



# STATE DEPARTMENT FOR ECONOMIC PLANNING

**E-BULLETIN**

*Planning for Sustainable National Development*

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### By PCU

In a well-organized and meticulous ceremony that took place at the Kenyatta International Convention Centre (KICC), the Government of Kenya and the African Development Bank Group on Friday, 6th October, 2022, signed a Memorandum of Understanding on hosting the Bank Group’s Annual Meetings in the East African Country next year.

The African Development Bank Group selected Kenya as the suitable venue for hosting the 2024 Annual Meetings scheduled to take place in the Capital City of Nairobi from 27th to 31st May, 2024.

During the signing ceremony, Kenya’s Cabinet Secretary for the National Treasury and Economic Planning,

## Kenya to host the 2024 Annual Meetings for African Development Bank



*The National Treasury and Economic Planning Cabinet Secretary, Prof. Njuguna Ndung’u, giving his remarks during the signing ceremony of the Joint Memorandum of Understanding on hosting the African Development Bank (AFDB) Group’s Annual Meetings in Nairobi in 2024*

Prof. Njuguna Ndung’u, who is also serving as the current chair of the Bank Group’s Board of Governors, signed the memorandum on behalf of the Kenya Government as the Host Country. On the other hand, the African Development Bank Group Secretary General Prof. Vincent O. Nmehielle signed on behalf of the Institution.

The Annual Meetings, the Group’s topmost statutory event, provide the stage for its boards of governors and management to review the organization’s activities over the previous year and adopt resolutions on key decisions to advance Africa’s development agenda.

The Nairobi meeting is expected to host about 4,000 participants representing the Bank Group’s Governors, Executive Directors, development partners, academic institutions, civil society organizations, public and private sectors, top management, and staff of the Bank.

This being the 59th Annual Meeting of the African Development Bank and the 50th Meeting of the African Development Fund

- the African Development Bank Group’s concessional arm for low-income countries, the timing for this forum will provide an opportunity for leaders to discuss progress issues on Africa’s socio-economic development geared towards changing the Continent’s economic status and improving living standards.

In his remarks at the signing, Prof. Ndun’gu said; “The Government of Kenya is fully committed and dedicated to supporting the African Development Bank’s vision and strategy, specifically in preparing the 2024 Annual Meetings.”

He added that the leadership of Kenya, as the predestined host Country, appreciates the African Development Bank Group for their unwavering and historical cordial relations and the continuous support they continue rendering to the country’s development agenda.

On his part, Prof. Nmehielle said the signing of the memorandum sets the stage for planning for the event.

“We are delighted with the status of preparations for the Annual Meetings and wish to echo our appreciation to the Government of Kenya for the hospitality extended to the Bank’s team during this first preparatory mission,” Prof. Nmehielle said.

He thanked the Kenyan President, H.E William Ruto, for his staunch support to the African Development Bank in fostering sustainable economic development and social progress of its Regional Member Countries (RMCs).

Prof. Nmehielle also noted that the value of the Bank’s portfolio in Kenya has increased from \$2.88 billion in 2018 to \$3.95 billion by September 2023, representing a 37.2 percent growth over the last five years.

Kenya, being a founding member of the Bank Group, has benefitted from the Bank’s investments since 1964. As of 30th September, 2023, the Bank’s ongoing portfolio in the country stood at around \$3.98 billion. It comprises 51 operations, 37 sovereign and 14 non-sovereigns, spread across transport, water and sanitation, energy, finance, agriculture, social, and multisector/governance.

This is a testament to the strong ties between Kenya and the Bank, as further evidenced by Kenya’s expression of interest in hosting the 2024 Annual Meetings of the African Development Bank and the African Development Fund.

He recalled President Ruto’s support of Adesina’s efforts in calling for rechanneling the International Monetary Fund Special Drawing Rights to developing countries through Multilateral Development Banks.



*Group photo of the National Treasury and Economic Planning and the AFDB team that participated in the MOU Bilateral Negotiations and the drafting of the AIDE-MEMOIR for the 2024 AFDB African Annual Meetings in Nairobi*

“This innovative financing mechanism will strengthen the Bank’s ability to mobilize additional resources to help address Africa’s development challenges that are due to infrastructure deficits, food insecurity, rising youth unemployment, and the global challenge posed by climate change,” the Secretary-General said.

He added that this would have positive ramifications for our RMCs, including Kenya, in attaining the United Nations Sustainable Development Goals and the Africa Union’s Agenda 2063 aimed at creating the ‘Africa we want’.

He further appreciated the Bank’s commitment to working with the Kenyan government towards the success of the 2024 annual meetings, saying, “I do not doubt that the 2024 Annual Meetings would be a success.”

Present during the signing ceremony were the National Treasury Principal Secretary, Dr. Chris Kiptoo, and his counterpart in the State Department for Economic Planning, James Muhati, who played the role of the lead negotiator for Kenya, among others.

## The AUDA/NEPAD CEO Nardos Bekele Special Message to Kenya

By PCU

The AUDA/NEPAD CEO, Ms Nardos Bekele, visited the Economic Planning Principal Secretary, James Muhati, in his office at the Ministry of National Treasury and Economic Planning ahead of the ‘2023 Africa Climate Summit’ held in Nairobi from 4th to 8th September, 2023.

Ms. Bekele, who previously worked in Kenya for four (4) years as Deputy Resident Representative of UNDP, was emphatic that the ‘Africa We Want’ will be attained through tackling youth unemployment, improving access to affordable health services, and increasing community engagement to modern technology, among many other initiatives.

She indicated that there is a need for Kenya to leverage and focus more on the African long-term development vision, “Africa Agenda 2063,” to promote faster growth and sustainable development. Africa Agenda 2063 is the blueprint and master plan for transforming Africa into a global powerhouse of the future.



*Economic Planning Principal Secretary James Muhati with AUDA-NEPAD CEO Nardos Bekele when she paid him a courtesy call at his Treasury Office*

It is the strategic framework for delivering Africa’s inclusive and sustainable development goal.

Being the First Woman appointed to lead the African Union’s Agency,

the AUDA/NEPAD Chief Executive Officer has influenced growth and development on the African Continent for over 40 years.

The CEO expressed her interest in AUDA/NEPAD, an AU Development Agency working in a collaborative partnership with the Kenyan government through the State Department for Economic Planning, which is charged with the mandate of championing National and Sectoral development planning as well as promoting and executing the International and Regional Cooperation.

The Principal Secretary appreciated Ms Bekele for taking time out of her busy schedule in her short stay in Kenya to pay him a courtesy call and to share her wisdom on the African development agenda. PS Muhati said that this shows her relentless commitment towards ensuring that the African growth trajectory is on the right track and that her future is bright. The meeting was also attended by the NEPAD/APRM CEO, Amb. Dr. Samori Okwiya.

## Kenya Participates in the 2023 United Nations General Assembly (UNGA)



*His Excellency the President of Kenya, Hon. William Ruto, co-chairing the United Nations General Assembly Sustainable Development Goals dialogue on 'Applying Science and Technology Innovation and Data for Transformative Action' in New York*

**By Jane Jerop**

President William Ruto led the Kenyan delegation to the 78th United Nations General Assembly held from 19th to 26th September, 2023 at the United Nations Headquarters in New York.

The assembly is held annually and draws participation from all the member states. The 2023 General Assembly high-level week schedule featured the general debate, the Sustainable Development Goals (SDG) summit, Financing for Development, the climate ambition summit, pandemic prevention, the Ministerial summit of the future, Universal Health Coverage, and the fight against Tuberculosis.

The world leaders engaged in the annual high-level General Debate under the theme, *“Rebuilding Trust and Reigniting Global Solidarity: Accelerating Action on the 2030 Agenda and its Sustainable Development Goals towards Peace, Prosperity, Progress, and Sustainability for All.”* Heads of State and Government and Ministers explored solutions to the intertwined global challenges to advance peace, security, and sustainable development.

The 78th Session of the UNGA also marked a crucial milestone in achieving the 2030 Agenda and the urgent need to put the 17 SDGs back on track. The SDG Summit happened against the backdrop that the Earth is getting hotter faster, Poverty and food insecurity are worsening amid war and inflation, Humanitarian needs are escalating in scale and cost, and Inequality is deepening. The summit discussed the impact of multiple and interlocking crises facing the world and reignited hope, optimism, and enthusiasm for the 2030 Agenda.

While presenting the Kenya National Statement on “Multilateralism on Trial”, President Ruto reiterated the urgent need for global solidarity and

international collective action in addressing the pressing needs and crises facing the world.

He pointed out the global place for Africa in decision-making and the need to reform the United Nations Systems, including the National Security Council, to be inclusive and geared towards humanity away from self-serving interest and geopolitical exclusion. The president reiterated Kenya’s strong and tireless contribution to peace-making, conflict prevention, peacekeeping, peace-building, and other regional interventions. He mentioned Kenya's role in the Sudan, Somalia, Ethiopia and Russia-Ukraine conflicts.

The President affirmed the support for the Republic of Haiti through the United Nations to restore democracy and provide long-lasting security for the people of Haiti. He also spoke on Climate change, SDG financing, and the need to reform the Multilateral Development Banks. President Ruto later co-chaired the United Nations General Assembly Sustainable Development Goals dialogue on Applying Science and Technology Innovation and data for transformative action alongside Slovenia President Nataša Pirc Musar.

In addition, the Kenya delegation hosted a side event on catalysing sustainable development and enhancing MSME investment to drive SDG achievement. Kenya also co-chaired a High-Level Session on Scaling Financing for SDGs and participated in other high-level sessions, including Energy compacts.

At the sidelines of UNGA, the Kenyan delegation held discussions with different organisations that included Government Delegations (US, EU, UAE, Albania, Slovakia, Denmark, Sweden, Gambia, Ukraine, Italy, Angola, Dominican Republic, Switzerland, Cuba, Kazakhstan, Portugal, Belgium, Japan, Canada, Barbados), Technology giants (Apple, Starlink, IBM, Microsoft, Amazon.), Development partners (UN, World Bank, IMF, DFC, Gates Foundation, ADB) and Kenyans in Diaspora.

The delegation accompanying the President included the Cabinet Secretary for the National Treasury & Economic Planning, Prof Njuguna Ndung’u, and Economic Planning PS James Muhati, among other high-level ranking government officials.



*Treasury Cabinet Secretary Prof. Njuguna Ndung’u, Amb. Martin Kimani (UN Permanent Mission New York) and Cabinet Secretary Simon Chelugui-Co-operatives and MSMEs during the Side Event on Catalyzing Sustainable Development and Enhancing MSMEs Investment to Drive SDGs Achievement in New York*

# “No More Ornamental Documents,” the Prime Cabinet Secretary tells Public Servants

*“Blending and Bringing Back Nature to its Course”*



*The Prime Cabinet Secretary Dr. Musalia Mudavadi (left), Economic Planning Principal Secretary James Muhati (right), and Environment Cabinet Secretary Soipan Tuya during the launch of the Strategic Plan for the Ministry of Environment, Climate Change and Forestry in Nairobi*

**By PCU**

Prime Cabinet Secretary Dr. Musalia Mudavadi launched the Strategic Plan for the Ministry of Environment, Climate Change and Forestry on 27th September, 2023, in Nairobi.

While presiding over the event, the Prime CS clarified that business as usual would not suffice in government operations when implementing projects and programmes.

He emphasized the need for effective and efficient public service delivery, stressing that government entities must adhere to established regulations in their service to citizens. He added that the time when government Plans were treated as just ‘Ornamental Documents’ was over.

“We will use your commitments to judge your relevance because the government has made promises to Kenyans under the Bottom-Up Economic Transformation Agenda (BETA), which must be fulfilled,” said Mudavadi.

He underscored that government plans, including Medium-Term Plans, Strategic Plans, Performance Contracts, and Individual Work Plans, will be instrumental in evaluating the performance of each Ministry and its Agencies. Failure to comply, the Prime Cabinet Secretary said, could result in the restructuring or transfer of functions to more effective entities.

In his address, Mudavadi highlighted the significance of prioritizing youth employment when planning and

empowering them to take charge of their lives by providing them with adequate skills and enhancing their access to resources.

He recognized Kenya's substantial potential in its human capital in harnessing significant economic development and a higher GDP growth rate. The PCS also lauded the government's employment of 2,700 Forest Rangers. By recruiting another 4000 Green Army Officers, the government will safeguard the country's forests from perennial illegal logging that results in ecosystem degradation.

Moreover, the 15 billion Tree Cover Campaign is expected to create additional jobs for the youth and women. While encouraging youth and women to organize themselves into groups to reap the benefits of commercial tree growing, he stressed that Fruit Trees should be grown in the homesteads to provide families with nutritional value, good health, and a clean environment.

Environment, Climate Change, and Forestry Cabinet Secretary Soipan Tuya said that the plan mirrors the Ministry's determination to address pressing issues facing the planet to build a resilient and sustainable environment for the current and future generations. She further explained that the Ministry was aware of the critical role played by the Environment, Climate Change, and Forestry Sector in sustaining life, supporting livelihoods, and driving forward Kenya's Economic transformation agenda, promising that she will “spearhead the implementation of this Strategic Plan to ensure that the goals therein are fully attained.”

**Planning for Sustainable National Development**

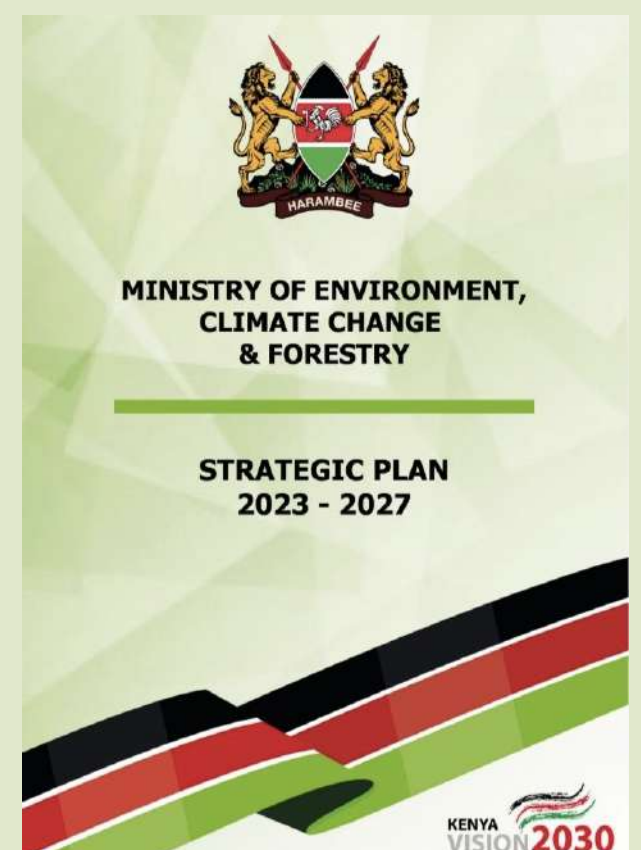
While addressing the same gathering, the Economic Planning PS James Muhati said that the Planning process creates a platform to ensure that organizations clearly define their plan of action to achieve their long-term and short-term goals.

PS Muhati observed that the National Treasury and Economic Planning developed and issued the 5th Generation Strategic Plans Guidelines to ensure that the procedure for developing Strategic Plans in the Public Sector is uniform and conforms to the preparation process.

“The Guidelines were also developed to align the public sector organizations to the transformative national development aspirations as espoused in the Fourth Medium Term Plan (2023 – 2027), which is aligned to the Bottom-Up Economic Transformation Agenda (BETA),” said PS Muhati.



*Prime Cabinet Secretary Musalia Mudavadi officially launching the Strategic Plan for the Ministry of Environment, Climate Change and Forestry in Nairobi*



# PS Muhati Inaugurates the National Steering and Technical Committees on Knowledge Management

By Maureen Kenga

The inaugural meeting for the National Steering Committee and Workshop for the National Technical Committee on Knowledge Management was held on 4th September, 2023 in Naivasha.

This was the first engagement with the two committees since the Cabinet approved the Knowledge Management Policy for Kenya in May 2022.

Speaking during the inauguration, Economic Planning Principal Secretary James Muhati said there has been a global shift towards knowledge-based economies driven by technology, with lots of information generated and shared through the internet via the World Wide Web.

“Knowledge is increasingly being recognized as a factor of production in its own right, distinct from labour,” said PS. Muhati.

He said knowledge management was a key enabler in achieving the Government’s Bottom-Up Economic Transformation Agenda (BETA).

He noted that the State Department for Economic Planning was formally responsible for developing the Country’s Knowledge Management Policy and framework through a mandated National Development Technical Implementation Committee circular dated 1 September 2019.

‘In Transforming Micro, Small, and Medium Enterprises, for example, knowledge management can help increase their competitiveness by improving efficiency, stimulating innovation, and optimizing customer service. It also plays a critical vital role in coming up with solutions to the challenges that affect these business units,’ PS Muhati said.

Many businesses in the country are currently plagued with challenges ranging from low financial literacy, high level of informality, low technology uptake, inadequate credit guarantee schemes, Inadequate sustainable regulatory policies, and weak linkages to markets.

The Bottom-Up Economic Transformation Agenda prioritizes interventions to create jobs through affordable housing and slum upgrading, agricultural transformation, empowering micro, small and medium enterprises, and fostering universal healthcare.

PS Muhati said that agricultural transformation and inclusive growth could be achieved by ensuring that farmers and all stakeholders in this sector can access, share, retain, and apply agricultural knowledge, including fruitful agricultural practices, new expertise or controls of pest and disease eruptions, and new markets.

“We can also leverage knowledge to boost innovation in agri-food systems.

The generation and application of agricultural knowledge are progressively more important, especially for small and marginal farmers, who need pertinent information to develop, sustain, and diversify their farm enterprises,” said PS Muhati. He noted that ICT plays a critical role in profiting the resource-strapped farmers with updated knowledge and information on agricultural technologies, preeminent practices, markets, price trends, and weather situations.

Through its Bottom-Up Economic Transformation Agenda, the government of Kenya is working towards eradicating slums, and prioritizing the Kibera slums, among others, countrywide. A sustainable knowledge management program in the housing and settlement sector will help ensure effective and efficient Land use, land cover, vegetation cover, growth, development, availability of resources, advancements in housing and settlement technology, controlled migration, change in the economy, and social structures.

Knowledge management solutions in healthcare increase efficiency, reduce the risk of errors, and improve communication across teams and organizations. Benefits of knowledge management in the health sector include informed decision-making, control and security, education and learning through knowledge sharing, thus reducing the knowledge gap, infrastructure and personnel management, harmony between national and county governments on health matters, and advancing medical equity and patients’ safety, among others.

Digitalization and digitization necessitate an excellent model for business performance. Knowledge management is crucial across all sectors and ensures a successful digital superhighway and creative economy. Knowledge management practices will guide in identifying and managing the various business processes and guide on the best technologies to adopt in ensuring the success of all sectors.

Knowledge creation, acquisition, sharing, retention, and application within an organization have become the source of competitive advantage. This highlights the importance of knowledge management and its enablers, including people, processes, and technologies. Article 35 of the Constitution of Kenya, which is being implemented through the Access to Information Act of 2016, among other laws in Kenya, plays a crucial role in the push for the knowledge economy. The Knowledge Management Policy for Kenya, 2022, sparked knowledge management institutionalization in Kenya and acted as the foundation for the push towards a knowledge-based economy.



*Economic Planning Principal Secretary James Muhati Consulting with the Social and Governance Director, Ezekiel Manyara during the Committees' Inauguration Forum at a Naivasha Hotel*

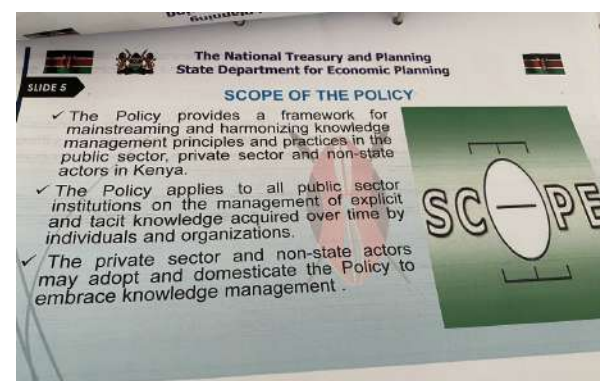
In his book, ‘The Effective Executive,’ Peter Drucker states that the knowledge economy depends more on intellectual capital (human capital) and less on traditional production factors, including land, capital and labour. These intangible assets include knowledge and information management, data analysis, measurable performance, patents, copyrights, technologies and strategic management by objectives. Knowledge management encourages networking, creativity, and innovation and spurs productivity and competitiveness.



*Economic Planning Principal Secretary James Muhati making his Remarks*



*Group Photo for the Knowledge Management National Steering Committee, National Technical Committee and the Secretariat*



*A Snapshot of the Presentation by the Principal Secretary*

## Economic Planning for Poverty Eradication

**By Zakayo Imbogo & Lekakeny Karoi**

Societies are generally classified by the level of wealth that is at the individual's or community's disposal, either bequeathed upon them by forefathers or by nature that elevates them from what is otherwise defined as 'poor' to lower middle income, middle income, upper middle income or to exigent affluence commonly referred to as 'rich/wealthy.' While the UN and Breton-Woods Institutions define poverty in terms of daily dollar earnings, Africa's vast cultural landscape makes poverty challenging to define. For Instance, the Maasai of East Africa consider one to be poor based on the number of cattle one has, while others base poverty on the number of wives and children.

Poverty measurements have in the past primarily relied on income or expenditure to identify the poor. Income poverty is measured using national poverty lines representing the cost of food and other basic needs or the international poverty line. Over the years, studies have shown that monetary poverty does not capture all deprivations that individuals face with access to basic goods and services due to factors other than lack of financial resources. Therefore, non-monetary poverty approaches are vital for complementing monetary measures in informing policy decisions to benefit all, including families and communities that consider a meal a day to be a luxury but have droves of cattle at their disposal. It is tempting to view poverty as the opposite of wealth and vice-versa, but this may need to be more accurate in understanding poverty from the lens of communities for better-informed policy-making and Governance.

Before responding to questions on what poverty means, one ought to understand the definition of Poverty from the contemporary perspective.

The African Development Bank defines poverty as a combination of persistent hunger and malnutrition, lack of adequate shelter, lack of access to medical care when sick, losing children and family members to illness brought about by preventable diseases, lack of access to primary education; the need to travel long distances on foot to purchase inputs, sell outputs, seek employment or fetch water and firewood; low income; and gender-based inequality. Whether any of these issues or combination(s) of any should be given prominence over others depends on feedback from targeted communities expected to benefit the most from Government Poverty eradication interventions.

To complement the quantitative poverty measurements, Participatory Poverty Assessments (PPAs) were introduced to understand poverty from the perspective of a range of stakeholders. Participatory Poverty Assessment (PPA) is a qualitative social research approach designed to determine the poor's perceptions of poverty, their issues, and how they would like to see the problems resolved. Participatory approaches enable governments to understand the effectiveness of government services and diverse poverty reduction initiatives from governments, NGOs, the Private sector, development partners and faith-based organisations. In monitoring the impact of the interventions, participatory approaches allow those targeted by the policy interventions to identify the outcomes they expect to improve their living standards. The goal of conducting PPAs is to enable governments to reformulate and update the national development policies and programmes, including using poverty data to guide equitable allocation of resources.

The State Department for Economic Planning, through the Social and Governance Directorate, is responsible for conducting Participatory Poverty Assessments (PPAs) in Kenya with the sole purpose of informing policies and strategies on progressive poverty reduction. Participatory approaches are crucial in protecting the rights of the poor and vulnerable, inclusivity, transparency, accountability, equity, self-determination, influencing decision-making, effective democratic citizenship and meaningful dialogue. So far, the country has undertaken five (5) PPAs and has just completed the Pilot Phase of the 6th Participatory Poverty Assessment (PPA VI). The Pilot aimed to test the proposed tools and instruments earmarked for PPA VI. The pilot was undertaken in Oloilalei village, Lenkisir sub-location, and Oloitoktok sub-county in Kajiado County, where residents overwhelmingly provided their perspective on poverty and proposed suitable pro-poor interventions relevant to their community.

The PPA VI Survey will focus on three main areas of policy relevance: Poverty dynamics and diagnostics, the impact of Sectoral policy areas on poverty reduction, and Pro-poor initiatives. Special attention will be given to the effect of Devolution and the COVID-19 pandemic on the focus areas.

Other functions of the Social and Governance Directorate include coordinating the institutionalisation of Knowledge Management Practices in the Public Sector and guiding the policy discourse on matters relating to the Social and Governance Sectors of the Economy. It further seeks to ensure that the priorities and aspirations of communities are reflected in Budgets using the Electronic Social Budgeting and Social Intelligence Reporting tools.



*Area Chief for Lenkisir Location addressing the residents of Oloilalei village during the Pilot PPA VI that took place from 24th September to 1st October, 2023 in Oloitoktok, Kajiado County*



*Residents of Oloilalei Village applying "Problem Ranking" to identify the community's most pressing needs*

## KIPPRA's Annual Report: "Kenya Economic Report 2023" Launched

By PCU

The National Treasury and Economic Planning Cabinet Secretary, Prof. Njuguna Ndung'u, officially launched the 15th Edition of the Kenya Economic Report 2023 on 28th September, 2023 at a Nairobi Hotel.

The report themed: "*Cost of Living and The Role of Markets,*" took cognizance of the Bottom-Up Economic Transformation Agenda (BETA) geared towards realizing an economic turnaround and achieving inclusive growth. Prof. Ndung'u pointed out that market capture was one of the major causes of increased poverty in the country. As a result, those at the bottom of the pyramid find it hard to get returns for their sweat and investments.

He added that policymakers seek evidence-based policy options to guide policy decisions to address Kenyans' high cost of living. The reason for choosing BETA was for the simple reason that the current administration got concerned with the problems that led many Kenyans at the bottom of the pyramid to sink further into misery and abject poverty. A policy solution had to be found.

The economic transformation was important because it would help invest in education, health, nutrition, and labour markets to boost human capital development.

Additionally, markets have a role in providing a platform for investment and igniting production and productivity. Some contributions to the high cost of living include shocks brought about by the COVID-19 pandemic, drought, supply disruptions from the Russia-Ukraine war, and a huge fiscal deficit.

The government also rolled out the County Aggregation Industrial Parks (CAIPS) to strengthen agricultural value chains to encourage aggregation for value addition in dairy products, edible oils, leather, cotton, building materials, and natural resources.



*Prof. Njuguna Ndung'u Cabinet Secretary for the National Treasury and Economic Planning speaks during the launch of KIPPRA's Annual Report, the "Kenya Economic Report 2023" at a Nairobi Hotel*

Further, the government launched the Hustler Fund on 30th November, 2022 to promote access to affordable credit while concurrently encouraging savings.

Prof. Ndung'u further pointed out that a skilled labour force is a key priority to enhance production to accelerate socio-economic transformation.

In his conclusion, he noted with appreciation that since the commencement of production of the Economic Report, the State Department for Economic Planning, through KIPPRA, had maintained the tempo in guiding the government on policy and national development planning. He emphasized that to address the high cost of living effectively, productivity had to be enhanced while implementing market-enabled long-term solutions to ensure that citizens generate income and adopt policies that encourage the culture of increasing savings.

Also in attendance were James Muhati, Principal Secretary for Economic Planning, Dr. Benson Ateng', KIPPRA Board Chairperson, and Dr. Rose Ngugi, Executive Director of KIPPRA, among other guests.



*KIPPRA Board Chairperson Dr. Benson Ateng', Executive Director Dr. Rose Ngugi, CS Prof. Njuguna Ndung'u, and Economic Planning PS James Muhati during the launch of the Kenya Economic Report 2023*

## Launch of the 2022 Kenya Demographic and Health Survey (KDHS)



*The National Treasury and Economic Planning Cabinet Secretary, Prof. Njuguna Ndung'u, Launching the 2022 Kenya Demographic and Health Survey in Nairobi*

By PCU

The National Treasury and Economic Planning Cabinet Secretary, Prof. Njuguna Ndung'u, launched the 2022 Kenya Demographic and Health Survey (KDHS) main report on 3rd July, 2023. The Report is the 7th Survey to be carried out in Kenya.

Previous Demographic and Health Surveys were implemented in 1989, 1993, 1998, 2003, 2008-09, and 2014.

The primary objective of 2022 KDHS is to provide up-to-date estimates of basic socio-demographic, nutrition, and health indicators. The KDHS collected information on fertility levels and contraceptive prevalence, childhood mortality, maternal and child health, Early Childhood Development Index, anthropometric measures for children, women and men, children's nutrition, women's dietary diversity, knowledge and behavior related to transmission of HIV and other sexually transmitted diseases, non - communicable diseases and other health issues, extent and pattern of domestic violence, and female genital mutilation.

In his speech, the CS stated that the survey guides the planning, implementation, monitoring, and

evaluation of population and health-related policies, programs, and projects at the National, Regional, and County levels.

Prof. Ndung'u noted that the 2022 KDHS report provides baseline statistics for monitoring and evaluating the implementation progress of the Government's Bottom-Up Economic Transformation Agenda and its commitments to the citizens regarding Demographic and Health support systems.

Present during the launch was the Cabinet Secretary, Ministry of Health, Ms Nakhumicha Wafula, Medical Services Principal Secretary Harry Kimtai, Economic Planning Secretary Katherine Muoki, and Kenya National Bureau of Statistics Director General Macdonald Obudho, among others.

# Signing of the FY 2023/24 Performance Contracts Between the President and Cabinet Secretaries



*His Excellency Hon. William Ruto, during the Signing of FY2023/24 Performance Contracts in State House Nairobi*

**By Mirriam Mutinda & Brian Komu**

During the signing of the FY 2023/2024 Ministerial Performance Contracts at the Statehouse on 1st August, 2023, the President indicated that the Bottom-Up Economic Model, as stipulated in the Plan, was to turn the national development agenda from the traditional top-down model that is essentially elite-centric to a bottom-up, citizen-centric model. It aims to positively impact millions of Kenyans at the bottom of the economic pyramid by focusing on interventions where the most significant number earn their living: the informal sector, agriculture, and the Hustler Economy. The Plan further intends to create millions of jobs, increase incomes, and reduce the cost of living by mitigating the cost of energy, transport, shelter, and healthcare as a share of household incomes.

The President added that the transformative model, i.e., Bottom-Up Economic Transformation Agenda (BETA), is geared towards achieving the following key objectives: bringing down the cost of living, eradicating hunger, creating jobs, expanding the tax base, improving foreign exchange balance, and delivering inclusive growth. To achieve the agenda, the following sectors would form the core pillars: agriculture; micro, small, and medium enterprises (MSMEs) economy; affordable housing; universal healthcare coverage; and the digital superhighway and creative economy, which sets out the Performance Contract with the people of Kenya to be delivered by the entire Government.

Further, the President explained that the contract terms are pretty straightforward. In return for paying their due taxes in a timely fashion, the citizens of this country not only expect but are also entitled to receive the benefit of all government services promptly and satisfactorily. By the governing mandate, the Government is committed to the full performance of the part of the contract.

The Government is committed to defending the Constitution and constitutionalism, institutionalizing issue-based performance-oriented politics, and implementing a Bottom-Up Economic Transformation Agenda. In this context, the Government negotiated, developed, and signed the first-generation Ministerial Performance Contracts for the financial year 2023/2024.

The Government resolved to enhance the overall performance management framework and to leverage its tremendous potential by incorporating the actualization of the BETA plan, the government performance contracting and delivery mechanism. The objective is to achieve the highest levels of efficiency and effectiveness in delivering public services, ensure accountability in the utilization of public resources, improve the mechanisms of service delivery, re-align public agencies with their core mandates, and accelerate the completion of programmes and projects.

The Head of State further remarked that the Government has ensured that every Ministry, Department, and Agency has aligned their programmes and policies with the Fourth Medium-Term Plan (2023-2027) of the Kenya Vision 2030, which now incorporates key government priorities under the 5 BETA pillars. It is now a fundamental duty of Cabinet Secretaries, Principal Secretaries, Chief Executive Officers of State Corporations, and the Principals of Tertiary education institutions to implement obligations under their performance contracts by taking every measure to execute key government priorities on time and with the allocated resources.

In addition, the President stated that in keeping with the Government's commitment to deliver, the performance contracts have been perfected through a rigorous process of vetting key priorities and ring-fencing their funding through the National Treasury. Every instrument derived from these contracts for implementation by MDAs must replicate this model, and it shall be the duty of Cabinet Secretaries to ensure full conformity.

The Cabinet Secretaries were reminded to Pursue and maintain the highest professional standards, observe the principles and values of the Public Service under Article 232(1) of the Constitution, and keep a copy of their respective Performance Contract within sight at all times to anchor their reflections and focus on their deliberations.



*H.E President William Ruto handing over the signed Performance Contract to the Treasury CS, Prof. Njuguna Ndung'u, as PS James Muhati and Molo MP. Hon. Kimani Kuria witness*

## Signing of the Cascaded Ministerial Performance Contracts



*National Treasury and Economic Planning Cabinet Secretary Prof. Njuguna Ndung'u speaks during the signing ceremony of the Cascaded Ministerial Performance Contracts at the Treasury Building*

The Cabinet Secretary, National Treasury and Economic Planning, Prof. Njuguna Ndung'u, addressed his staff during the cascaded ministerial Performance Contract signing ceremony on the 14th floor of the Treasury Building on 23rd August, 2023.

During the ceremony, he made it clear that Performance Contracting provides a framework linking national development planning, budgeting process, and expected results to ensure maximum benefit from national resource use. Performance contract also enhances the capacity of Public Service to deliver its services more efficiently and effectively by making it possible to measure performance.



*Cabinet Secretary Prof. Njuguna Ndung'u (Centre), Principal Secretary James Muhati (Left), and Principal Secretary Dr. Chris Kiptoo (Right) during the signing ceremony of the Performance Contracts*



*Cabinet Secretary, Prof. Njuguna Ndung'u, Principal Secretaries, Director Generals, and Directors in National Treasury and Economic Planning take a group photo during the signing ceremony of the Cascaded Performance Contracts at the Treasury Building*

## Treasury CS Meets the National Assembly Joint Committees



*Treasury Cabinet Secretary Prof. Njuguna Ndung'u with the National Treasury Principal Secretary Dr. Chris Kiptoo, the National Assembly Committee on Finance and National Planning, and the Public Debt and Privatization Committee in Mombasa*

### By PCU

The National Treasury and Economic Planning organized a two-day Retreat with the Joint National Assembly Committees, which was held in Mombasa County from 9-12/8/2023, to deliberate on key issues, track work processes and create a mutual understanding of the mandate and functions being implemented by the Ministry.

The meeting, which was chaired by the National Treasury and Economic Planning Cabinet Secretary Prof. Njuguna Ndung'u, discussed at length issues to do with the budget, fiscal and economic affairs, public-private partnerships, functions of the State Department for Economic Planning, public debt and public investment portfolio management among others.

The Cabinet Secretary expounded on the measures that the National Treasury has deployed to ensure that matters of the legal framework for public debt management, debt and borrowing policies and reforms, as well as privatization, pension management, and government investments, take center stage in execution for restoring efficiency in the country's economic growth and financial inclusion.

On their part, the MPs sitting in the Departmental Committee on Finance and National Planning, Select Committee on Budget and Appropriations, and Public Debt and Privatization sought to know what causes the delays in pension payments. The members of the Committees were concerned that pensioners contribute money to the retirement fund dedicatedly, but the government fails to pay the pension in good time.

They also asked the National Treasury to shed more light on privatizing some key government-owned entities, such as the ones in the Sugar sector and others. They added that the privatization models the government is using could be corrected to empower the citizens. The issue of massive government borrowing and the debt servicing risks also came up for reflection.

Cabinet Secretary Prof. Njuguna Ndung'u said the government recognizes the debt burden, but it's inevitable. He emphasized that the National Treasury implements a debt and borrowing policy and does not borrow money for domestic consumption but for strategic investments to balance the quality of economic growth structure, which is key for national development.

***“A country cannot regulate the market before developing and protecting it.”***

On domestic resource mobilisation, the CS told participants that the Ministry is conscious of creating optimal taxes that do not distort the market but ignite development well, leverage human resource development and raise the savings levels to eight per cent of the country's GDP. He added that the savings trends determine the quality of investments. In addition, the CS stated that to enhance development, the government has to tie the population to resource mobilisation. He cited food security and climate change as areas that will drive investments in the future, adding that investment policies should be driven towards that direction.

The Cabinet Secretary also discussed at length the possible opportunities the country could exploit to increase and change the level of development. He said that from economics and development principles, a country cannot regulate the market before developing and protecting it. In this case, he gave the formula:

**Equation: MARKET = DEVELOP + PROTECT + REGULATE**



The meeting was also attended by the National Treasury PS Dr Chris Kiptoo, Chairpersons of the National Assembly Committees who included Hon. Kimani Kuria, Chairman of the Departmental Committee on Finance and National Planning, Hon. Abdi Omar Shurie, Chairman of the Public Debt and Privatization Committee and the National Treasury and Economic Planning Director Generals and Directors of various Directorates among others.



*National Treasury and Economic Planning Cabinet Secretary and the National Treasury Principal Secretary with a section of the members of the National Assembly Committees.*

## Celebrating 10 Years of Devolution in Kenya

By Judys Kemunto

A decade ago, with the new constitution, Kenya ushered in a two-tier system of governance, the national and county government, known as a devolved system. This has enabled the country to fundamentally transform its governance and service delivery landscape. In the same way, when new parents have their newborn baby at hand, a lot goes through their mind: expectations, anxiety, and uncertainty, among others, so is the set-in of devolution to the citizens of Kenya. Celebrating this milestone made since the inception of devolution in 2013, at the Kenya Devolution Conference themed; “10 Years of Devolution” and sub-theme: “Driving Transformation from the Local Level: County Governments as the Centre of Economic Development” in Eldoret, Uasin Gishu County, provided an opportunity to reflect on the impact of devolution, its challenges, and the lessons for the future.

This conference did not invite us only to celebrate devolution's remarkable achievements but also to face the remaining challenges by charting a way forward with bold and forward-looking interventions.

Notably, Kenya's devolution process ushered in an era of progressive democratization and expanded political space due to the decentralization of power and resources, empowering county governments and local communities to harness unique strengths and resources in their counties and fostering self-reliance. This has been attributed to various developments and improvements in service delivery for devolved sectors such as finance, health, education, urban governance, roads and energy, agriculture, blue economy, natural resource management, trade and investment, water, sanitation, tourism, and wildlife. This has, therefore, promoted inclusive growth and equity across the country.

Further, it was noted that County Governments have allowed communities to participate in local governance and development processes through public participation. Therefore, it gets everyone involved in the delivery of services and decision-making, unlike before devolution.



*SDEP staff attending to a visitor at the Department's booth during the Devolution Conference*



*His Excellency President William Ruto poses for a photo with the Council of Governors during the official Opening of the 10th Devolution Conference 2023 in Eldoret*

“Devolution also restored to the people their powers of self-governance and promoted their participation in the exercise of the powers of the state and in making all decisions that affect them. Under devolution, our communities regained the right to manage their affairs, while the interests and rights of minorities and marginalised could no longer be ignored.” The President said in his speech during the opening ceremony of the devolution conference.

It is important to note that ten years into devolution in Kenya and 60 years since the country gained independence, County Governments have made significant strides in enhancing service delivery to local communities. However, devolution is only a remedy for some governance or service delivery-related issues; getting devolution to work requires methodical effort.

In his remarks, President William Ruto noted that the Counties tend to over-rely on National Government Revenue Resource allocations to implement their plans. He also advised that such reliance mainly limits those plans.

He emphasised that it is time for devolved units to engage in long-and-hard thinking about sustainable and innovative resources to power their development and reduce overdependence. “It is beginning to unfairly constrict the frontiers of productive possibility and limit their horizons of transformation,” he said.

Further, it is essential to reflect on the challenges and the opportunities the decade of implementation has provided. Disparities in economic and social development in some sectors, such as health and education, are still huge despite improvements.

To deliver on its promise to promote social and economic development and provide proximate, easily accessible services throughout Kenya (Article 174 of the Constitution), devolution must urgently address these inequalities and redistribute resources. This will include investing in adequate and disaggregated data and evidence to build a more fair and equitable future society.

Other challenges being faced at the counties need to be addressed through the establishment of oversight county-level human resource management frameworks to guarantee equal service delivery in all counties, the establishment of a fiscal framework for sharing revenues between the national and county governments, and own source revenue generation and clear structure of accountability of resources; Fostering horizontal accountability is crucial, primarily through the county assemblies and the people themselves via innovative channels such as social audits and enhanced structures for public participation; and ensure collaboration with development partners and private sector to promote investment and improve revenues for economic growth and development plans.

In the rapidly evolving world, devolution offers a platform for innovation and adaptation to suit emerging development needs. Devolution will need all stakeholders' strategic and collaborative efforts to reach the next level. Adopting inclusive digitalisation transformation, enhancing transparency and accountability, and combatting corruption while ensuring proper funding for devolution success are vital opportunities. Kenya can unlock the full potential of devolution by harnessing directions of transformative change and embracing the way for a brighter, greener, inclusive, equitable, and sustainable future for all its citizens.

# Induction Training of the Newly Appointed Economic Planning Directors at the Kenya School of Government

By PCU

To enhance Economic Planning in the Country, the Public Service Commission has appointed 47 new Directors of Economic Planning who will serve at the State Department for Economic Planning.

Another group of 44 Economists have been promoted to the level of Principal Economist to support the Directors of Economic Planning in the execution of the broader mandate of National and Sectoral Economic Planning.

The appointments of these two economist cadres will enrich the State Department for Economic Planning's mandate of supporting County Development Economic Planning.

The State Department develops and provides guidelines for both National and County governments. At the county level, the State Department develops and provides guidelines for County Integrated Development Plans (CIDPs) and for developing government Strategic Plans for uniformity and harmony in planning among Ministries, Departments, and Agencies at the national level.

In August 2023, the newly appointed directors took an intensive course in leadership development at the Kenya School of Government in Kabete.

The training aimed at inducting the directors on their new roles and expectations and building their capacity for efficient and effective delivery of the government's promises by coming up with concrete and implementable plans. The plans should speak to the creation of jobs, reduction of poverty levels, and continuous improvement of the livelihoods of Kenyans, among others. During the training, they shared ideas and experiences, which turned out to be beneficial for everyone.

In a well-thought-out presentation, the Principal Secretary, James Muhati, took newly inducted directors through a generalized overview of what goes on at the State Department, the vision, mission, mandates, functions, unbundled mandates, and a short history of Economic Planning in Kenya.

Giving a traditional analogy of a racing competition between the Hare and the Tortoise, PS Muhati demonstrated to the directors that success is attained through delivering as a team, avoiding unhealthy competition, engaging in consultations, building trust, and continuously improving working relationships with all staff.

Muhati creatively used the tortoise and hare's competition story to vividly inform the directors of their expectations.



*Economic Planning Principal Secretary James Muhati addressing the newly appointed Directors of Economic Planning at the Kenya School of Government in Nairobi*

The main moral of the story was that it is good to be individually brilliant and to have strong core competencies. Still, the performance will always be below average unless one can perform in a team and harness each other's core competencies. He said working hard, changing our strategies, and using different methods to improve performance in specialized fields is appropriate. Teams perform much better when they compete against the situation instead of competing against each other.

PS Muhati urged the directors to embrace teamwork, integrity, and leadership, apply fundamental operating principles such as regular communication and respect for one another, meet the Performance Contract objectives, create operational excellence, and most importantly, market the State Department for Economic Planning through informing stakeholders what the State Department is implementing.

The 2023 Directors' class President, Isaiah Kipyegon, thanked the PS for keeping them in mind and allowing them to train together as a team before reporting to their respective Departments. He said that their established relationships would help them create synergy and collaboration wherever they are placed to serve.



*Economic Planning Principal Secretary, James Muhati posing for a group photo with the Economic Planning Directors at the Kenya School of Government*

**Planning for Sustainable National Development**

Kipyegon also said that they have acquired the necessary tools and skills for service delivery from the training. He thanked the KSG for giving them top-class Resource Persons for their training.

He also said the participants look forward to applying what they learned from the training.

The Human Resource and Development Director for the State Department for Economic Planning, Mr Charles Ahenda, congratulated the directors on their promotion and thanked them for attending the training on a short notice invitation. He also thanked the KSG team for organizing the training programme.

Mr Ahenda thanked the PS for facilitating the training despite the limited training resources.

The KSG Deputy Director, Dr. Rukia Atikiya, stated that the participants were the pioneer's cohort for training in this newly introduced leadership development programme. They are now up to the task of taking up responsibilities as directors. She told the participants they were privileged to attain those positions, but they still had huge obligations and expectations to deliver with excellence.

Dr. Atikiya outlined three high-performing team components: performing individually, understanding one's team, and facilitating the team. She called upon everyone to be good ambassadors of KSG to enable the National and County Governments to push their agendas.

In attendance were Heads of Directorates and Departments at the State Department for Economic Planning and the Kenya School of Government officials.

## Launch of the Medium-Term Budget Preparation Process (FY 2024/25)

By PCU

The National Treasury and Economic Planning Cabinet Secretary, Prof. Njuguna Ndung'u, launched the Medium-Term Budget Preparation Process for the 2024-2025 financial year on 18th August, 2023 at the Kenya School of Monetary Studies (KSMS) in Nairobi.

While presiding over the event, the CS said the budget-making process is anchored in the Constitution of Kenya, 2010. "The Public Finance Management Act, 2012, Article 220 of the Constitution and Sections 35(e) and 36 of the Public Finance Management Act, 2012, stipulates that this process should commence not later than 30th August of the preceding financial year," said Prof. Ndung'u.

Against this backdrop, the National Treasury and Economic Planning issued a Circular outlining the guidelines to be followed by all Government entities in the budget-making process.

Prof. Ndung'u said that through this process, the government prioritizes and implements its projects, programmes, and policies as may be dictated by prevailing economic realities. The Medium-Term Budget was formulated against an improving economic outlook but with a constrained international environment. According to the latest forecast, global GDP grew by 3.5 percent in 2022 and will decline to 3.0 percent in 2023. The same decline will be experienced in 2024.

Prof. Ndung'u also observed that the Kenyan economy is expected to remain resilient in 2023 with an expected growth rate of 5.5 percent and maintain that momentum over the medium term.

"Given the limited resources that the economy is likely to generate under the prevailing circumstances, Ministries, Departments, and Agencies (MDAs) are expected to critically review, evaluate and prioritize the planned activities and accommodate the corresponding programmes within the available resources," said Prof. Ndung'u, adding that recent reforms in Public Financial Management, particularly the value chain budgeting approaches were aimed at improving processes and credibility.

The CS emphasized the critical role of government budgeting in prioritizing resources for programs with high economic impact and productivity. He acknowledged that the Medium-Term Budget for the 2024-2025 financial year will focus on implementing the Bottom-Up Economic Transformation Agenda (BETA) geared towards economic turnaround and inclusive growth. It aims to increase investments in at least five sectors with a high potential impact on the economy and household welfare. The sectors are Agricultural Transformation, Micro, Small, and Medium Enterprises (MSMEs), Housing and Settlement, Universal Healthcare and Digital Superhighway and Creative Industry.

The MDAs will be required to prioritize allocations towards achieving the BETA priorities. In addition, the Medium-Term Budget will also be based on the Kenya Vision 2030 Fourth Medium-Term Plan (MTP IV) and will build on the progress made in the previous financial years. The Government will continue to prioritize the policy, legal, regulatory, and governance issues to ensure that there is optimal use of resources in executing the planned interventions.



*Treasury Cabinet Secretary Prof. Njuguna Ndung'u, accompanied by Economic Planning Principal Secretary James Muhati, National Treasury Principal Secretary Dr. Chris Kiptoo, and the Chairperson of the National Assembly Budget Appropriations Select Committee Hon. Ndindi Nyoro among others during the launch of the Budget Preparation Process in Nairobi*

"Furthermore, the BETA priorities should be mainstreamed into the regular programmes of Ministries, Departments, and Agencies. Planning and budgeting should, therefore, continue to embrace the value chain approach. This approach to budgeting will ensure that there are no funding gaps, no duplications and allows for efficiency in the allocation and use of resources," Prof. Ndung'u emphasized.

The Kenya Kwanza Government vigorously pursues a fiscal consolidation policy to signal debt sustainability and a manageable fiscal gap. Before the Kenya Kwanza Administration, the fiscal deficit was 6.2 percent of the GDP, which reduced to 5.3 per cent by June 2023 and is forecasted to lower to 4.4 per cent by June 2024.

During the programme prioritization and resource allocation process, the Sector Working Groups are expected to consider and apply the following criteria: Programmes that enhance the value chain and linkage to BETA priorities; Implementation of Cabinet decisions; Linkage of the programmes with the priorities of MTP IV of the Kenya Vision 2030; Completion of ongoing projects, viable stalled projects and payment of verified pending bills; The degree to which a programme addresses job creation and poverty reduction; The degree to which a programme addresses the core mandate of the MDAs; Programmes that support mitigation and adaptation of climate change; Cost-effectiveness, efficiency, and sustainability of the programme; and requirements for furtherance and implementation of the Constitution.

The Sector Working Groups will, therefore, be required to identify and engage stakeholders to obtain their input during the budget preparation process. The process output will be an essential input into the 2024 Budget Policy Statement (BPS), providing the framework for finalizing the FY 2024/25 and the Medium-Term period.

As outlined in the Public Finance Management Act, 2012, and its attendant regulations, the budget process involves the timely preparation of key policy documents for approval by the Cabinet and Parliament.

To facilitate the finalization and approval of the policy documents and bills within the stipulated time frames, Accounting Officers must strictly follow the schedule of activities outlined in the Budget Calendar as set out in Treasury Circular No. 8 of 2023.

Prof. Ndung'u concluded by emphasizing the requirement of engaging stakeholders in financial matters, the timely preparation of policy documents, and adherence to the Budget Calendar to finalize and approve the budget.

Present during the launch were the Chairperson of the National Assembly Budget Appropriations Select Committee and Kiharu MP, Hon. Ndindi Nyoro, National Treasury Principal Secretary Dr. Chris Kiptoo, and Economic Planning Principal Secretary James Muhati, among others.



*National Treasury and Economic Planning Cabinet Secretary Prof. Njuguna Ndung'u launching the Medium-Term Budget Preparation Process Guidelines at the Kenya School of Monetary Studies on 18th August, 2023*

## Launch of Kenya National Governance Report and Introduction of CPRM Panel of Eminent Persons



*Economic Planning Principal Secretary James Muhati (Right) and Chief Executive Officer NEPAD/APRM Amb. Dr. Samori Okwiya (Left) stood for the National Anthem at the Kenya National Governance Report launch*

By PCU

The National Governance Report (NGR) for Kenya was launched on the 9th September, 2023 at the Kenya Institute of Monetary Studies in Nairobi. The occasion was graced by James Muhati, Principal Secretary for the State Department for Economic Planning, who represented the Cabinet Secretary, the National Treasury and Economic Planning Prof. Njuguna Ndung'u.

The NEPAD/APRM Kenya Secretariat organized the launch under the leadership of Amb. Dr. Samori Okwiya, Chief Executive Officer, NEPAD/APRM Kenya. The NEPAD/APRM Kenya Secretariat invited a wide range of delegates for transparency, inclusivity, and accountability. The occasion also included the introduction of the County Peer Review Mechanism (CPRM) Panel of Eminent Persons.

Kenya was honoured to have been selected to pilot the implementation of the National Governance Report framework. The selection reflected the Continent's confidence in Kenya's governance reforms and practices and the appreciation of Kenya's continued commitment to implementing the Africa Agenda 2063 in governance.

The National Governance Report (NGR) is an effective and user-friendly self-assessment tool with which individual African Countries regularly assess themselves and report on their respective states of national-level governance. Therefore, the national governance reports would serve as a national barometer of governance status in all African Union Member States, based primarily on national realities, country innovation, and homegrown solutions.

The NGR primary data was collected through Focus Group Discussions and Key Informant Interviews in all the 47 Counties.



*Economic Planning Principal Secretary James Muhati takes a group photo with some of the appointed members of the CPRM Panel of Eminent Persons*

It highlights the findings, challenges, and recommendations under the six major governance indicators: Rule of Law, Transparency and Accountability, Peace and Security, Participation and Human Rights, social-economic Governance and Democracy, and Elections and Freedoms.

In addition, the NGR's overall objective is to monitor and evaluate the governance status in Kenya. In particular, the governance report seeks to provide credible data on governance issues for national, regional, continental and international stakeholders to champion citizen-centred governance as a strategy for strengthening democracy, accountability and inclusiveness and formulating realistic and actionable recommendations for improving governance.

Continently, Kenya was the first country to cascade the peer-reviewed governance approach to the sub-national level. The County Peer Review Mechanism is a governance programme that mirrors the Continental African Peer Review Mechanism, offering a platform for the County Governments to undertake self-assessments.

The CPRM Panel of Eminent Persons will ensure that the CPRM National Summit takes place before the end of the year so that the President can report back to his peers at the African Union Summit early next year. The State Department for Economic Planning is expected to expedite the completion of the review process.

## Kenya to End New HIV Infections, Gender-Based Violence, and Teenage Pregnancies

By PCU

The Religious Leader's Conference on Ending the Triple Threat of New HIV Infections, Gender-Based Violence, and Teenage Pregnancies among Adolescents took place on 28th July, 2023 in Nairobi.

Speaking during the event held at Ufungamano House, Economic Planning Principal Secretary James Muhati emphasized the Country's commitment to ending the New HIV Infections among adolescents and young people by 2030.

Kenya devoted to eliminating teenage pregnancies, New Adolescent and Youth HIV Infections, and other harmful practices such as child marriages during the International Conference for Population and Development (ICPD25) Nairobi Summit held in 2019.

The meeting, themed "Securing our Adolescents," was convened to deliberate on the need to join hands as multi-stakeholders to secure adolescents from these threats. Part of the population aged between 10 and 24 years old is reported to be highly vulnerable to the triple threats.

### "Securing Our Adolescents"

The PS pointed out that the 2021 Kenya HIV Report shows that a total of 5,123 new infections were reported among adolescents aged 10-19 years in 2021. "This trend must be reversed," said PS Muhati, adding that knowledge of HIV prevention is low among adolescents aged 15-17 years, according to the 2022 Kenya Demographic and Household Survey (KDHS) report. This calls for immediate action to save a generation critically exposed to these dangers, posing a double threat to the future society and, subsequently, to national development.

PS Muhati challenged all stakeholders, including religious leaders, to work together to account for every child in the country. "The time to talk about statistics must come to an end. The conversation should now shift to talking about the children. Religious leaders' efforts and contributions at the grassroots toward ending teenage pregnancies and other social problems cannot be taken for granted," said PS Muhati.



*Securing Our Adolescents*

Planning for Sustainable National Development



*Economic Planning Principal Secretary James Muhati and the National Council for Population and Development Director General Dr. Sheikh Mohamed during the religious leaders' conference on ending the triple threat among adolescents*

During the meeting, religious leaders who hold an influential role in shaping the moral values in the society signed a commitment to participate in the campaign geared towards ending the Triple Threat among adolescents.

The United Nations Resident Coordinator, Dr Stephen Jackson, NCPD Director General Dr Sheikh Mohamed, and National Syndemic Diseases Control Council CEO Dr Ruth Masha also attended the meeting.

# Kenya Hosts a Side Event on Localization During the 2023 United Nations High-Level Political Forum

By Jane Jerop

The High-Level Political Forum (HLPF) is the leading United Nations platform on sustainable development. It is central in the global follow-up and review of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). The forum meets annually under the auspices of the Economic and Social Council (ECOSOC) for eight days, including a three-day ministerial segment, and every four years at the level of Heads of State and Government under the auspices of the General Assembly for two days.

The 2023 HLPF was held from Monday, 10 July, to Wednesday, 19 July 2023. This included the three-day ministerial segment of the forum from Monday, 17 July, to Wednesday, 19 July 2023, as part of the High-level Segment of the Council. The theme was; *“Accelerating the recovery from the Coronavirus disease (COVID-19) and the full implementation of the 2030 Agenda for Sustainable Development at all levels.”*

The discussion in the forum centred on the practical and inclusive recovery measures to address the impacts of the COVID-19 pandemic on the Sustainable Development Goals (SDGs) and explore actionable policy guidance for the full implementation of the 2030 Agenda and the SDGs at all levels. The HLPF in 2023, without prejudice to the integrated, indivisible and interlinked nature of the SDGs, also reviewed in-depth Goals 6: Clean water and sanitation; Goal 7: Affordable and clean energy; Goal 9: Industry, innovation and infrastructure;



*Sustainable Development Goals Coordination Director John Olela moderating a session during the 2023 United Nations High Level Political Forum in New York*

Goal 11: Sustainable cities and communities; and Goal 17: Partnerships for the Goals.

Kenya’s delegation to the 2023 HLPF comprised of representatives of the National Government, County Governments, and Permanent Missions to the UN and UN-HABITAT.

During the HLPF, in collaboration with UNDP, Kenya hosted a side event on localising SDGs amidst multiple crises. The discussion focused on how the SDGs could be implemented effectively at the local level, illustrated by how counties in Kenya are handling the SDGs.

The panel agreed that there was need for a multi-stakeholder approach whereby Governments should play a pivotal role in creating an enabling environment, the importance of data in evidence-based planning, the need for Strong linkages between local and global processes, and the need to seize the opportunities to strengthen the role of sub-national governments in achieving the SDGs.

In addition to the side event, the delegation participated in HLPF sessions. Some areas discussed covered SDG 6, SDG 7, SDG 9, SDG 11, the 2030 Agenda for Sustainable Development Goals, and the African Agenda 2063 among others.

The Forum presented a moment for recommitment to action for unity to turn the tide for a new, accelerated and transformational drive for SDGs achievement. The Delegates echoed the UN Secretary General's Message that the world has to act now to save the falling SDGs implementation trajectory.



*The Kenyan Delegation attending the 2023 United Nations High-Level Political Forum at the United Nations Headquarters in New York*

**Planning for Sustainable National Development**



*The 17 Sustainable Development Goals*

# Launch of Tree Growing Campaign in Misango Hills Kakamega County

By PCU

Misango Hills Restoration Ecosystem is a tourist attraction center and the highest point in Kakamega County, with a water tower for over 52 streams serving over 23,000 people. The Misango Hills are part of the Eregi Hills, originally the Congo rainforest. It boasts of a unique variety of herbal plants, including a unique honey, which is known to be a treatment for many ailments.

On 30th June, 2023, the Economic Planning Principal Secretary James Muhati presided over the launch of the Tree Growing Campaign for the State Department for Economic Planning (SDEP) in Misango Hills Kakamega County. The Kakamega Kenya Forest Service Office recommended the site. This Launch was in line with the Presidential National Tree Planting Campaign to accelerate Kenya's tree cover to 30 percent by 2032. This will ensure the implementation of the 15 billion National Tree Growing Restoration Strategy.

Coordinated by the State Department for Economic Planning, a total of 10,000 trees were planted, with 9000 planted by public officers and 1000 issued to members of the Public in the area to grow on their private farms.

The Presidential directive on implementing the National Tree Growing Strategy takes an all-societal and Government approach. The Government requires all stakeholders to come on board to accelerate this objective. These stakeholders include individuals, the private sector, corporations, religious organizations, non-governmental organizations and Ministries, Departments, and Agencies (MDAs).

The stakeholders are expected to support the Government's National Tree Growing Strategy by procuring seedlings, planting trees,

managing the planted sites, and protecting the existing forests through fencing, community livelihood improvement activities, and resource mobilization. This event reached over 1000 residents and pupils from neighboring schools, who participated in the Tree Planting drive.

The SDEP fraternity did not leave anyone behind. To achieve the planned targets, the Semi-Autonomous Government Agencies (SAGAs) led by their heads flagged the Principal Secretary on this occasion and supported the drive through buying of seedlings from the Youth and Women in Khwisero to empower them financially.

The Local Administrators, County Government Staff, and other public servants in the area were not left behind either. They turned up in large numbers and mobilized the communities surrounding the Misango hills to plant various species of fruit trees.



*Principal Secretary James Muhati (left), Amb. Dr. Samori Okwiya (right) and the Economic Planning Secretary, Ms Katherine Muoki (center)*



*James Muhati, the Principal Secretary for the State Department for Economic Planning, is being assisted by an officer to plant a tree*



*Economic Planning Principal Secretary James Muhati being assisted by Kenya Forest Service officers to plant a tree*



## Potential of Micro, Small and Medium Enterprises (MSMEs) to Drive Growth in Kenya

By Jacob Mumia – Principal Economist

The United Nations Department of Economic and Social Affairs (UNDESA) estimates that there are about 365–445 million MSMEs in emerging markets, of which about 25–30 million are formal Small and Medium Enterprises (SMEs), 55–70 million are formal micro-enterprises, and 285–345 million are informal enterprises. According to World Bank data, there are over 7.4 million MSMEs in Kenya.

The role of MSMEs in driving growth is one of the issues considered in Kenya, albeit later than in other countries worldwide. MSMEs facilitate the creation of employment opportunities, promote innovation and technology transfers, and stimulate the transformation of world economies. The World Bank estimates that 90% of businesses are MSMEs and immensely contribute to job creation, with over 50% of employment created. The World Bank estimates that by 2030, over 600 million jobs will be needed to absorb the ever-increasing workforce. In addition, most of the new jobs generated have been attributed to MSMEs.

Further, it has been estimated that MSMEs contribute up to 40% of the Gross Domestic Product (GDP) in emerging economies. It is estimated that Rwanda’s growth in 2021 was mainly attributed to high infrastructural spending and support for SMEs. MSMEs contribution to GDP averages 30%, accounting for over 90% of all private enterprises. With their high capacity for innovation and adaptability, the small size of these MSMEs enhances their versatility to make decisions, experiment, and test, resulting in new products, services, and models. Kenya has a great potential to maximize this creativity and innovation that can be replicated across the industry, resulting in growth.

In addition, MSMEs facilitate and drive the diversification of the economy by engaging in different types of trade, including export and import trade. There are many types of services and products in Kenya that address the diverse needs of consumers and greatly enhance the ability of the economy to remain versatile against volatility and external shocks.

MSMEs play vital roles at various levels of the value chain, from producing raw materials, transportation, manufacturing and processing, distribution, and allied services. This results in enhanced competitiveness and vibrancy in the economy. MSMEs can further address social evils and mitigate negative demographic dynamics such as rural-urban migration and the associated vices by transforming rural areas and fostering local economic development. MSMEs can promote the development and adoption of technology in the country by integrating technology into their operations, thus improving effectiveness, efficiency, productivity, and quality.

Globally, most successful businesses started as small start-ups that progressively grew to what they are today. In the long run, entrepreneurial culture and wealth creation are encouraged through MSMEs, which results in increased income and poverty alleviation in households. However, these entities have many barriers to accessing credit facilities despite financial institutions providing credit to individuals and businesses. Inadequate credit access and a lack of credit guarantees impede MSMEs' growth. In 2022, there was a gap of over 2,381 billion USD in MSME financing across all emerging economies. Kenya has implemented several strategies to curb the financing challenge, including the Credit Guarantee Scheme (CGS), the financial inclusion fund “Hustler Fund”; the Youth Enterprise Development Fund, and the Women Enterprise Fund, among other strategies.

There is also low financial literacy, low technology uptake among the MSMEs, and weak market linkages. In April 2023, the Government of Kenya and the United States of America completed the second round of negotiations on the Strategic Trade and Investment Partnership (STIP) that aims to establish formal binding bilateral agreements that will expand the market for Kenyan commodities. The greatest threat that requires addressing is the high informality among MSMEs. Some challenges need to be addressed to realize the full potential of MSMEs. They include a robust credit guarantee scheme to de-risk these enterprises, sustainable regulatory policies with a net positive effect on MSMEs, technology transfer, and sustainable tax policies that support MSME growth.

# Kenya Hosts the Validation Workshop of the Agenda 2063 “Special Project Report”

By Mirriam Mutinda

Kenya is privileged to have hosted a three-day Validation Workshop of the Agenda 2063 Special Project Report initiated by the African Union Commission (AUC) and AUDA-NEPAD in December 2022 at a Nairobi Hotel. The Validation exercise had a high delegation from African Union Member States and various Regional Economic Communities (RECs).

In readiness for the Validation Workshop, Kenya prepared her Special Project report (Agenda 2063 Country Evaluation Report) and presented it to the African Union in October 2022. The report was prepared under the Country’s National Integrated Monitoring and Evaluation framework to ensure stakeholders’ responses resonate well with required National standards.

In his address to the participants, the Principal Secretary for the State Department for Economic Planning, James Muhati, indicated that the goal of Africa Agenda 2063 is to eradicate poverty and improve livelihoods across Africa. He appreciated the organizers of this important forum, saying it allowed Member States to review and appraise themselves on the indicators and targets in the first ten years while reflecting on the proposals for the second implementation phase.

During the discussions, much emphasis was placed on developing proposals to stimulate economic sectors to bolster economic growth and development in the continent, focusing on more attractive investment portfolios that would bring private investors to the development agenda.

The Principal Secretary indicated that Kenya is focused on Reengineering Agricultural Productivity for food security and the export market, Enhancing African Connectivity in cross-border manufacturing, Community connectivity, Manufacturing of pharmaceuticals and vaccines, and Single African Air Transport Market to support AfCFTA, Free education for all to improve human capital development, Health facilities and collaborative research, and Employment for youth, women, and PWDs.

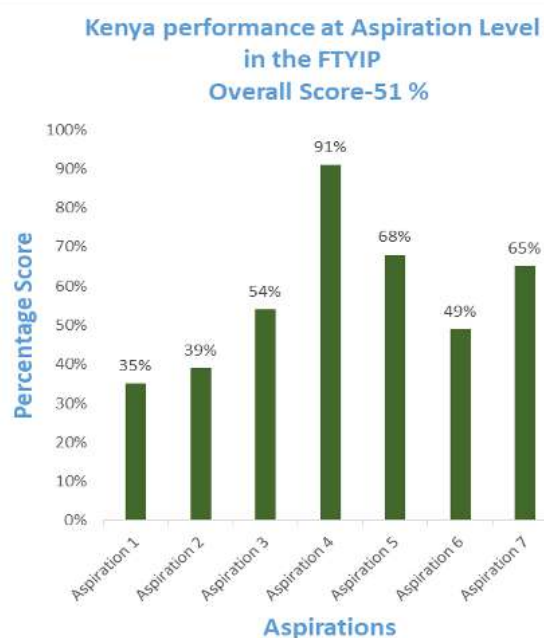
In addition, Kenya had prepared the First Ten Year Implementation Plan (FTYIP)-2014-2023 for Agenda 2063 in October 2021. The coincidence of the First Ten Year Implementation Plan of the Africa Agenda 2063 with the 2nd Medium Term Plan 2013-2017 and



Principal Secretary for the State Department for Economic Planning, James Mutati, giving his remarks during the Validation Workshop for Agenda 2063 in Nairobi

3rd Medium Term Plan 2018-2022 of the Kenya Vision 2030 was noted to be a great advantage to the Country.

Kenya was rated 51 percent in the FTYIP, attributed to enhanced efficiency and effectiveness in implementing Government policies geared towards a better life for all citizens.



In his closing remarks, the Director in charge of International Economic Partnerships, James Maina, indicated that the AU Special Project positively assesses the implementation of the FTYIP. He further stated that the Second Ten Year Implementation Plan of Agenda 2063 will coincide with the Fourth Medium Term Plan (MTP IV) 2023-2027, which is aligned with the Government's Agenda, the Bottom-Up Economic Transformation Agenda (BETA).



Delegates attending the validation workshop for Agenda 2063



Kenyan Delegates following the presentations



Director James Maina giving his closing remarks at the workshop



## Counties urged to align their Development Plans to BETA

By Judys Kemunto

In March 2023, the State Department for Economic Planning organized a two-day retreat in Mombasa to sensitize the Counties on aligning County Integrated Development Plans (CIDPs) to the National Development Agenda, Bottom-Up Economic Transformation Agenda (BETA).

In his speech, as he graced the occasion, the Cabinet Secretary elaborated on the need to hold such a forum, saying that it had come at the right time when the government was setting its priorities for the next five years. He said that the development priority agenda focuses on income growth and creating new jobs under BETA. This, therefore, implied that the County Development Plans, especially the CIDPs, needed to be aligned with the National Government Development priorities captured under the BETA and the Fourth Medium Term Plan (MTP IV) 2023 - 2027.

Prof. Ndung'u explained the workshop's aim, saying that the Constitution of Kenya 2010 established two levels of government with distinct but interdependent and complementary mandates. The Fourth Schedule of the Constitution of Kenya assigns the National Government the role of national economic policy, planning, capacity building, and technical assistance to the Counties. Therefore, the objectives of the workshop were to apprise Counties on the Government development priorities under BETA, to guide Counties on the alignment of CIDPs 2023-2027 with BETA and MTP IV, and to review the priority value chains of each County and align them to the nine BETA-based Value Chains.



**Treasury Cabinet Secretary Prof. Njuguna Ndungu, giving his remarks during the Sensitization Workshop in Mombasa**

The CS informed the participants that the economy is in “The Perfect Storm,” which he referred to as the different challenges the economy is facing, for instance, COVID-19, the Ukrainian crisis and supply disruptions, end of Quantitative Easing (QE) and the tight monetary policy-dollar flight to the USA, and the drought that led to massive supply shocks. This resulted in a secular decline of economic activities and a persistent recession, poverty, and inequality. To address these challenges, he concluded that the government adopted the Bottom-Up Economic Transformation Agenda (BETA) economic model whose main objective is improve Kenyans' livelihoods and welfare.

Lastly, the CS observed that the Collaboration between the two levels of government since the inception of devolution is commendable. Both the national and county governments serve the same citizens; hence, there is a need to work together in planning to ‘DELIVER AS ONE.’

In attendance was the Economic Planning Principal Secretary James Muhati; Chairman of the Finance, Planning and Economic Affairs Committee Hon. Kimani Kuria; the Council of Governors; Members of the Presidential Council of Economic Advisors; County Executive Committee Members; and Chief Officers, and Directors in charge of Counties Finance and Economic Planning.



**Participants following the presentations. On the first row are the Presidential Council of Economic Advisors**



**Economic Planning Principal Secretary James Muhati giving his remarks during the Sensitization Workshop in Mombasa**

## Malawi Delegation Study Visit to the Monitoring and Evaluation Directorate

By Frank Jara

State Department for Economic Planning hosted a Delegation from the Ministry of Finance and Economic Affairs in the Republic of Malawi on a study tour led by the Principal Secretary of Finance and Economic Affairs, Patrick Zimpita. The tour's main objective was to allow the coordinating officers to familiarise themselves with institutionalizing the Government-Wide Monitoring and Evaluation (GWM&E) System. The study visit was held in February 2023 in Nairobi.

The State Department for Economic Planning, through the Monitoring and Evaluation Directorate (MED), is mandated to provide leadership in formulating and tracking national development policies, programmes and strategies. The MED has been coordinating the implementation of the National Integrated Monitoring and Evaluation System (NIMES), which sets structures, people, procedures, and guidelines to guide Monitoring and Evaluation (M&E) in the Country. NIMES was established in 2004 to provide the government with a reliable mechanism to monitor and evaluate the implementation of public policies, programmes, and projects. NIMES at the National level and County Integrated Monitoring and Evaluation System (CIMES) at the County level were established to track the implementation progress of the development Agenda at the respective levels. Further, The State Department developed an electronic NIMES / CIMES (e-NIMES / e-CIMES) as a Performance Management tool for Results (PMfR) platform to support and strengthen NIMES/CIMES.

The ENIMES/e-CIMES provides a real-time, on-screen reporting system for performance monitoring and evaluation of programmes and projects.

The visit discussed, among other issues, The management of information and especially Policy development and implementation; How to harmonise, link, and integrate the different management information systems in Malawi; Coordination and harmonisation of different institutions regarding M&E; and Management of data in different levels of government, i.e., county and national government.

During the visit, the delegation also paid a courtesy call on the Economic Planning Principal Secretary, James Muhati, whom the Director of Administration, Joel Makori, represented. The PS representative welcomed the delegation to Kenya and thanked them for choosing Kenya for their study on institutionalizing the government-wide Monitoring and Evaluation System. The delegation was briefed on the mandate of the State Department for Economic Planning, its technical departments, and its Semi-Autonomous Government Agencies (SAGAs).

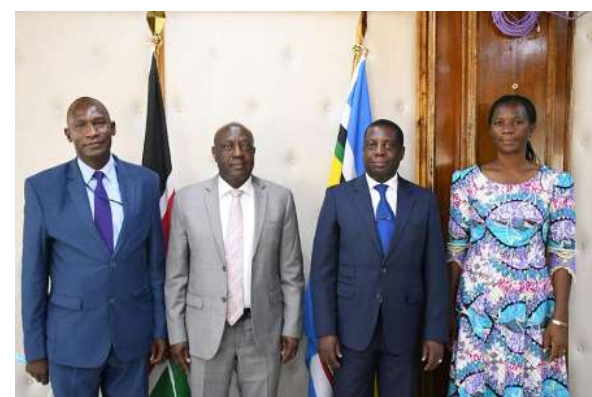
The participants from Kenya were drawn from the State Department for Economic Planning and its SAGAs, Higher Education Institutions implementing the M&E Curriculum, the Public Service Performance Management Unit (PSPMU) and the Kenya School of Government (KSG).



*Participants of the study visit at the Monitoring and Evaluation Directorate Boardroom*



*Courtesy call to the Economic Planning Principal Secretary by the Malawi Delegation hosted by Director Administration Joel Makori at The Treasury Building*



*Republic of Malawi Finance and Economic Affairs Principal Secretary Patrick Zimpits, second right, flanked by Director M&E Malawi Sophie Kang'oma (R), and on his left is Director of Admin Joel Makori and Director M&E Aloyse Ratemo, respectively*

## Kenya Celebrated the World Population Day, 2023

By PCU

Kenya marked World Population Day 2023 on 11th July, 2023 in Nairobi with calls to end population issues of concern.

World Population Day is held every eleventh day of the month of July annually to deliberate on the emerging issues in the global population trends, which include opportunities, challenges, and lessons learned from the previous years.

The Economic Planning Principal Secretary James Muhati stressed the need to prioritize the sexual reproductive health rights of women and girls when he graced the celebrations. PS Muhati noted that gender equality was a fundamental human right that cannot be ignored in the 21st Century.

“HIV remains a major public health threat for adolescents and young people in Kenya. Globally, HIV is among the leading causes of death among adolescents. Moreover, an estimated 98 new HIV infections occur every week among adolescents aged 10-19 in Kenya,” said Muhati.

The 2023 World Population Day celebration's theme for Kenya was: “Unleashing the Power of Gender Equality to Unlock Kenya's Infinite Possibilities.”

He called for age-appropriate widespread sexuality education, comprehensive and integrated family planning services, and ensuring the provision of the same in all government health facilities.



*Economic Planning Principal Secretary James Muhati (second right), National Gender & Equality Commission CEO Betty Sungura, NCPD Director General Dr. Sheikh Mohamed, and other dignitaries during the World Population Day Celebrations*

PS Muhati also urged all stakeholders to invest in the sexual reproductive health rights for women and girls to accelerate the achievement of the targets for the global Sustainable Development Goals.

“Kenya is experiencing a rapid population increase with an average population of 50 million. According to the 2019 Kenya Population and Housing Census, the percentage of the female population in Kenya was 50.31 percent compared to 49.69 percent male population. The population of boys aged 0-18 years was 50.47 percent compared to girls at 49.53 percent. These figures require attention from the policy drafters and implementers to come up with solutions that are gender-responsive and interventions tied to population-related concerns,” said Muhati

Others who attended the event included the Director General of the National Council for Population and Development (NCPD), Dr. Sheikh Mohamed, and National Gender & Equality Commission CEO Betty Sungura, among others.

# LAUNCH OF THE 2023 KENYA ECONOMIC SURVEY REPORT

By Martin Muthuri

Kenya's economy remained resilient in the year 2023, supported by robust performance in service and recovery in the agriculture sector which accounted for 21.2 percent of the GDP in 2022. The Construction sector which is a key driver of socio-economic development grew by 4.1 percent in 2022 with road construction expenditure consuming KSh. 191.4 billion in 2022/2023.

Speaking during the launch of the 2023 Economic Survey Report on Wednesday 3rd May, 2023 at the Kenyatta International Convention Centre (KICC), the National Treasury and Economic Planning Cabinet Secretary, Prof. Njuguna Ndung'u said that it was prudent for the government to make use of statistics in planning, decision-making, monitoring and evaluation at all levels since they highlight the country's economic performance.

The Economic Survey Report is an annual publication prepared by the Kenya National Bureau of Statistics (KNBS) that provides socio-economic information covering the last five-year period of economic performance of various sectors. The report provided a synopsis of the economic outlook for the year 2023 based on the year 2022 economic performance.

In his keynote address, the Cabinet Secretary said that the report is vital for the government, private sector, academia, and other stakeholders since it forms the basis for research, planning, and budgeting processes. The Survey report also captures vital statistics, information, and key drivers of economic growth which include but are not limited to economic performance, employment, earnings, consumer prices, and productive sectors of the economy among others.



*The National Treasury and Economic Planning Cabinet Secretary Prof. Njuguna Ndung'u and Economic Planning Principal Secretary James Muhati posing for a photo after launching the 2023 Economic Survey Report in Nairobi*

The Statistics are also essential in informing the Fourth Medium Term Plan (MTP IV) which covers the 2023-2027 period, and the Medium-Term Expenditure Framework (MTEF) in the budgeting process.

Prof Ndung'u also highlighted the performance of the Healthcare Sector where the number of health facilities increased by 2.2 percent in 2022 while Hospital beds and Hospital costs increased by 5.0 percent during the same period.

He noted that the government is fully committed to improving health services to ensure that every citizen has access to affordable health needs and that investors get a conducive environment to conduct their healthcare businesses. This will be achieved through the injection of capital amounting to KSh. 227.2 billion in both national and county governments healthcare services in 2022/2023.

On his part, the Economic Planning Principal Secretary James Muhati revealed that the finalization of the Fourth MTP will benefit from the accurate and reliable data and information contained in the report. It will be critical in planning, financing and implementing the five core pillars of the Bottom-Up Economic Transformation Agenda (BETA) namely; Agricultural Transformation; Micro, Small and Medium Enterprises (MSME); Healthcare; Housing and Settlement; Digital and Superhighway and Creative Economy.

Among those present were the Principal Secretary, State Department for Economic Planning James Muhati and his counterparts from Parliamentary Affairs, Ms. Aureria Rono and Mining, Elijah Mwangi, Chairman of the KNBS Board, Stephen Wainana, the board members and the KNBS Director General Dr. McDonald Obudho, among others.



*The National Treasury and Economic Planning Cabinet Secretary Prof. Njuguna Ndung'u officially Launches the 2023 Economic Survey Report in Nairobi*

**Planning for Sustainable National Development**



# LAUNCH OF THE 2023 KENYA ECONOMIC SURVEY REPORT



*The National Treasury and Economic Planning Cabinet Secretary Prof. Njuguna Ndung'u (1st left from the dummy book) and Economic Planning Principal Secretary James Muhati (1st right from the dummy book) posing for a photo with PSs present. KNBS Board Chairman and other board members at KICC Nairobi*

**Planning for Sustainable National Development**

# How Economists are Managing Harsh Economic Times



**By Lekakeny Karoi**

Humans are driven by the need to survive, the craving to feel important, and the urge for materialistic values. We feel important when we are appreciated and make remarkable achievements in our career, business, or personal lives. Survival is an old tenet that we have grown to accept. Prehistoric humans lived on the principle of “survival for the fittest”. Today, we all survive as long as we can afford basic needs such as food, shelter, clothing, and some form of security.

Harsh economic times threaten human survival. For starters, annual inflation almost always outpaces wage growth for most middle to low-income groups in Kenya. That means most are spending their disposable income on essential goods and services. More than 50 per cent of economists are in this category of workers according to the wage pyramid model of employment.

Due to the low purchasing power of an individual, the competition for needs and wants becomes fierce as one craves to feel important or have a sense of belonging in the society.

I recently attended an event where an economist was asked to introduce himself. The economist introduced himself as an economist and a cleaner. The moderator quickly interjected and clarified to the audience that the person introducing himself was an economist. The intention was to silence the "cleaner" part of the introduction. The moderator felt that introducing yourself as a cleaner reduces the chances of feeling important.

Comparing this incidence with the concept of inferior and superior goods in the context of income elasticity of demand, the moderator considered cleaning an inferior profession.

The economist, on the contrary, felt that introducing himself as a cleaner would improve his chances of survival.

The economist runs a cleaning company called Cleanit Center. The company is located in the heart of Nairobi and offers cleaning services across the city and the surrounding counties. The company has a laundromat and dry cleaner in Kasarani that serves residents and businesses in Kasarani, Zimmerman, Roysambu, Kahawa, Ngumba, and other nearby suburbs. They also offer pickup and delivery services for all kinds of laundry.

Cleanit Center also offers cleaning services for carpets, sofas, car interiors, general home and office cleaning, move-in and move-out cleaning, and regular cleaners personnel for commercial properties. Finally, it offers pest and control services that eradicate bedbugs, cockroaches, and mosquitoes using cutting-edge technologies like steam cleaning.

The Economist wanted the audience to ask him questions about his cleaning role, and he would have given these answers. He would have referred them to the company's website, [www.cleanit.center](http://www.cleanit.center), for further details. However, he was suppressed due to the perceived inferiority of the profession.

We all want to live a good life and be able to afford the kind of things we want. That's the survival we want. We also want to feel important. From this Economist's perspective, you can only feel important and valued after surviving.

## The Anticipated Visit - PS James Muhati

By Jane Atuta

The July cold and drizzles welcomed the day that would mark a milestone in the days and years of the office—the whole department had highly anticipated this day. There were mixed reactions on what to expect, bearing in mind that we had heard stories and testimonials from our counterparts in ‘Head office.’ This was the D-day the SDGs Team would meet the Principal Secretary for Economic Planning, M James Muhati.

One week earlier, on a Friday afternoon, the Director for the SDGs Coordination Directorate, John Olela, convened an urgent meeting for the Directorate. We all guessed the meeting would be about the recent trip to New York, while others speculated he was probably setting the stage for some good news. The meeting, however, took a different trajectory once Director Olela informed the team of the PS visit to the directorate the following Tuesday. Our hearts melted with excitement mixed with anxiety. ‘What dress should I wear?’ ‘What about shoes?’ were some of the questions that lingered in the team's minds. We all agreed we had to look the best part. Our director, who stands tall at over 6 feet and hails from a community that appreciates fashion, is a stickler for excellent and latest designer suits. We would not disappoint him by showing up looking like we had just come from the market.

Tuesday arrived quicker than we had anticipated. The whole team came earlier than usual. One mantra with the State Department for Economic Planning is that we are sticklers for time. This was amusing but ironic in that the National TVS and online social media platforms that morning were awash with news from the State House that senior officials had been locked out of the president's meeting for being late. It is important to point out that our leader was on time, and we could see him on TV as he accompanied the Cabinet Secretary to sign the performance contract for the ministry.

A few minutes past 11 a.m., we received communication that the PS was coming to meet the team. This was against the earlier communication of 2 p.m. We quickly acted to ensure everything was in place before his arrival. The accompanying Directors and communication team started streaming in. Director Olela and Chief Economist William Komu soon took positions in readiness to receive him. Quarter to the hour, a pin silence drop filled the hallway to the office; we knew what was to follow.

The lifts at the 8th floor of Bruce House soon opened, and out came the most Refined, modest, confident, but polite man we had ever seen. He was ushered in through the main entrance and shared pleasantries as he walked briskly to the Director's office, the first stop-over. He was impressed by the modesty of the offices at Bruce House in contrast to the ones at the Treasury Building. The offices at Bruce House cover a whole wing of the 8th Floor in the centrally located Building adjacent to the famously known City Hall. The office block boasts shiny white tiles, well-partitioned and equipped offices, a board room, a kitchenette, and a Library. The Director's office is well-lit, spacious, and fully furnished with executive working space and quality couches. Adjacent to it is the lounge, which has a capacity of over ten people.

The Director held a brief session with Principal Secretary Muhati on the SDGs Coordination Directorate. They soon came out, and it was time to introduce him to the team members in the respective offices. When they closed in our office, which I gladly shared with my best friend and colleague Rasma, she alerted me. She had heard Loise (an elegant Maasai lady), who sat next door, introduce herself. No sooner had I internalized that the PS and team stood at our door. We smiled and acknowledged his greetings. Maybe he quickly recognized us because Rasma is a Muslim, and she covers her hair. He then proceeded to the next office and joined us at the Boardroom.

The details of the meeting at the boardroom remain a privilege and exclusive to the Government of Kenya, of which the secrecy I vowed to uphold. We later enjoyed a cup of tea and snacks courtesy of the visit. The team appreciated the Principal Secretary Muhati's visit to the Directorate. They look forward to interacting with him to coordinate the urgent but necessary call of action towards attaining the Agenda 2030 on Sustainable Development.



*Economic Planning Principal Secretary James Muhati and Directors Planning for Sustainable National Development pose for a photo with the SDGs Coordination Directorate team*

## Municipalities Should Exploit Agglomeration Economies

By Joel Reyia

Several county governments recently gazetted the creation of new municipalities in their jurisdictions, underscoring the increasing rate of urbanization in the country. The number of municipalities in Kiambu County has more than doubled following the creation of seven more municipalities. At the same time, Homa Bay and Siaya counties have awarded municipal charters to four and two new urban centers, respectively. This indicates a continuous trend of population increase and rural-urban migration.

According to the Urban Areas and Cities Act 2011, a town must have at least 250,000 people to qualify for municipal status. In addition, it should generate sufficient revenue to sustain its operations, offer essential services to its residents, and effectively dispose off its waste.

Kenya is urbanizing at a rapid rate. According to the Kenya Vision 2030, 20.4 percent of Kenya's population lived in urban areas at the turn of the century and is estimated to reach 60 percent by 2030. This has implications for urban planning, service delivery, and food security.

People who move to urban areas are often attracted by the prospect of better job opportunities and social amenities like education, health, energy, and transport infrastructure that are easily accessible.

As the famous saying goes, the town's streets are not paved with gold. An increase in the population should be met with a corresponding expansion of service delivery capacity to avert an urban sprawl. Section 39 of the Urban Areas and Cities Act provides integrated urban development planning where urban areas and cities draw and implement their plans while furthering the spirit of devolution. These plans should be goal-oriented, evidence-based, and inclusive. They should form the basis for development coordination and provide a framework for progress monitoring.

Haphazard urban growth contributes to the proliferation of shanties, crime surges, pollution, traffic congestion, and, ultimately, low living standards.

The boards of the new municipalities have their work cut out in tackling the numerous challenges of a rapidly urbanizing country. Data from the World Bank shows that the proportion of the urban population in Kenya with access to clean water declined from 92 percent in 1990 to 82 percent in 2012.

The Boards should steer the new municipalities through a sustainable growth trajectory to exploit agglomeration economies. These benefits accrue when people and firms are clustered, especially in urbanized and industrialized areas. For example, firms can tap the specialized pool of labor resources to spur innovation and growth. Workers will also be matched to the right firms, reducing structural unemployment. In addition, trade will be boosted by sharing public goods such as marketplaces.

The new jurisdictions should also leverage the urban development grants awarded to municipalities by the World Bank under the Kenya Urban Support Program to finance investment in urban infrastructure.

# What are you Looking Forward to?

By Fidelma Munyao

Wednesday, 4th May 2023, evening was a day like no other. My morning was busy as I was giving coverage during the 2023 Economic Survey Report launch at the Kenyatta International Convention Centre. When I returned to the office, I had much work waiting for me, so the afternoon slipped by without notice.

I left the office at around 6.30 P.M., tired and looking forward to getting home to rest. To my shock, every bus stop on my way to the bus station was packed with passengers. Something was clearly not adding up. The city was a beehive of activities with long queues of people waiting to board matatus and buses, but to our utter shock, there were no vehicles. Nobody seemed to have an explanation for what was happening thus people were getting frustrated. Suddenly, a group of Four street boys, commonly known as “chokora” in Kenya, emerged carrying what looked like a big jerrican and their usual sacks. We were a bit scared about what they were up to. Most ladies clutched their handbags tightly since these boys are known to be pickpocketers.

To our amazement, one of the street boys had two microphones, and he started addressing us. He said all they needed was support to record a music video. They informed us that they had composed music, and if we could each contribute even as little as ten shillings, that would enable them to do the video and buy themselves supper of “githeri” and “uji.” (I have since forgotten the sheng word he used for this dish.)

The moment of reckoning came when these boys started singing. Oh my! The boys sang with beautiful and angelic voices, with their excellent choice of music making me shed rivers of tears. Their song was about their tribulations, having to sleep in ditches, always carrying heavy sacks to collect anything valuable, and all that on an empty stomach.

They beseeched God to remember them when remembering others, to bless them when He blesses others.

The young men left me with so many questions. What could I have done to make them realize their dreams? As a Communication Officer, should I have used my mobile phone to take that video and my pen and notebook to jot down their story? Nothing prevented me from doing my best to help them that evening, but I did not take the initiative. Indeed, the question then beckons – who will help these young men? They entertained us, and we contributed money because their songs had a meaningful message.

I learnt a great lesson: seize every moment to help needy people when possible as that may be the last chance to meet them. As Art Buchwald said, “Whether it’s the best of times or the worst of times, it’s the only time we’ve got.” My prayer is that someone will spot them and tap on that talent.

By the time my matatu came, I had already forgotten about getting home in a hurry. My worry was on these children who did not have the luxury of looking forward to going home to rest and forget about the busy day they had.

When you think you have seen it all, you realize that people are going through difficult times but have chosen to praise God and appeal to Him for a better future.

However tired you think you are, remember you have something to look forward to, a privilege some people do not have.

***“Remember you have something to look forward to, a privilege some people do not have.”***



# PICTORIAL



## Africa Climate Summit 2023



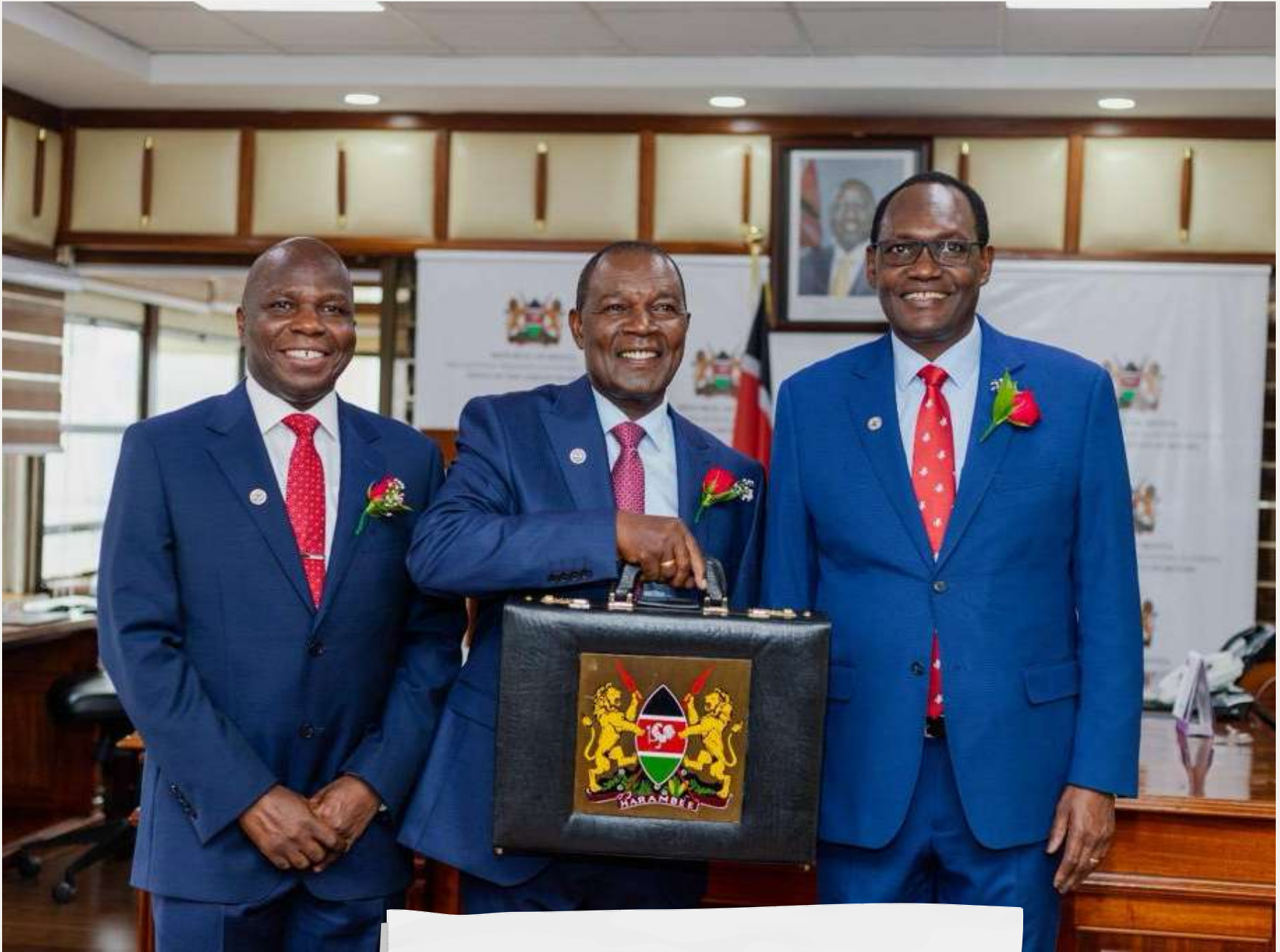
## Devolution Conference



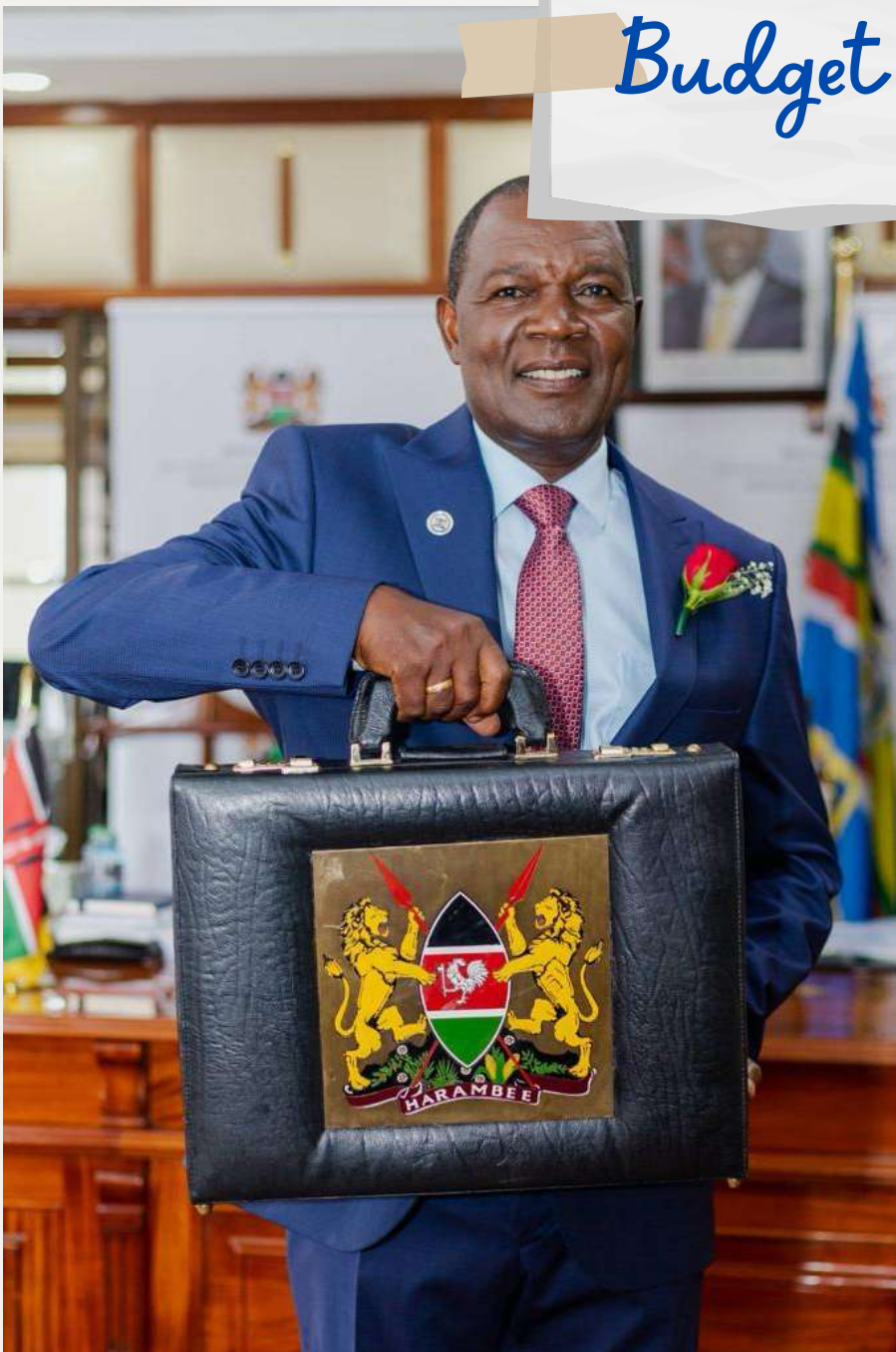
*H.E William Ruto electronically opens the Devolution Conference in Uasin Gishu County, “10 Years of Devolution.” With him is the US Ambassador to Kenya Meg Whitman and Kirinyaga Governor Anne Waiguru, who chairs the Council of Governors.*



*The Chairman of the KIPPRA Board Dr. Ateng' flanked by the Executive Director Dr. Rose Ngugi, as they tour the Economic Planning stand at the 10th Devolution Conference held in Uasin Gishu County*



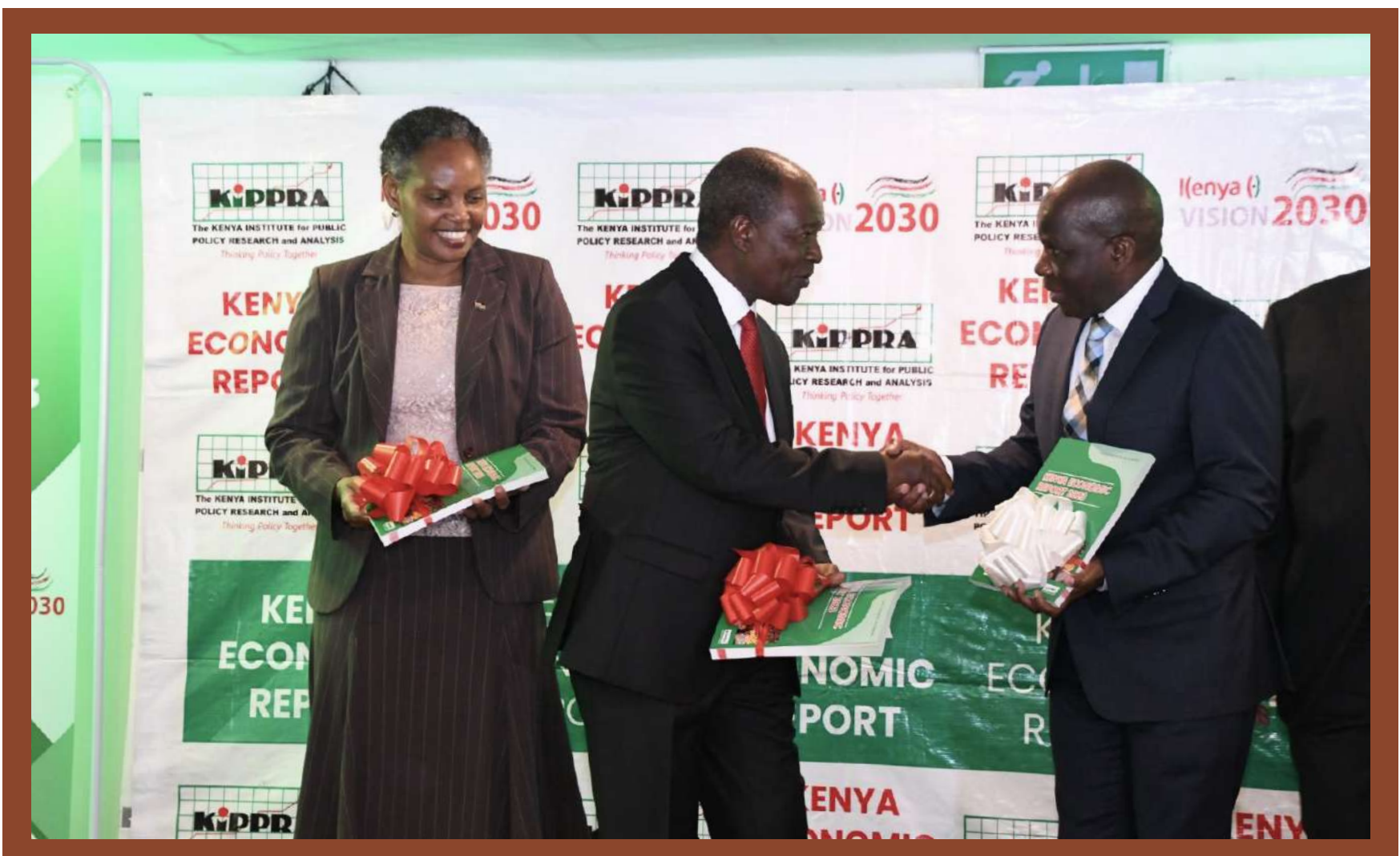
*Budget Reading Day*



## Launch of Kenya Economic Report 2023



*Prof. Njuguna Ndung'u, Treasury Cabinet Secretary, with the KIPPR staff during the launch of the 2023 Kenya Economic Report in Nairobi*



*Prof. Njuguna Ndung'u (center) Treasury CS hands over a copy of the 2023 Kenya Economic Report to Economic Planning PS James Muhati (right) as KIPPR Executive Director Dr. Rose Ngugu (left) looks on*

*Planning for Sustainable National Development*



## Launch of the Tree Growing Campaign in Kakamega County

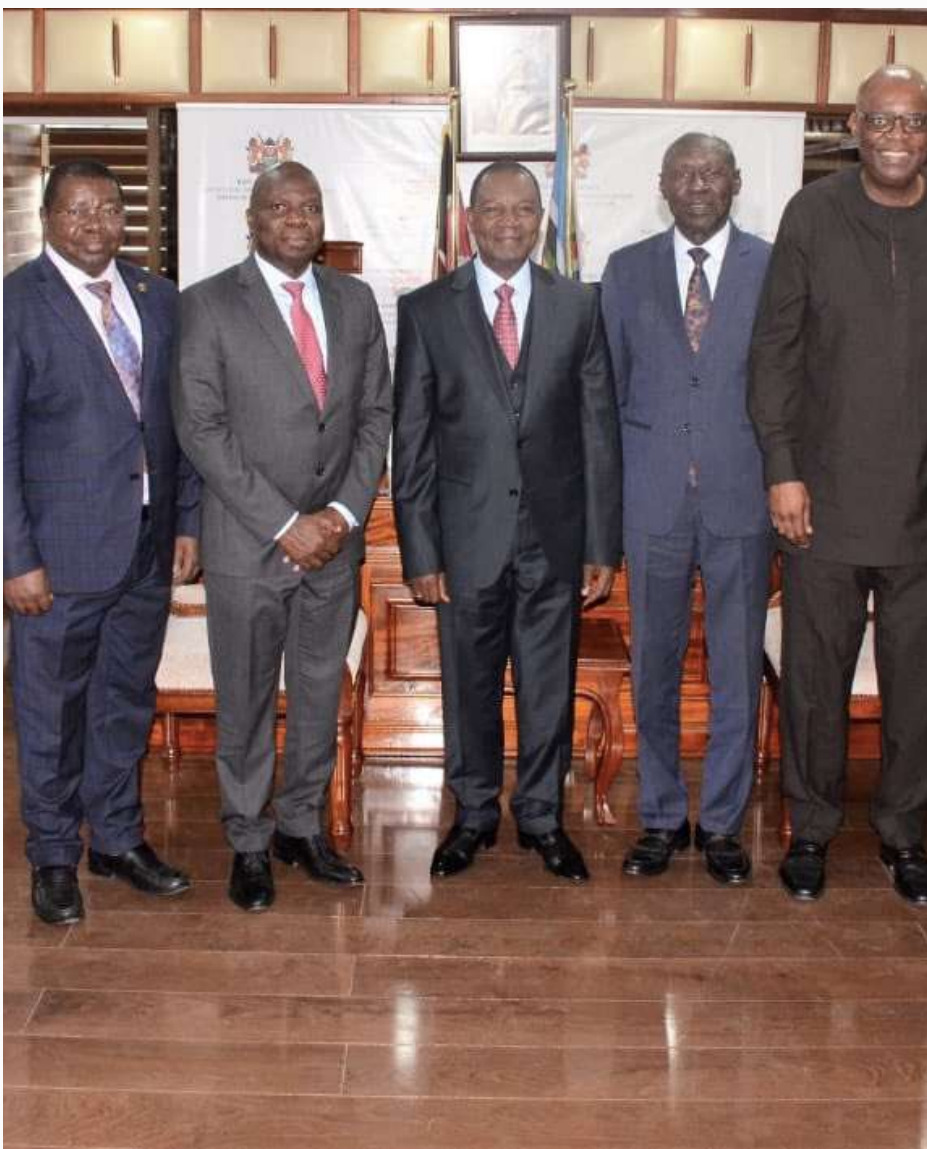
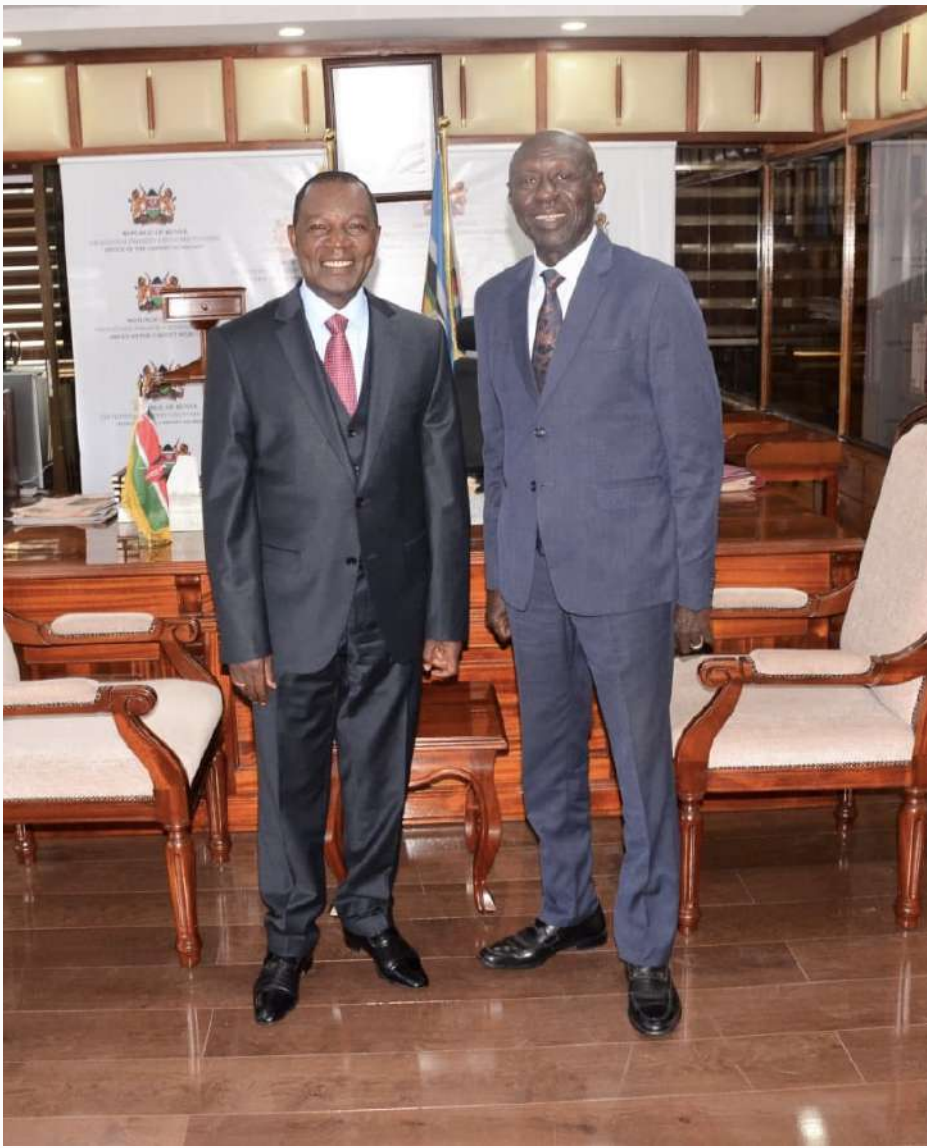


*At Misango Hills as Economic Planning PS James Muhati leads the State Department for Economic Planning team in the Tree Growing Campaign to contribute to the 15 Billion Trees by 2032*

**Planning for Sustainable National Development**

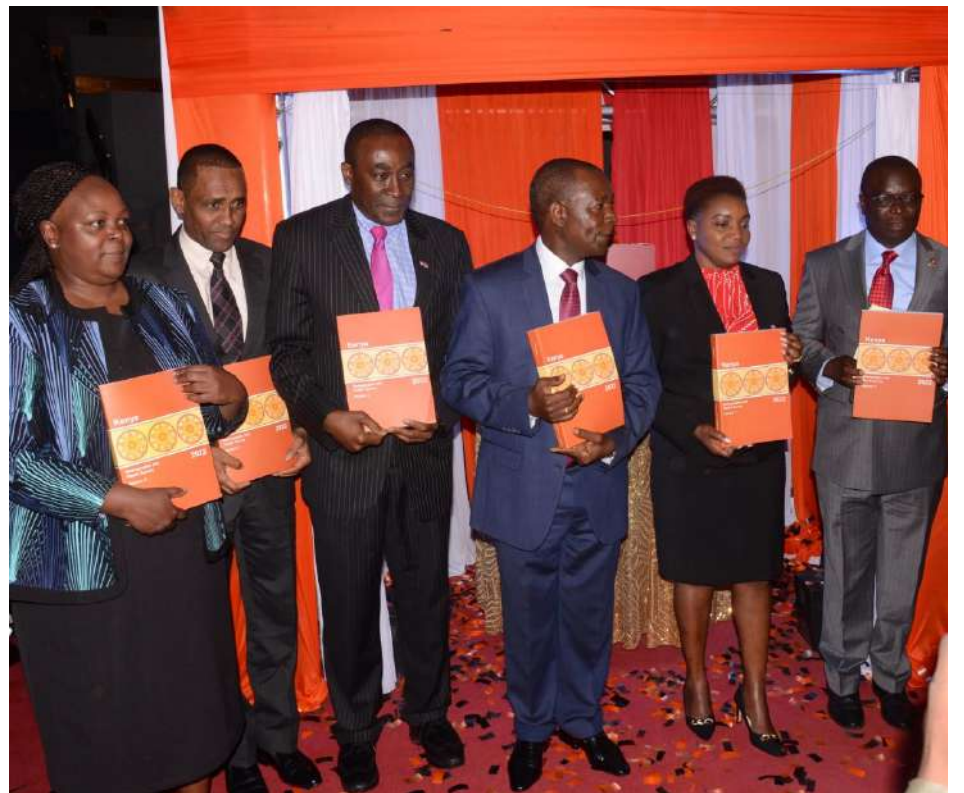


## Visiting Sierra Leone Minister for Political and Public Affairs



*Prof. Njuguna Ndung'u, Treasury Cabinet Secretary, meets with the Sierra Leone Minister Hon. Mohammed Foday Yunkella and his delegation when they paid him a courtesy call at his Treasury Office in Nairobi*

## Launch of the 2022 Kenya Demographic and Health Survey Report



*Prof. Njuguna Ndung'u, Treasury Cabinet Secretary, and Susan Nakhumicha, Health CS as they launched the Kenya Demographic Health Survey (KDHS) Report in Nairobi*

## United Nations General Assembly (UNGA 2023)



*Principal Secretary James Muhati chairing a session at the 2023 UNGA meeting in New York*



*Principal Secretary James Muhati was delegated to chair some of the sessions on behalf of the Kenyan Delegation during the 2023 UNGA meetings held at the UN Headquarters in New York*

During the launch of the Medium-Term Budget Preparation Process for FY 2024/25



# Budget Process



## The AUDA/NEPAD CEO's Courtesy Call to Economic Planning Principal Secretary



*Ms. Nardos Bekele visits the Economic Planning Principal Secretary James Muhati at his Treasury Office ahead of the Africa Climate Summit held in Nairobi from 4-8th September, 2023. Also present was NEPAD/APRM Chief Executive Officer Amb. Dr. Samori Okwiya.*



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## Vision

A center of excellence in National Development Planning for high quality of life for all Kenyans

## Mission

To provide leadership in National and Sectoral Development Planning by coordinating the formulation, implementation, review, tracking, and reporting of development plans, policies, and strategies to advance Kenya's socio-economic transformative agenda

## Core Values

- Transparency
- Accountability
- Professionalism and Ethical Practices
- Teamwork:
- Passion for Results:
- Customer Centred
- Participatory Approach and Inclusiveness



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