

**KEYNOTE ADDRESS BY CPA JOHN MBADI NG'ONGO, EGH,
CABINET SECRETARY, THE NATIONAL TREASURY AND
ECONOMIC PLANNING DURING THE LAUNCH OF THE KENYA
ECONOMIC REPORT AND THE 21ST GRADUATION CEREMONY
FOR YOUNG PROFESSIONALS ON 12TH SEPTEMBER 2024 AT THE
KENYA SCHOOL OF GOVERNMENT**

Principal Secretaries Present

Prof Benson Ateng', KIPPRA Board Chairperson

KIPPRA Board Members Present

Dr Rose Ngugi, Executive Director, KIPPRA

Chief Executive Officers Present

Private Sector Representatives Present

County Governments Representatives present

Development Partners Present

Members of the Fourth Estate

Distinguished Guests

Ladies and Gentlemen

Good morning,

1. It is my great honour to join you this morning in launching the Kenya Economic Report 2024 and to preside over the Graduation Ceremony of the FY 2023/24 Young Professionals Cohort.
2. The Kenya Economic Report (KER) is a statutory flagship report which KIPPRA has been producing annually since 2009. The KER reviews

Kenya's macroeconomic and sectoral performance and provides prospects for the medium-term. As we launch this 16th edition of the KER, I am happy to note that the KER has been instrumental in informing formulation of development plans and goals in the Country.

3. The theme of the KER 2024 "***Enhancing productivity for sustained inclusive growth***", is in line with the national development goal of enhancing productivity for inclusive growth. Enhancing labour productivity will ensure growth of economic activity from a broad sector approach, resulting in economic turnaround and inclusive growth thus improved lives and livelihoods of Kenyans as enshrined in the Fourth Medium Term Plan (MTP-IV) which is aligned to the Bottom-up Economic Transformation Agenda (BETA)

Ladies and Gentlemen,

4. The KER 2024 captures productivity in **agriculture, manufacturing, and informal sectors**, which are the key sectors identified by the government in reducing poverty and sustaining inclusive growth.
5. The government is focused on **transforming agriculture** as agricultural productivity is a critical measure that impacts food security, economic growth and environmental sustainability. I concur with the 2024 KER findings that to transform the agriculture sector and ensure increased productivity, timely provision of **intermediate quality** inputs is important in supporting farmers improve harvest.
6. Furthermore, allocating adequate budget on agriculture will be key in achieving the Malabo commitment of allocating 15% of budget to the sector. Kenya is signatory to the Maputo Protocol. Implementation of

agro-processing and ***value chain projects*** as envisioned in MTP IV, such as the establishment of storage and cooling plants, will be crucial in providing the required infrastructures to reduce wastage and increase productivity.

7. In addition, investing in agriculture education and training helps to build right skills and ensure well-trained labour for the sector. This will assist farmers access extension services and adapt to smart and high value agriculture thus increase productivity. Agriculture is a devolved function thus, achievement of these goals require both the national and county governments, collaboratively working together.

Ladies and Gentlemen,

8. Trade acts as a catalyst for sustained economic development as it drives productivity growth by promoting specialization and providing markets for domestic producers. Indeed, to improve market access, there is need to develop market infrastructure by prioritizing completion of the tier one markets which is a flagship project under the Kenya Vision 2030.
9. Establishing warehouses and cold storage facilities is key in enhancing trade especially for perishable agricultural produce. Such storage infrastructure also enable farmers and traders to leverage on the warehouse receipt system for financing their activities. Improving road transport especially in rural areas remains a priority to improve market access for the small farmers and traders. Towards this, government rehabilitated/ maintained 17,419km of rural and 32,519km of urban roads in FY 2023/24.

10. As articulated in the MTP IV government prioritizes to empower MSMEs to expand export trade through certification, entrepreneurship training, and value addition. Trade facilitation measures, including reducing border documentation requirements, expediting cargo release times, and strengthening regional agreements such as the AfCFTA and AGOA are prioritized in order to enable international trade

Ladies and Gentlemen,

11. Expanding the manufacturing sector continues to be a government priority as the sector absorbs excess labour from the agriculture sector as well as enhances agricultural productivity through agro-processing. However, a significant proportion of firms in manufacturing are MSMEs which exhibit low productivity due to low skills levels and slow adoption to technology. While recognition of prior learning is a good move, it requires significant effort to upgrade skills in manufacturing.

12. The government, in the first year of implementation of the MTP IV, commissioned 18 county aggregation and industrial parks, incubated 1,002 MSMEs and facilitated 1,487 MSMEs to access markets. The government will continue with such initiatives in order to promote an innovation culture among MSMEs.

13. The informal economy contributes over 80% of the total employment but is faced with low labour productivity. Integrating digital technologies into the operations of informal businesses will help improve productivity as high labour productivity is linked to high digitalization level in a business.

14. In the MTP IV, government prioritized enhancement of digitization and internet connectivity and has so far established 1,368 free public Wi-Fi hotspots (Jikonnect); installed 8,959km of fibre optic cable; and connected 150 public and county offices to the last mile internet connectivity. Government will continue implementing programs like *Ajira and Jitume*, which aim to developing digital skills among workers in the informal sector.

Ladies and Gentlemen

15. The Arid counties in Kenya face unique challenges due to high aridity levels and historical marginalization. Recognizing not only the challenges but also the immense opportunities in these counties, government has prioritized ASAL development in the MTP IV. For example, achieving food security will require building climate resilience in the livestock sector including through livestock insurance and optimizing livestock value chains by integrating production into the leather value chain. Further, promoting private sector development will enhance market-oriented activities.

16. Skill development is recognized as a key strategy for enhancing economic empowerment for the youth who face various constraints including high unemployment rates. More importantly, the government is actively investing in Technical and Vocational Education and Training (TVET) institutions across the country to equip youth with the practical skills needed to thrive in today's job market. Additionally, the government is rolling out digital literacy programs and fostering

partnerships with the private sector to ensure that the young are prepared to grab the opportunities for the 21st century.

17. Public service reforms is key to building a highly skilled, agile and responsive public sector workforce. The government is currently prioritizing the upskilling of public servants through continuous professional development and the integration of digital tools to streamline service delivery. The government is fostering greater citizen participation in public service processes to ensure that the workforce remains attuned to the needs of the people. These efforts are critical in implementing reforms that will lead to a more efficient, effective, and transparent public service, ultimately contributing to better service delivery for all Kenyans. Moreover, the government is committed to enhancing transparency and accountability, and foster a culture of integrity and professionalism among public servants.

18. Strengthening diplomatic relations and promoting economic diplomacy are key components of the government development agenda. The emphasis on prioritizing strategic partnerships to harness technology for healthcare and vaccine production is highly welcomed. Through partnership the country can also develop a sustainable textile and apparel industry, infrastructure development and connectivity, and the harnessing of skills, knowledge, and technical know-how from international academic mobility.

Ladies and Gentlemen

Let me now focus my attention on capacity building in the public policy space

19. As spelt out in KIPPRA Act CAP 112a, the key object of establishing KIPPRA was to develop human and institutional capacities which contribute to the formulation of medium- and long-term strategic perspective for economic and social development of Kenya. This serving to entrench evidence-informed public policy making process.
20. Most important to me is the focus on building capacity for the youth so that they gain skills that shape their career path and help them to effectively participate in the policy process. We say you can only straighten a tree when it is young, after that there is little you can do to shape it.
21. In this light, government has continued to invest heavily on the youth through the Young Professionals program. KIPPRA is building capacity for Ministries, Counties Departments, and Agencies (MCDAs) and we need to see support from MCDAs. Am informed that some MCDAs have failed to release their staff who have been admitted to the program. Your staff participating in the program is for your benefit. I urge all to take advantage of the same to support the government in strengthening the public policy making process in the country. Given that the slots for those who are government sponsored are limited, MCDAs can even sponsor their youthful staff to enroll in the program.
22. KIPPRA has also established a mentorship platform where Ministries, Departments and Agencies engage with university and TVETs communities in creating awareness on government development agenda, interventions, and initiatives. I thank all Ministries Departments and Agencies participating in the platform as it demonstrates the government is working as one in serving the

Mwananchi. Impacting knowledge and skills especially on students at tertiary level makes it easier for them to effectively engage in the public participation forums where government policies are discussed.

23. KIPPRA has also initiated a program to build capacity for government officers under the Central Project Planning and Monitoring Departments (CPPMDs). This is a step in the right direction and should be institutionalised in government such that the capacity building is recognized as part of the skills development for CPPMDs. This capacity building should cut across all the other government institutions and Counties.

Ladies and Gentlemen

24. As we celebrate you the graduands today, we honor your hardwork, dedication, and perseverance. This milestone marks a beginning of new opportunities and challenges. May you carry the knowledge and skills you have acquired into the world, making meaningful contributions to society and inspiring others along the way.
25. Let us remember that the journey toward a better Kenya is a collective endeavor. It requires dedication and collaboration from all of us. Together, we can overcome our challenges and accelerate our national development agenda.
26. In conclusion, I want to emphasize that to effectively enhance productivity across the economic sectors, public service and at the county level there is need for collaboration, cooperation and coordination between the two levels of government, private sector and

development partners in implementing key strategies that enhance productivity.

27. I want to encourage all the policymakers at national and county governments to consider the recommendations from the Kenya Economic Report 2024. There are also policy briefs prepared for each county on status of labour productivity across various sectors.

28. I reiterate that the proposed recommendations support the Bottom-Up Economic Transformation Agenda and Fourth Medium-Term Plan (MTP IV) on productivity growth and market-based solutions for empowering all Kenyans.

29. I also underscore the Government commitment to supporting KIPPRA in playing its strategic role in building capacity, providing evidence-based policy advice, providing technical and advisory services and creating platforms for engagement of stakeholders.

Ladies and Gentlemen

30. It is now my privilege and honour to declare the Kenya Economic Report 2024 officially launched. I also take this opportunity to Congratulate the FY 2023/24 Young Professionals cohort who are graduating today.

Thank You, God Bless You, and May God Bless Kenya.