

# **THE BAROMETER: Kenyan Investment Climate**

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by

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# I. SIMPLIFIED MACROECONOMIC FRAMEWORK

## PUBLIC SECTOR

- Revenues
- Expenditures
- Public debt
- Public Policy

## FINANCIAL SECTOR

- Banking
- Nonbank Financial Institutions
- Insurance
- Capital Markets

## REAL/PRODUCTIVE SECTOR

- Agriculture
- Manufacturing

## INTRNATIONAL SECTOR

- Exports
- imports

## 2. MARKET BEHAVIOUR

- **Goods and Services**- inflation
- **Money**- Money-interest rates and exchange rates: low and stable interest rates; competitive exchange rate
- **Labour**- unemployment, wages, industrial relations
- **Political**-electioneering and political temperatures; management of post-election democracy; the Presidency-competitive politics; insecurity

### 3. JUBILEE MANIFESTO: Transforming into a Prosperous Country 2013-2017

- Tool for implementing government policy (Constitution and Vision 2030)
- Pillars:
  - **Unity:** eliminating ethnicity; security; strengthening trade; youth and women empowerment; SED=sports, culture, health, education, etc.
  - **Uchumi:** enterprise development; industrial revolution; digital take-off; tourism; land reforms; infrastructure
  - **Uwazi:** fighting corruption; good governance; devolution
- Comment: Know-Do Gap?

# **4a GOVERNMENT COMMITMENT:**

## **Facilitating Framework**

- **Macroeconomic stability**
- **Fiscal management objectives**
  - Gradual decline of budget and fiscal deficit
  - Achievement of debt sustainability
  - Intergenerational equity
  - Pro-poor spending
  - Efficient and economical use of public resources
  - Tax reforms: reducing gap between revenues and expenditures; widening tax base; efficient tax collection; reasonable tax rates

## 4b. continued....

- Priority spending: social and economic development
- Investing in infrastructural development
- Investment Incentives: government expenditures; private sector incentives; predictability of govt policy

## 4c. Continued...

- **Governance**

- Lean and efficient government- youthful, professional, digital
- Implementation of the constitution esp. county governments
- Operational statutes
- Greater transparency and accountability
- Citizen freedoms and participation

- **Others:** promoting small business; deepening regional integration; improving investor confidence; competition among Counties

## 5a. BOTTOMLINE?

- **Economic Governance and Management**  
→ provision of macroeconomic policies that support sustainable development; implementation of sound, transparent and predictable govt economic policies; promotion of sound PFM; fighting corruption in public administration; acceleration on regional integration
- **Democratic and Political Governance**  
→ prevention/reduction of intra/inter state conflicts; reaching constitutional democracy; promotion of respect for rights; upholding separation of powers; ensuring accountable, efficient and effective state office holders; fighting corruption in political space; promotion/protection of rights of women/children/vulnerable groups

## 5b. Continued....

- **Corporate Governance** → promoting an enabling environment and effective regulatory framework for economic activities; ensuring social responsibility and environmental sustainability; promoting/adopting good business ethics; treating stakeholders in a fair and just manner; promoting accountability of corporations, directors and officers.
- **Investment in SED**

**Comment:** Where are we on a scale of 0-10?

# 6. CONCLUSION

**DO WE CHECK ALL INDICATORS- political, economic, military and social?**

- Demographic pressure
- Refugees and displaced persons
- Group grievance
- Human flight
- Uneven development
- Economic decline
- Deligitimization of state
- Public services
- Human rights
- Security apparatus
- Factionalization of elites
- External intervention

**THANK YOU AND GOOD DAY**

If you stand for nothing,  
you fall for anything