPI) reports for 12 months 2023/2024 and downloadable from the KNBS website.

II. Methodology

The verification procedures followed by UNECA:

- **DLI 2.2(h). FIS published for 2022:** KNBS provided necessary links with relevant documents and data. The methodology for checking the DLR involved UNECA verifying that the links provided by KNBS will enable the downloading of the FIS 2023 report from the KNBS [website](#). UNECA also checked if the methodologies implored by KNBS are aligned with relevant international standards such as the Balance of Payments (BOP) and International Investment Position Manual, sixth edition, Balance of Payment Manual, version 6 (BMP6), reviewed the content of the report, data representativeness, the year covered, focus areas, gender disaggregation, etc.
- **DLI 2.5(f). Monthly Harmonized Consumer Price Indices (HCPI) reports available online for 12 months 2023/24:** KNBS provided necessary links with relevant documents and data. The methodology for checking the DLR involved UNECA checking the EAC website to confirm that the monthly HCPI for 12 months (2023/2024) reports

are available and downloadable from the EAC [Open data portal](#). It also verified the inclusive dates for the 12-month data for review that is from July 2023 to June 2024.

III. Detailed Verification Results for the DLIs

1. Inspection / Review

The verification was done using a hybrid approach or a combination of onsite and online checking of the results.

2. Findings.

a. DLI 2.2(h).

Report for FIS published for 2023.

The checks confirmed that KNBS produced the FIS report for the year 2023, and that the report is available and downloadable from the [link given](#) by KNBS. The report presents the results under the layout of BMP6 and the data covers 2020 to 2022. A total of 1,032 units were interviewed from the 1,159 selected samples of the master file enterprises, giving a coverage rate of 89%. Historical data from past surveys were also found to be useful in providing more insight into the dynamic of foreign capital, highlighting its origins or destinations. The report analyzes foreign liabilities, foreign assets, international trade and employment and Investor perception. A gender analysis was carried out to highlight gender disparities for foreign-owned enterprise employees. Factors influencing investors' perceptions of their choice, the effects of COVID-19, and climate change are also presented in the report. UNECA presented the following issues for clarification and recommendations to KNBS.

FIS programmed for 2022.

UNECA indicated that the first FIS was planned for 2022. However, the verification's reference is for the 2023 FIS. *KNBS responded that "the initial plan was to conduct the FIS-2022 for Yr1 of the PforR activities in the 2022/23 fiscal year. This was, however, not possible due to the delay in funding for all Yr1 (FY 2022/23) activities. The FIS 2023 was, however, structured to capture data for the period 2020, 2021 and 2022. Considering that the 2020 and 2021 data that would have been sought in the FIS-2022, was collected under FIS-2023, KNBS expressed the result achievement for FIS-2022 be verified through this report."*

Gender Dimension in FIS Report.

UNECA proposed disaggregation of data on remuneration, perception of investors and the status of managers by gender. Such analyses were missing in the FIS 2023 report. *KNBS confirmed that there is a table for employment in the 2023 report . They also recognised the importance of further gender analysis and mentioned that it would be considered in the next survey.* UNECA drew the attention of KNBS on the requirement to mainstream gender in a survey because the process goes beyond the inclusion of the sex variable; it requires identifying any bias this inclusion would introduce and responding appropriately to reduce them.

Data Disaggregated by Regions /Counties.

UNECA suggested disaggregating data by county or relevant subnational level to demonstrate the regional flow of foreign investments. It was however reported that the concentration of most enterprises is in key towns such as Nairobi, Mombasa, and Nakuru which may not give a good regional report. In addition, most establishments report financial inflows and outflows at the headquarters in Nairobi which may introduce bias in the analysis. *KNBS agreed to explore the possibility of analyzing inflows and outflows by province and by activities in the subsequent reports.*

Use of Survey Results.

UNECA inquired about the stakeholders of the survey results and on whether the Balance of Payments (BOP) and International Investment Position (IIP) are being estimated from the FIS reports. KNBS indicated that they are the compilers of the BOP and the main users of the Foreign Investment Survey results. *Key government institutions, including the Central Bank of Kenya, and the National Treasury, also utilize this data for further research and policymaking. Additionally, stakeholders such as the Central Bank of Kenya (CBK) and Kenya Investment Authority, have uploaded the report on their websites.*

Dissemination and Accessibility

UNECA suggested that KNBS should explore additional methods for disseminating the report, including the use of new media, visualizations, and uploading editable tables and graphs to the website to enhance user access to the information. UNECA also suggested exploring the possibility of making accessible the survey microdata after adequate anonymization.

Validation of the Report.

UNECA inquired about the procedures that KNBS use for validating the results of the collected data and suggested further elaboration of the methods either in Chapter 6 or as appendices to subsequent reports. The Bureau confirmed that one method of validation is through the Technical Working Group (TWG), which assesses the quality of the data. The TWG included institutions such as the CBK, KenInvest, KRA, Ministry of Trade etc. KNBS will provide more detailed information about the data validation process in the subsequent reports. The uploading of the technical documentation, including questionnaire, manual, or quality assurance documents will also be done.

Uploading of Microdata.

UNECA proposed the sharing of microdata after adequate anonymisation. Likewise, UNECA reminded KNBS that uploading of microdata is a requirement for some activities of the EARS for R. KNBS confirmed that they are sharing microdata to certain agencies only. Requests for unpublished data are reviewed and assessed on a case-to-case basis, (e.g. based on the survey and the type of data requests) and in accordance with their data access policy.

Alignment of Survey Results with Other Statistics.

KNBS confirmed that the results of FIS are reviewed and/or integrated with other data sources including on Inbound and Outbound Remittances in order to produce the BOP and eventually align with the National Accounts data requirements.

UNECA recognized the clarification of KNBS, and the inclusion of the 2022 data in the 2023 report as useful for compiling the BOP and foreign investment data for Kenya. Thus, UNECA confirmed that the implementing agency achieved DLI 2.2(h).

b. DLI 2.5(f).

Verification of online availability of Monthly HCPI report for 12 months 2023/24. The verification noted that monthly HCPI for July 2023 to April 2024 are available and downloadable from the [links provided](#) on the EAC open data portal. However as the verification protocol requires to have all 12 months' (July 2023 to June 2024) HCPI data to be accessible online, this means that two months are missing from the EAC data portal. *Nevertheless, KNBS confirmed that HCPI data until September 2024 have been submitted to EAC.*

HCPI Uploading of Data by EAC

Therefore, the UNECA team recommended that KNBS should coordinate and follow up with EAC to ensure that all the required months for the DLR on HCPI 2023/2024 per the protocols agreed upon are uploaded by the EAC for compliance. EAC confirmed on 11 November 2024 that the HCPI data up to July 2024 are available on their website.

HCPI Guidelines

UNECA suggests that KNBS share a report on compliance with ECA guidelines for the HCPI. KNBS confirmed that it received the guidelines and that these guidelines are part of a regional effort to standardize data collection and reporting across member states, which helps ensure that inflation and price indices are comparable across the region. The harmonization process is ongoing and creates a consistent framework that each country should follow.

Difference between National CPI and HCPI

UNECA requested KNBS to clarify the difference between the HCPI and the national CPI for Kenya. *KNBS explained that the same data collection processes feed to two indices, with the difference that items included in HCPI and CPI are different, as they do not uniformly represent the same categories of items across all countries. In addition, the reference periods for the indices are different. For calculating HCPI, KNBS utilizes elementary aggregated indices, with the base year for HCPI being 2016/2017, while the base year for CPI is April 2019. KNBS acknowledged the need to educate data users about the differences between the two. The Bureau will also highlight the methodology clearly to enhance understanding by the users.*

Last, UNECA recognized the clarification of KNBS and the uploading of the HCPI data up to July 2024. Thus, it is confirmed that the DLR is **achieved** by the implementing agency, KNBS.

IV. Conclusion

UNECA as IVA has successfully conducted the two (2) Disbursement Linked Results (DLRs) verification in line with the verification protocol. The process went well during the verification period.

1. Advantages and Challenges during the implementation

1.1. DLI 2.2(h) and DLI 2.5(f)

- KNBS provided the necessary links and documents for the DLRs verification. They are instrumental in completing the assignment of the result verification on time. The reports are easily downloaded, and data sets are available and accessible to users.
- Coordination of the verification of DLRs. The KNBS assigns the responsible DLR personnel and effectively coordinates the result verification to be completed on time.
- Slow or intermittent connection interrupts or affects accessing the reports and datasets related to the DLRs.

2. Lesson Learned and Recommendations

2.1. DLI 2.2(h): FIS

- ***To improve the quality and content of the report and promote the wide use of the survey results and data; UNECA encourages KNBS to consider:***
 - systematically indicating the data collection period in the report.
 - reorganizing the document to present the survey methodology in Chapter 2 and provide the questionnaire in the appendix or make them available in a separate document and provide the internet link to access them.
 - including a section on survey results used to update the BOP.
 - including appendices whenever relevant and possible for the subsections in Chapter 6 (e.g., data validation, editing, sample selection, composition (ministries and line ministries) of the technical working group, etc.).
 - providing footnotes (like upscaling/blowing up factors, etc.), whenever applicable to increase the understanding of the methodology and caution users on how data were produced and how they should be interpreted and used.
 - integrating gender dimension into the analysis in specific results, including female leadership via the status of the top manager, the breakdown of remuneration according to gender, and the gender dimension into perception analysis.

- including administrative subnational units' perspective in the analysis which may help understand the type of foreign investments going to provinces, for instance, and
 - acknowledging the contribution of the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) in the survey.
- ***With a view of modernizing and transforming the production and use of data and statistics, UNECA encourages KNBS to consider the following in disseminating the FIS report:***
 - anonymizing and disseminating the microdata to increase the use and reuse of more stakeholders apart from previously identified partners.
 - developing a work plan in the interim, short, medium, and long term aimed at having the dynamic visualization and usability of FIS tables and data.
 - harnessing the power of technological developments to enhance the dissemination of results, including making data included in the report available in user-friendly formats and using new media for results dissemination.
 - in the interim, providing the tables in readily available/downloadable formats (excel, CSV, etc.) for users and stakeholders.
 - in the short and medium term, having the reports in mobile readable format and providing this as one of the options when downloading the FIS report. Currently, it is only available in PC/laptop-ready pdf format.

2.2. DLR 2.5(f): HCPI Report

- ***To ensure that the DLR is achieved for this verification period and any other periods for that matter, the UNECA urges the implementing country to:***
 - Ensure the EAC data portal reflects the data submitted by KNBS.
 - Liaise with RPCU/EAC to establish a mechanism, including an advance release calendar, to manage the expectations of HCPI users.
- ***The KNBS is likewise encouraged to consider the following for the HCPI:***

- referencing in the CPI monthly bulletin the national CPI data set posted on the *Open Data for the Kenya National Bureau of Statistics*, as users are not necessarily aware of the availability/accessibility of this dataset. UNECA believes this will enhance users' access to KNBS' detailed CPI data.
 - communicating the current efforts on harmonizing CPI across member states of EAC on KNBS website. (It was noted from the mission that the HCPI is targeted to be adopted by EAC member states in 2025). This may include an articulation of its advantages and perceived differences between the HCPI and the national CPI (eg. Difference is on the base: 2016/2017 EAC; 2019 = KNBS; etc.)
 - publishing core inflation (excluding volatile goods and services) as agreed with the EAC.
- **Coordination and communication of the verification team.** The engagement and communication of the UNECA team (onsite/physically presented and online verifying team) with the KNBS team were good in meeting the mission objectives. This should be strengthened in the subsequent verification of DLR.
 - **Conducting onsite verification for the DLR.** The mission recognizes that some DLRs strongly require onsite verification. The offsite (online) verification of the DLRs has limitations. UNECA and KNBS deems onsite verification as necessary for effective verification of results, in particular; and for creating an open discussion that could further improve the statistical work/activities in Kenya, in general.
 - **Overall Observation.**
 - The collaboration, support and prompt action of the KNBS and the EAC/RPCU in clarifying and providing feedback on issues related to the DLRs; as well as taking appropriate actions on the comments were critical in the timely completion of the DLI result verification.

Appendix1: Verification of DLR - KNBS

DLI	DLR	Remark	Evidence of attachment	DLI Verification procedure	Code	UNECA Verification procedure	Result of Verification	Scalable	Links	Comments / Questions
DLI 2.2: Improved availability of enterprise-based survey data	DLR 2.2(h) Foreign Investment Survey conducted, report produced and available online for 2022-2024.	2023 FIS report produced and available online.	https://www.knbs.or.ke/wp-content/uploads/2024/07/2023-Foreign-Investment-Report.pdf .	Verification that KNBS conducts and produces Foreign Investment Survey (FIS) report and available online for 2022-2024.	h (I)	ECA checks the Foreign Investment Survey report available online.	Yes, the 2023 FIS report is available & downloadable from the KNBS website.	No	https://www.knbs.or.ke/wp-content/uploads/2024/07/2023-Foreign-Investment-Report.pdf .	Improve quality and content of FIS report & adopt modern dissemination mechanism.
DLI 2.5: Improved availability of price and macroeconomic statistics	DLR 2.5(f) Monthly HCPI survey conducted and report produced for 12 months 2022/23-2025/26.	Monthly HCPI for Year Two - 12 months 2023/24 available online.	https://eac.opendataforafrica.org/pwskwdc/eac-harmonised-consumer-price-indices-2022	Verification that Monthly HCPI report for 12 months 2022/23-2025/26 produced and can be downloaded from the KNBS website.	F(a)	ECA checks Monthly HCPI report for 12 months 2022/23-2025/26 produced and downloaded from KNBS website.	Yes, Monthly HCPI for Year Two - 12 months 2023/24 downloaded from EAC open data portal.	Yes	https://eac.opendataforafrica.org/pwskwdc/eac-harmonised-consumer-price-indices-2022	Ensure regular posting of HCPI data on the portal as and when they become available.