

The Right Balance in Local Development Financing

Before the advent of devolution, development financing was highly centralized. The National Government planned, negotiated and monitored development programs. Whereas that governance model delivered some gains, it also created a disconnect between development interventions and the citizens intended to be served.

The 2010 Constitution fundamentally changed this architecture. Devolution is one of the concepts in the Constitution that brought a complete overhaul in Kenya's governance system. It brought government closer to the people, expanded public participation, strengthened local accountability and improved responsiveness in sectors such as health, agriculture, water, infrastructure, climate adaptation, education and social protection.

While there have been significant changes in Kenya's governance structure, there has been little change in the framework for financing development through Official Development Assistance (ODA). Many development financing assistance models still depend on arrangements that were applicable in the pre-devolution era. Consequently, there is an emerging misalignment between Kenya's current governance architecture and the model of development financing.

County Governments are critical implementers of services and drivers of local development. Despite this, many ODA models fail to engage devolved units in their planning, financing and implementation processes. Resultantly, such practices have led to limited ownership, duplication of activities, poor coordination, and, at times, development initiatives that struggle to outlive the donor cycle.

Development financing cooperation cannot flourish where it fails to recognize the new constitutional order. If decentralization intends to enhance democracy, strengthen accountability and localize development then the financing framework must reinforce not bypass the devolved units.

The future of effective development assistance lies in recognizing County Governments as strategic partners and not peripheral actors. County Governments provide a framework for enhancing the effectiveness, accountability, inclusivity and sustainability of development assistance. Counties can maximize on local knowledge of realities, risks, needs and priorities to ensure enhanced citizen engagement and improved accountability for public investments. In addition, subnational systems provide space for innovation. Counties are developing innovative approaches in health financing, climate adaptation, agricultural value chains, digital governance and social safety nets. When properly supported and scaled, these local innovations can provide ideas and lessons that help inform and shape national development policies.

To unlock the true potential of devolution, there must be a paradigm shift in the way ODA is conceptualized and delivered.

Firstly, development partners need to align their programs and projects with County Integrated Development Plans and county governments planning systems rather than creating parallel implementation systems. Development cannot be sustainable where interventions are externally driven, fragmented and implemented outside county development priorities and institutional systems.

Secondly, there is a need to strengthen intergovernmental coordination systems. Effective development cooperation in a devolved environment requires partnerships between the national government, county governments, CSOs, Private Sectors and development partners through structured multi-level coordination systems.

Thirdly, investments need to be made in strengthening the capacity of public financial management institutions and processes at the local level. Stronger budgeting, procurement, monitoring, auditing and reporting systems shall enhance effective management of development financing.

Fourthly, the general public play a pivotal role in development and should not be underestimated. Their participation is instrumental in ensuring that development interventions respond to actual needs.

Admittedly, concerns around accountability, political influence and institutional capacity within devolved units are valid. But such concerns should not become excuses for exclusion. If anything, they should strengthen the case for investing more in institutional capacity, oversight systems and governance reforms at the local level.

The discourse on ODA must therefore shift from a focus on “delivering aid” to one of “developing partnerships.” The future lies in creating a balance. In this reimagined framework, the National Government ought to retain its coordinating role in development financing while Counties should be recognized as strategic development partners in local development financing.

Ultimately, the real measure of effective development is not how much funding is disbursed, but whether citizens genuinely experience better services, stronger livelihoods, and improved quality of life. That can only happen when development financing advocates for active participation of the two levels of governments which are distinct but interdependent.

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<https://www.the-star.co.ke/opinion/star-blogs/2026-06-16-mwiti-development-financing-cannot-ignore-devolution>