PHILOSOPHICAL BASIS AND PRACTICAL CONSIDERATIONS OF DEVELOPING AND IMPLEMENTATING KENYA VISION 2030, NAIVASHA WORKSHOP ON VISION 2030, 22ND JUNE, 2017

Thank you Chairman. I wish to congratulate the Chairman of the Vision 2030, Dr. James Mwangi and all the members of the Board for convening this important workshop to prepare for the Third Medium Term Plan for Vision 2030. I also congratulate Dr. Muia, the Director General and his staff for the preparations of this workshop.

I have been asked to address "the Philosophical Basis and Practical considerations of Developing and Implementing Kenya Vision 2030". I will also try to highlight some suggestions that could be captured in the 3rd MTDP.

Historical Perspective

Ladies and Gentlemen, you are all aware that until 2008, Kenya did not have a long term development strategy based on National Vision. We depended on Five Year Development Plans formulated by the government in office, since our independence in 1963. Those plans gave Kenya good growth rates in the first decade but continued to decline with serious dives after every election cycle. The Five Year Development Plans had therefore failed to achieve sustained high levels of economic growth for the country. There was a common assertion among the Development Partners that Kenya formulated very good development plans but was poor in their implementation.

However, the very successful implementation of the Economic Recovery for Sustained Growth and Employment Creation for 2003 to 2007, by the Rainbow Coalition and NARC(K) was different. Its implementation results surpassed expectation with the GDP growth rates, rising from 1% in 2002 to 7.1% in 2007.

That success gave the leadership and planners the confidence that, the Country had what it takes to move to the next level of development. The National Economic & Social Council was created to advice the Government on how the Socio-economic transformation could be achieved.

The Council included Ministers from the Strategic Ministries, Key representatives of the Private Sector, with proven record of entrepreneurship and leadership as well as eminent transformational experts, one each from Singapore, Malaysia, South Korea and Japan to inject their Counties' experiences into the discussions of the Council. These particular countries were chosen because of their extra ordinary transformational development and their ability to position themselves in strong positions in high competitiveness.

Among the first recommendation of the Economic & Social Council was the need for Kenya to have a long term Vision in its development strategy to ensure a long term sustained GDP growth. Immediately, the recommendation was approved by President Mwai Kibaki, the government sent a delegation, comprising some members of the Economic & Social Council, to Malaysia to learn more about Vision formulation and execution. The delegation was initially to be lead by the then Minister for Finance Hon. David Mwiraria but due to some urgent matter he could not leave the country. I was asked to lead the team which included the Governor of the Central Bank, Dr. Andrew Mulei; Mr. Jimna Mbaru, an investment banker, Mr. Ayisi Mkhatian, CEO, Fanisi Capital; Mr. Edward Sambili, PS, Minisry of Economic Planning & Development; Mrs. Esther Koimet, Investment Secretary, Ministry of Finance; Mr. Sam Mwale, Administrative Secretary, Cabinet Office; Dr. Muia, Secretary/CEO Economic & Social Council Secretariat. We wanted to know how Malaysia had so well developed and executed its Vision.

Determinants of Vision Success

Everybody who addressed us during the visit including the Ministers, the top Civil Servants and the Governor of the Central Bank highlighted the following determinants for the success of a National Vision.

1. Strong leadership by the Head of Government and total commitment of the Cabinet to the Implementation of the Vision;
2. National ownership of the Vision to include the Government, other broad spectrum of political leadership of the Country, the Private Sector and the Non Governmental organizations as well as the general population. Moreover, all should see and appreciate the benefits of the Vision;
3. The strategy should be developed on the basis of thorough analysis of the historic socio-economic performance to clearly address the weaknesses and strengths of the economy in order to identify the pillars ad the drivers of the economy on which the Vision Strategy should be formulated.
4. There must be a sustained ambition to achieve the Vision benchmarks; periodical reviews and adjustments are critical to sustain momentum and to respond to opportunities and challenges during the plan period.
5. Both public and private sector entities should appropriately align their plans with the Nation Vision strategy;
6. Vision strategy is business unusual. It is about transforming the mind set from where we are to the higher levels of performance in all sectors of the economy, particularly in regard to the flagship projects and programmes chosen for implementation as the driving sectors of the economy. The implementation of SGR in 2 ½ years is a good example.
7. Zero tolerance to corruption in both public and private sector to allow for efficiency in the allocation of factors of production.

8. Adequate human capital and investment and application of science and technology are essential;
9. Maintenance of Macro-economic stability under liberalized economy;
10. National cohesion and stability to maximize use of available resources for development than to saving the resources which would otherwise be spent on conflict resolutions;
11. Sustained high levels of Gross National Investment rates of not less than 30% of the GDP;
12. Finally the Vision Strategy should have a strong implementation mechanism led by the Head of Government.

Success Of Kenya Vision 2030

Kenya's Vision 2030 was formulated on the principles I have first mentioned. The Nation set itself a Vision of transforming the country into an industrialized medium income Country with the population enjoying high level of living by 2030. The Vision Strategy identified three over arching pillars that would guarantee its success; namely, Political, Economic and Socio Pillars. The Pillars needed to stand on a strong foundation or enablers: good and modern infrastructure, rule of law, efficient market economy, peace and stability and efficient public service and sufficient human capital. In order to accelerate GDP growth to 10% on sustained basis over the plan period, driving sectors were identified: Agriculture, Tourism, Manufacturing, ICT, Wholesale and Retail Trade, Financial Services. Later, Mining, Oil and Gas were added. Consequently the GDP of the Country has grown from about US$12billion in 2002 to about US$63 billion today with a GDP growth rate average over 5% of the last 10 years. Kenya has achieved middle level income status much earlier than had been anticipated in the plan. Infrastructural Development especially, Power, Communications, Highways, Shopping Malls, Sea Ports, Airports

SGR Railway, and transformation of Nairobi as a regional hub speak well loudly about the success of the Vision. Furthermore University Education has expanded to unprecedented levels. Access to Power and financial services are also steadily becoming universal.

Nevertheless we have serious challenges of very high rate of unemployment, high poverty levels, food insecurity, inaccessibility to decent housing for the poor, water & sanitation and limited access to affordable medical services. Moreover the country is experiencing very slow industrialization process as well as a narrow range of export products for foreign exchange earnings. Most of our population is employed in traditional agricultural and informal sector with very constrained growth and very low incomes. The next Medium Term Plan should focus on these challenges without scaling down heavy investment in the Infrastructural Development.

Ownership of The Vision

The Launching of the Vision 2030 was preceded by a year of consultative processes with the stake holders at the National and at Sub County levels as well as with the Parliamentary groups to ensure Public and National ownership of the Vision. There was a deliberate effort to make sure the Vision was owned by all. There were no County Governments that time. The initial effort to get the County Governments to own the vision was rather lukewarm.

Vision Leadership

As we prepare for the third Medium term Implementation Plan for the Vision, it is critical that the leadership, ownership and the vision delivery mechanisms are redefined at the National and Country level. At the Country level, the Governor and his/her cabinet lead, assisted by a County Vision delivery Unit in liaison with the National Vision Delivery Board. Each County should identify two to three high impact Vision flagship projects for implementation during the plan period. In addition, the Summit of the President and the Council of Governors could always have a Vision implementation progress report in their agendas. In order to sustain the Vision implementation momentum, a mid-term nation review conference would be very useful.

At the National level, the President and his Cabinet assisted by the Ministry of Planning, the National Vision Delivery Board and the Ministerial delivery units could ensure that there is alignment of the government manifesto with Vision Strategy, with clear branding of the Vision flagship projects to be accorded budget prioritization. The National Vision Delivery Board's branding of major private sector projects at the request of their promoters is a very good innovation which should be continued.

Vision Reviews

The Medium Term reviews of the Vision Strategy are extremely important to ensure that the Vision is responsive to internal and external Socio-economic and political dynamics. A new government whether at the National or County level would obviously identify flagship projects and programmes falling in their manifestos for prioritization. The Vision Strategy is flexible enough to accommodate variations within broader Vision pillars and the enablers. What is important is to weigh those choices against the Vision bench marks. Moreover, the Vision flagship projects and programs identified should significantly impact on the development of the Country and make a substantial contribution towards improving the quality of life of the residents of this country. In this regard, raising employment across all sectors, food security, higher incomes, improved quality of education, health services and access to quality public utilities, housing and efficient public transport are very useful social development measures contained in the Vision.

Social Pillar – Social Inclusion

Over the last four years, Government has made a considerable effort to uplift the lives of the poor. Among the measures taken included the broadening of medical services by the MOH, free maternity care in public health facilities, free medical treatment and cash transfers to people aged over 70 years and contribution of free primary and day secondary education . More work is needed to cater for the street children. They should be enrolled in school and have institutional homes to cater for all their needs in cases where their parents are absent or incapable of caring for them.

More importantly, the Vision needs to have a strategy for upgrading slums into decent habitations. All the housing development in the Country is currently done through private sector investments which are commercial. Private housing development cannot meet the needs of the unemployed and the very low income groups. It is therefore necessary that the Vision incorporates sustainable strategy for the low income of social housing under the County Governments. Such programmes should go hand in hand with urban planning, infrastructural development and elaborate Social Infrastructure to enhance standard of living in slums in our fast growing towns.

Furthermore since most of the unemployed and those employed in the informal sector, upgrading of the sector through a national SME policy executed both at National and County level would have a transformational effect at both National and

County level production, retail trade and service sectors. Modernization of this sector would create huge employment opportunities and upgrade standard of living to the majority of the population. Shopping malls which have mushroomed since the first medium term of the Vision are a big success story for the Vision but are not an appropriate substitute for the market women, the numerous kiosk operators and hawkers. The third Medium Term plan could target this huge sector for upgrading and modernization.

ECONOMIC PILLAR

Food Security

Food security should remain at the centre of economic pillar. The Country continues to encounter serious challenges of food insecurity due to hazards of weather and depletion of agricultural land. Agricultural land must be protected against minute subdivisions, soil erosion and unplanned housing. As population grows, it is necessary that deliberate policy to encourage people to live in urban areas is put in force. In some areas like Western Nyanza, some parts of Central Rift Valley, Central, Eastern and Coast areas of the Country, agricultural land has been subdivided into uneconomic units because of population pressure. Both the National and County governments should develop clear policies for mass urbanization so that some of those rich agricultural lands can be reclaimed. For example, Morocco protects agricultural land by preventing people from building residential houses in their farms. People reside in apartments in planned locations. Both India and China despite having the largest populations in the World were able to transform their chronic food insecurity to food secure countries through application of technology in production, processing , storage and marketing. There is no reason why Kenya cannot be food secure and have surplus for export on permanent basis, if agricultural extension services, water conservation and management as well as value addition storage and marketing. Pastoralist livestock management also should be scientifically managed through extension services to support quality production, value addition and marketing.

Subsidies to agriculture should be aimed at supporting production and marketing rather than consumer prices.

Water conservation for irrigation both industrial and domestic use has not yet been the priority it deserves. South Africa and Zimbabwe are largely dry countries but have had very elaborate dam building storage for water storage. All farms have their own dams for irrigation. I would suggest that the country needs to have a strategy which supports development of dams at least one for every Ward. Failure to conserve water will result to serious conflict triggered by drying rivers and scarcity of water for irrigation, domestic and industrial use. Empowerment of the water resources management law needs to be effectively implemented and consequently rivers are drying at an alarming rate especially where they are extensively tapped upstream for irrigation.

Infrastructure

The priority accorded to strategic infrastructure in the first and second medium term plans should be continued. Standard Gauge Railway from Mombasa to Uganda and Rwanda and Eastern Congo and the LAPSSET one from Lamu to South Sudan and Ethiopia together with National and International Highways, Airports are critical for equipping the country for international competitiveness and more importantly for opening the entire Country for economic activities and social development. They together with modern and efficient international ports of Mombasa and Lamu will put the country at a good position in the global competitiveness, for trade, services and investments. Furthermore the competitive edge Kenya has acquired in communications and should be sustained as both drivers and enablers of the economy.

Industrialization

We made progress during the second medium term plan as we have seen several motor assembly plants come back including new ones. Toyota public transport buses, Peugeot cars, German VW, Chinese commercial vehicles as well as more cement plants and building materials plants, Textile industries are also doing well in the export processing zones. The Country has also witnessed growth of food and beverages process. Nonetheless the industrial base remains small and lack diversification and growth, especially for export markets. Even our regional markets are shrinking due to competition from China, India and from within the target markets. The next medium term plan for Vision 2030 needs to focus more on industrialization strategy to expand and grow this sector with a target share of 30% of the GDP by 2030. This is the most competitive area globally which means break-throughs can only be made through sectored clusters such as special economic zones and a strong build up of human capital through first class TVET education.

The special economic zones and resort cities identified in the Vision have not taken off according to plan because substantial investment in planning and infrastructural development are required before the zones can attract desired private sector investments. Private sector normally responds to government initiatives but very easily fall out if government initiatives are slow or have lost momentum. PPP models are appropriate instruments for developing some of the proposed economic zones but the government has to lead with substantiation and sustained commitment.

Special Economic Zones are the best vehicles for creating employment, value addition, and diversification of production and exports. The export processing zones have had measurable success in this regard.

Policital Pillar

Leadership and governance of any country is key to the development and stability and well being of the population. Since independence, Kenya had enjoyed a relative stability and development but had failed to realize its full potential especially when compared with the bench mark countries of South East Asia and South Korea which are not so different from Kenya at independence. Kenya's politics were becoming ethnically polarized and economic development was slow as it was constantly being disrupted by internal political tensions, policy disruptions by internal of external forces. More regularly, The Five Year medium Term Plans were not successfully implemented. There was therefore need to change the constitution to give the country ownership of the government and control over the distribution of national revenue through a devolved government. A constitutional referendum of 2005 rejected the draft of a new constitution due to the split of the Rainbow Coalition Government. However the Grand Coalition of 2008 succeeded in building a consensus in the revised draft constitution of 2009 which was ratified through a National Referendum the same year. This was a very important bench mark for the First Medium Term Plan of the Vision.

The new constitution created two levels of government with adequate checks and balances to ensure that democracy, rule of law and broad based development were entrenched in the country. Devolution became a fundamental driver of development through the 47 counties covering the whole country. National resources were entrusted with an independent commission to ensure equity with a special consideration for least developed counties.

Vision 2030 identified issue based politics, accountable governance, democracy, rule of law, strong efficient and transparent and non corruptible institutions of government as a prerequisite for national cohesion and enabler of socio-economic transformation.

Political dialogue should be continued, included proposals for review of the constitution to organize the country against polarization of the national politics along ethnic lines. Good lessons learnt from both the Rainbow Coalition and the Grand Coalition could greatly benefit consensus on the review process.

As one would expect the implementation of the constitution met challenges of transition, inexperience, opportunism and in some cases institutional conflicts. Nonetheless there is a consensus that the country is on the right truck and new institutions are defining their roles and there is expectation for better performance during the third medium term plan.

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