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**Joint Statement by Mr. Pösö, Mr. Rashkovan, Mr. Tsur, and Mr. Slettvag on Kenya  
(Preliminary)  
Executive Board Meeting  
April 2, 2021**

*We thank staff for the detailed report, and Ms. Mannathoko and Mr. Sitima-wina for their informative Buff statement. We commend the Kenyan authorities for their efforts to contain the pandemic and sustain the recovery during this difficult period. **We support the authorities' request for 38-month arrangements under the EFF and the ECF.** We also support the flexible approach of the program given large risks in the early period due to the COVID-19 pandemic. However, this approach compels determined policies where possible, especially given the high risk of debt distress and the considerable political risks.*

**We encourage the authorities to promote a comprehensive strategy to inoculate its population.** Purchasing vaccines is the main challenge to overcome, but not the only one. Even advanced economies, who managed to purchase reasonable amounts of vaccines, struggle with other constraints including operational challenges and vaccine hesitancy. We encourage Kenya to build capacity to execute this complex operation upfront, together with partners such as the World Bank, learning from the experience of other countries.

**Implementation of key reforms should start without delay.** We support the flexible approach of the program, with close engagement and monitoring for the first two reviews, given the large challenges in the early stage due to COVID-19. Nevertheless, there are also significant downside risks to the medium-term outlook, including an uptick of political tensions which could increase fiscal pressure and affect the public support and the authorities' ownership of the program. *Staff's comments on the public and political climate that surrounds the program are welcome.* The authorities should implement feasible parts of the program as soon as possible. Particularly, the urgent need to improve revenue administration and spending efficiency to mitigate the high risk of debt distress. It is also important to continue reducing the possibilities for corruption. The enactment of the legal framework for implementation of electronic procurement by all public entities is an important step in the right direction.

**We welcome the plan to protect social expenditures during the program and encourage the authorities to prioritize reducing extreme poverty.** We regret that the COVID-19 shock erased the poverty reduction gains of the last 5 years and are concerned about the long-term dampening effect on the accumulation of human capital. Learning losses due to COVID-19 are likely to linger far beyond the period of the pandemic if extreme poverty forces children and youth to drop out of school to join the labor market. This risk emphasizes the urgent need to support the most vulnerable households because the alternative is disproportionately more expensive.

**We commend the authorities for taking important steps to promote international and regional integration and trade.** Kenya was among the first countries to ratify the African Continental Free Trade Area, has recently signed a trade deal with the UK, and is working on a trade deal with the US, which could lead to the first bilateral trade agreement between the US and a sub-Saharan African country. Given the importance of trade as the path toward increased dynamism and productivity, we would have appreciated more coverage of trade aspects in the report. *Staff's view on the effects of Kenya's recent bilateral trade initiatives is welcome.*