

STRATEGY | POLICY | GOVERNANCE | ADVISORY SERVICES

IMPLICATIONS AND RISK ASSESSMENT OF THE PROPOSED PLEBISCITE TO THE BIG FOUR AGENDA & BUDGET 2020/2021

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THE STATE OF THE ECONOMY

- The Economy is facing a myriad of challenges: COVID-19 Pandemic; desert locusts and floods that have caused deaths, displacement of people and destruction of infrastructure across the country.
- Government plans to implement a rapid Economic Stimulus Programme and lay down a firm 'Post Covid-19 Economic Recovery Strategy.
- There are 8 measures that have been outlined in the Budget as part of the Economic stimulus package
- There are measures that have already been taken to increase liquidity in the economy: Fiscal & Monetary tools deployed
- Budget Theme: ***“Stimulating the Economy to Safeguard Livelihoods, Jobs, Businesses and Industrial Recovery.”***

BUDGET FY2020/21 CONTEXT

- COVID-19 Pandemic has led to contraction of the global economy.
- It has disrupted the businesses environment, including international trade, led to loss of livelihoods for millions of people globally
- IMF - the world economy will experience negative growth rate of 3% in 2020.
- Advanced economies growth will contract by 6.1% in 2020
- economies in Sub-Saharan African region are projected to contract by 1.6% in 2020 & grow by 4.% in 2021
- Kenya's economy is projected to grow at of **2.5% in 2020**. It has been projected to grow by **6.1% in 2020**; in 2019 it grew by **5.4%**

THE BIG 4 AGENDA

- i. Increasing **manufacturing** sector's share of GDP
- ii. enhancing **food and nutrition security**;
- iii. providing **universal health coverage (UHC)** to all Kenyans
- iv. provision of **affordable housing**.

We will examine the budget statement and the risks and implication of the proposed referendum/Plebiscite (BBJ Recommendation) to the above

ECONOMIC STIMULUS PACKAGE & BIG 4

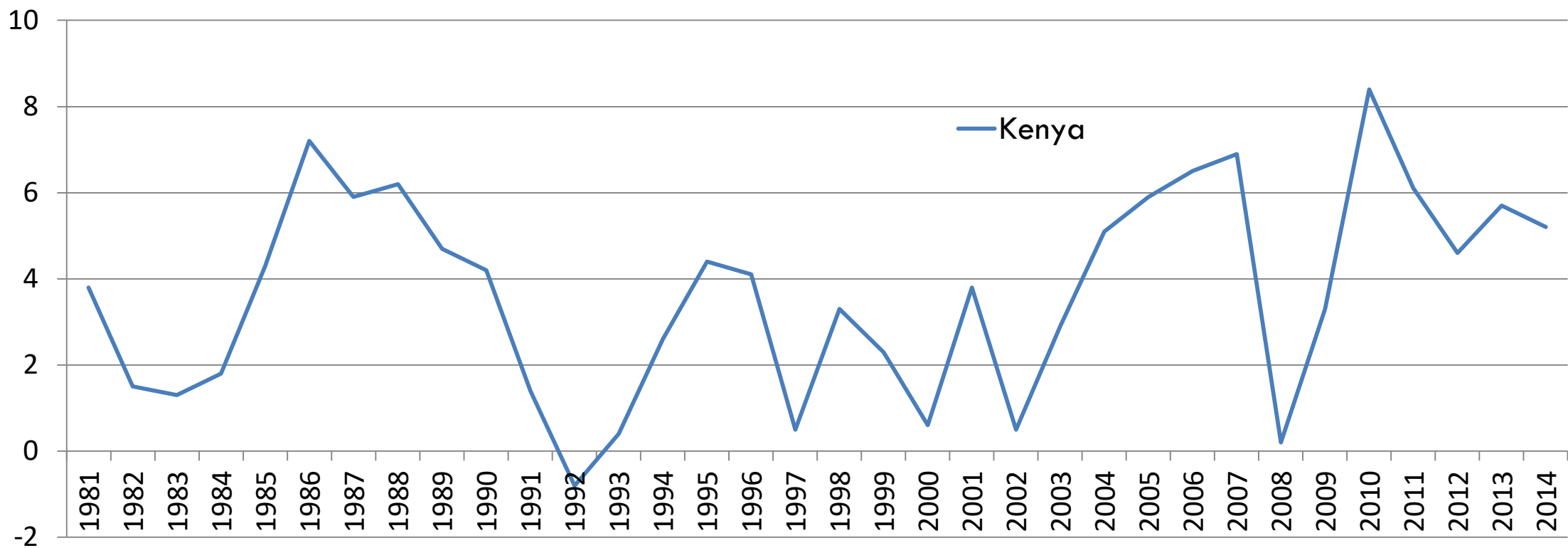
- Improving Road Infrastructure and Urban Renewal
- Investing in the Education sector
- Enhancing Liquidity for Small & Medium Enterprises (SMEs)
- **Allocation to the health sector (interns & expand bed capacity)**
- **Support for the agricultural sector**
- Support for the tourism sector
- Investment in environment, water & sanitation
- **Support for the manufacturing sector**

ALLOCATION TO THE “BIG 4” DRIVERS

- Ksh 18.3 Billion to support Value Addition and Raise the Manufacturing sector's share to GDP to 15% by 2022. **NB: In the last budget, the target was from 9.2% to 20% by 2022**
- Ksh 52.8 Billion for enhancing Food and Nutrition Security to all Kenyans by 2022. (In FY 2019/2020, focus was on **large scale production; drive small holder productivity; reduce the cost of food**)
- Ksh 50.3 Billion for providing Universal Health coverage to guarantee quality and affordable healthcare to all Kenyans
- Ksh 6.9 Billion for the provision of Affordable and Decent Housing for all Kenyans. In FY 2019/2020 the plan was to have **1 Million homes programme**

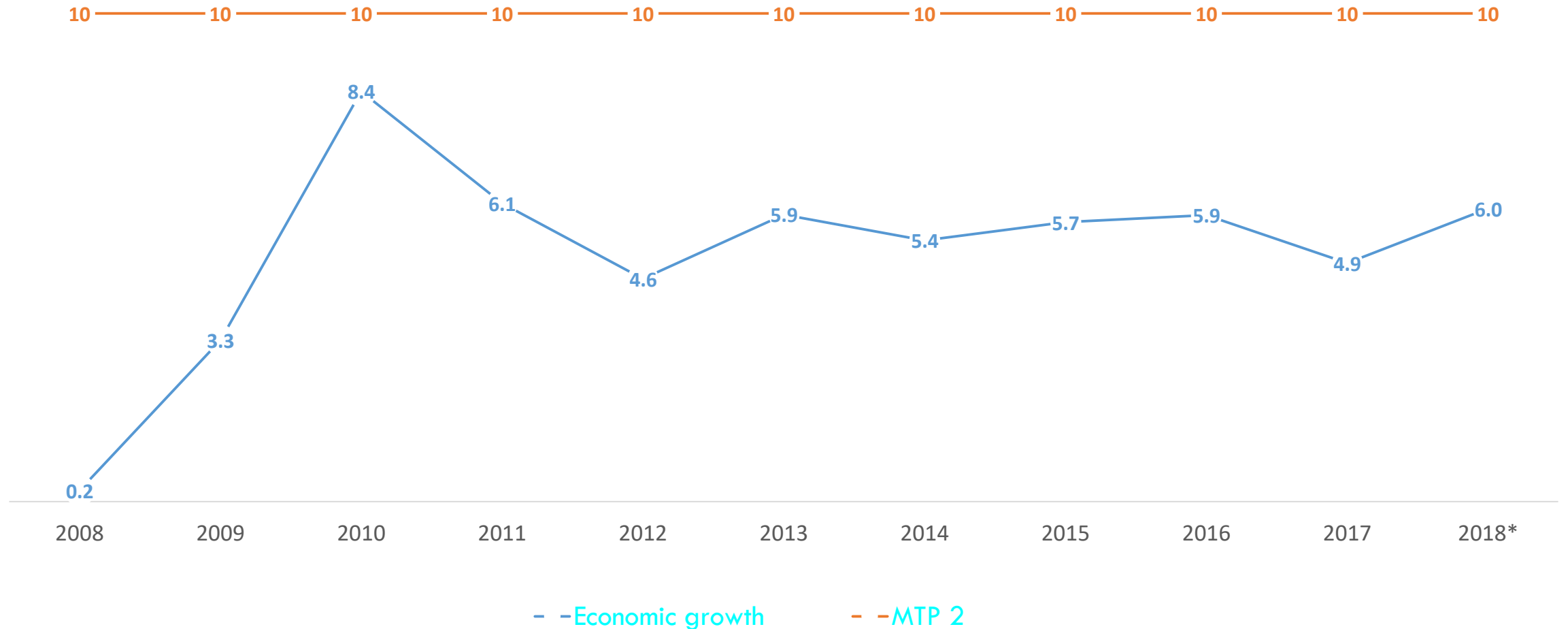
ENABLERS OF THE BIG 4 AGENDA

- The CS outlined four measures that will be the key enablers for the achievement of the Big 4 Agenda as the following;
 1. Conducive Business Environment for Investment - Macro Economic Stability; Improving National Security; Leveraging on Information on ICT
 2. Infrastructural Development – Roads; Rail; Energy; Water
 3. Sustained Investment in Social Services for the Welfare of Kenyans – Education; Social Protection;
 4. Continued Support to Counties for Enhanced Service Delivery

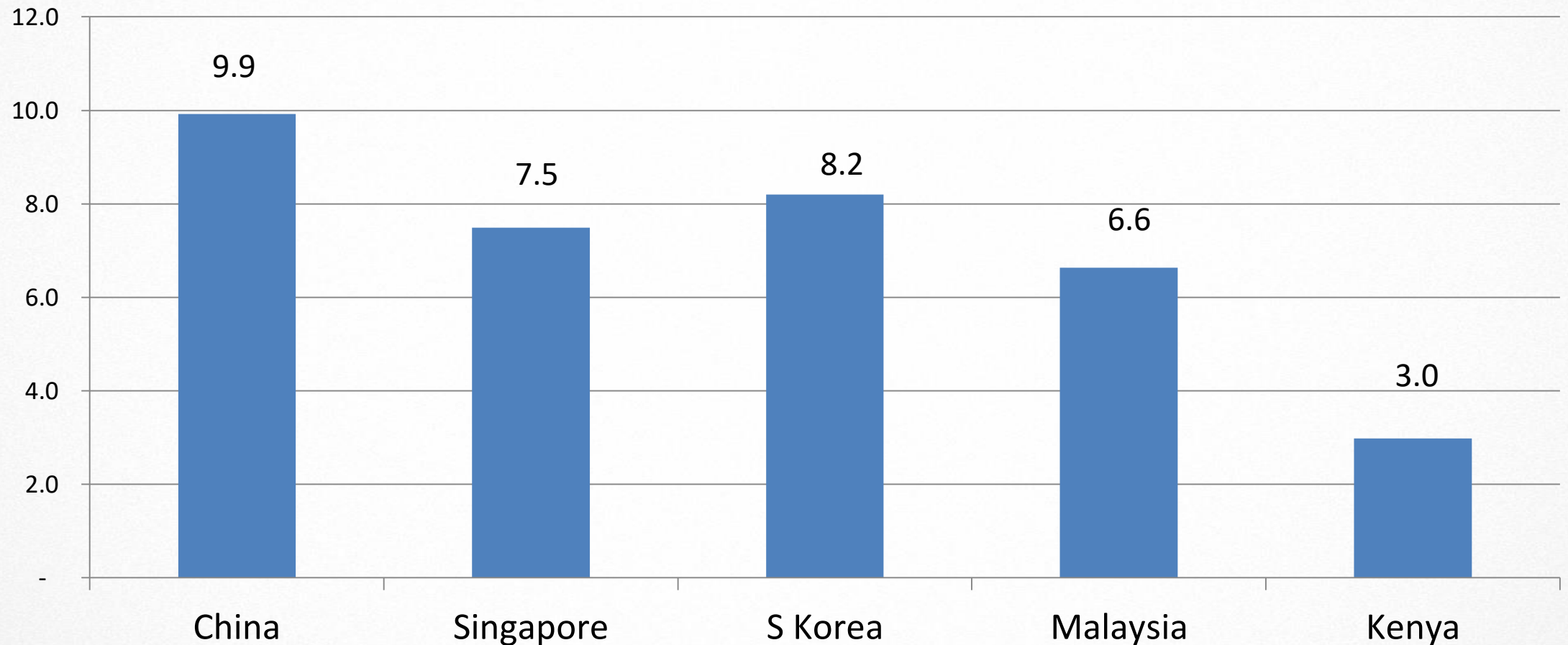


GDP GROWTH RATE KENYA 1981-2014

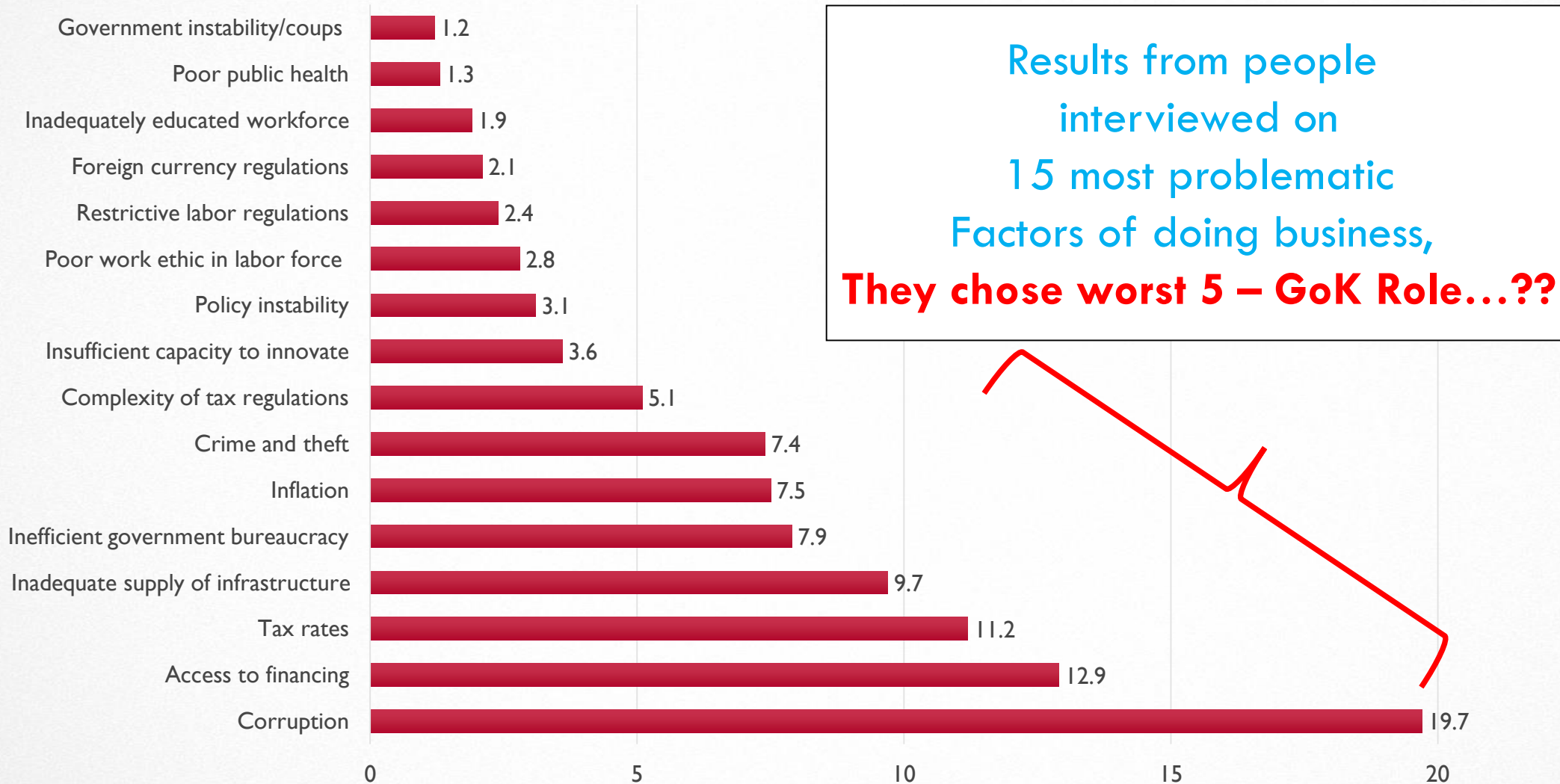
GDP GROWTH 2008-2018 & V 2030 TARGET



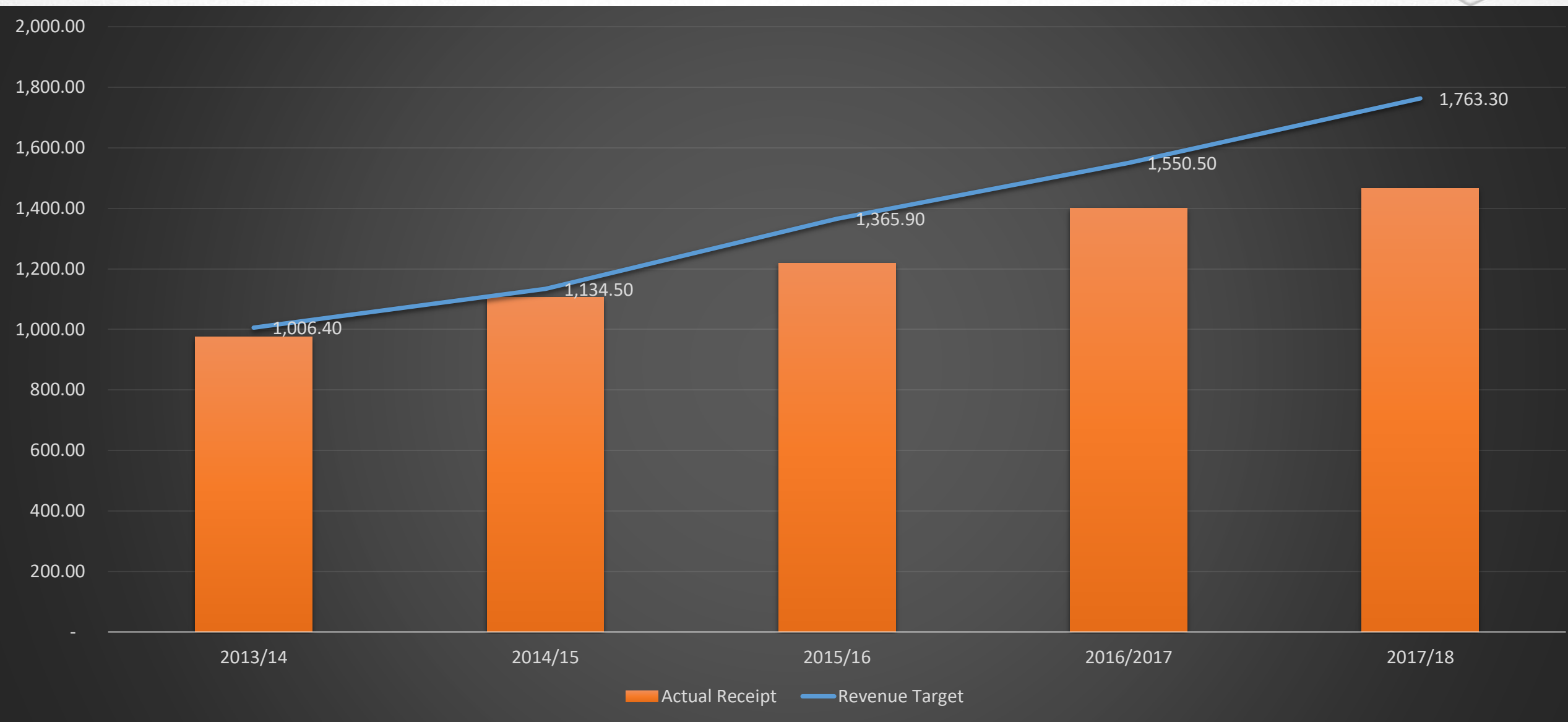
COMPARATIVE AVERAGE GROWTH IN GDP 1981-2000



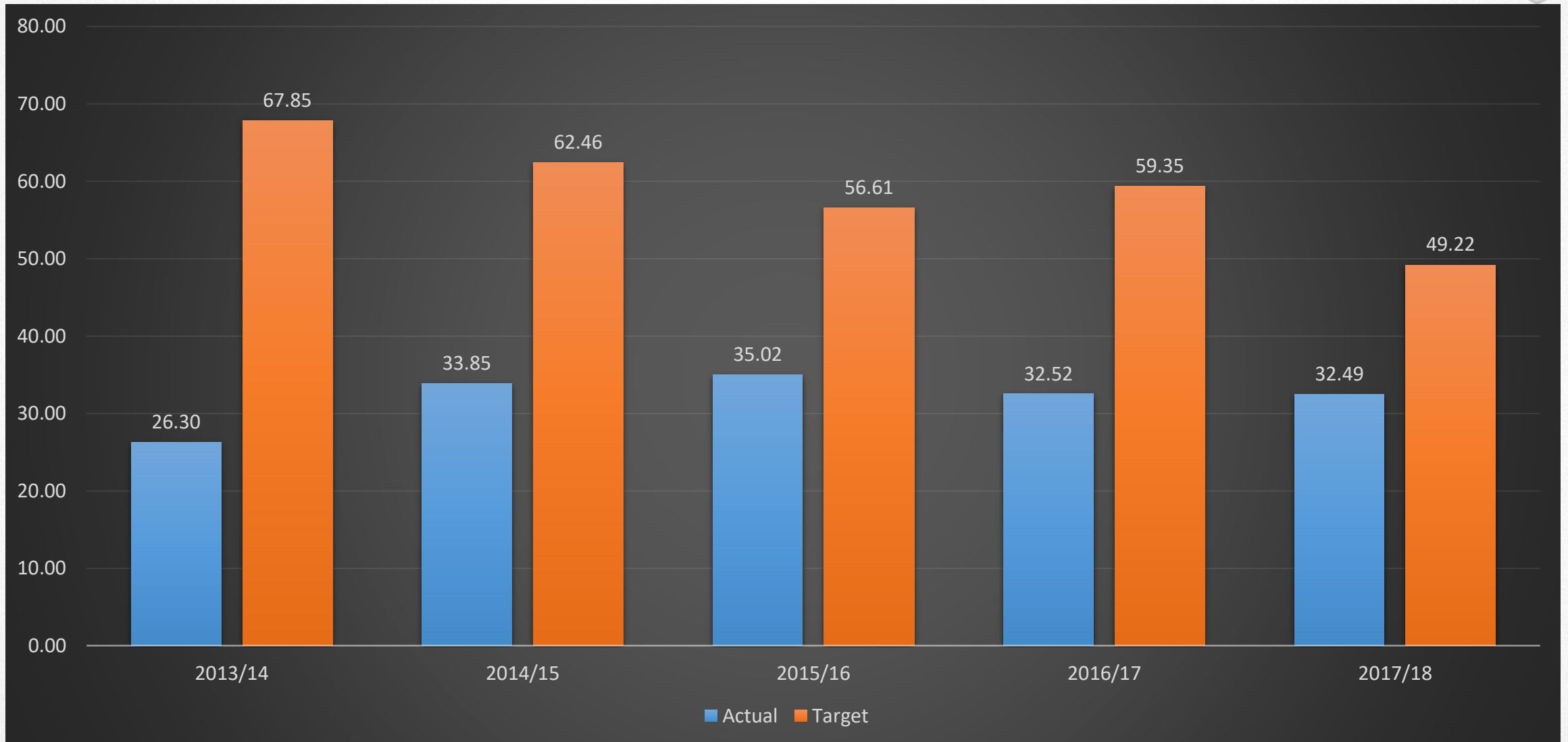
MOST PROBLEMATIC FACTORS OF DOING BUSINESS IN KENYA ?.... WB REPORT



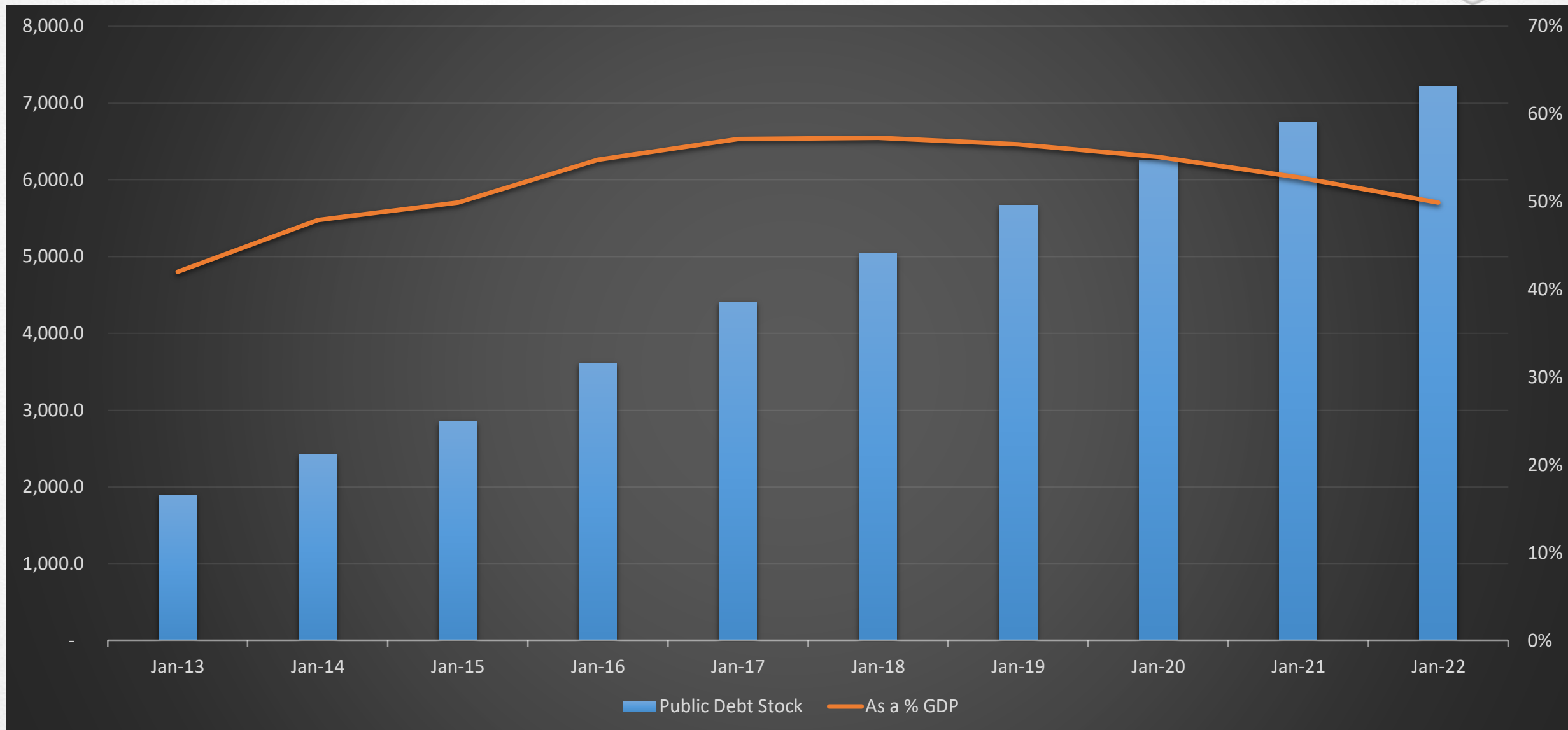
PERFORMANCE ON REVENUE COLLECTION 2013-2018



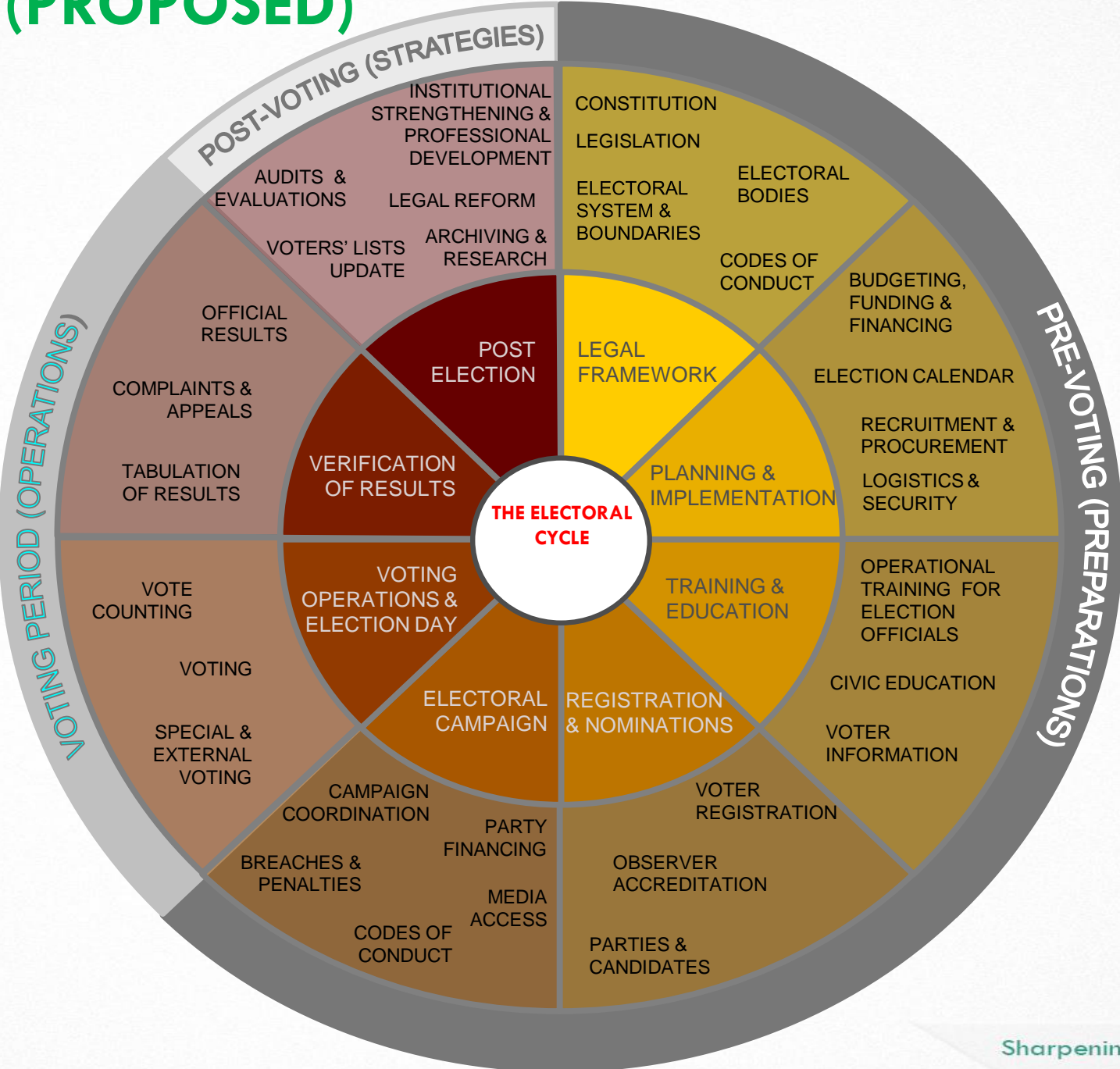
COUNTIES - OWN SOURCE REVENUE COLLECTION 2013-2018



BORROWING - PUBLIC DEBT TREND



THE PLEBISCITE (PROPOSED)



COMPLEXITIES OF ELECTORAL MANAGEMENT

An election involves a multitude of activities and sub-activities, and spans numerous and diverse fields of operation:

• Human resources and office administration	• Nationwide logistical operations	• Financial control
• Delivery of professional training to thousands of electoral officers	• Procuring enormous quantities of electoral materials and supplies	• Writing regulations
• Enacting legal reform	• Registering voters	• Developing voting and counting procedures
• Monitoring political campaigns	• Designing and implementing civic and voter education programs	• Liaising with electoral stakeholders
• Dealing with security issues	• Adjudicating electoral disputes	• and much more

ELECTORAL ENVIRONMENT : POPULATION

Population

- ❑ Population projections:
 - 2012 – 43.1m
 - 2017 – 48.5m
 - 2020 – 52.0m
- ❑ Estimated Voting Population:
 - 2012 – 22.5m
 - 2017 – 25.7m
 - 2020 – 29.0m

¹ Source: Independent Electoral & Boundaries Commission & Kenya National Bureau of Statistics

COST OF ELECTIONS: CASE STUDY OF 2017 (A)

S/No	PRIORITY INTERVENTIONS	2016/17-2018/19
1	Legal and Regulatory Framework	1,585,428,340
2	Voter Education and Stakeholder Engagement	1,487,315,300
3	Voter Registration*	4,415,298,851
4	Electoral Technologies*	4,535,549,000
5	Electoral Process Logistics	10,376,699,520
6	Nominations	92,978,100
7	Voting including materials and Ballot papers	7,143,686,889
8	Election Results Management -Tallying Centres	916,417,750
9	Electoral Security	475,715,000
10	Human Resource and Administrative costs	14,377,753,547
	TOTAL REQUIREMENT	45,406,842,298

COST OF ELECTIONS: COMPARISONS & OTHERS

Country	Election Year	Total Cost (dollar)	Per Voter(dollar)
Kenya	2013	114 Million	22
Ghana	2012	360 Million	1
DRC	2011	124 million	12
India	2014	5 Billion	6
Canada	2006	191 million	8
Mauritius	2005	10.0 Million	11.0
	1995	3.8 Million	5.6
Mozambique	2004	21.5 Million	6.46
Namibia	1999	0.98-1.15 Million	1.8-2.2
South Africa	2012	122 Million	7.8
Tanzania	2015	49.6	7.66
	1995	38	7.88

In 2013 Kenya had an 86% voter turnout of the 14.3 registered voters

BBI REPORT & CONSTITUTIONAL REVIEW

- The March 2018 ‘handshake’ between His Excellency President Uhuru Kenyatta and the Right Honourable Raila Odinga
- The Taskforce was appointed by Gazette Notice No. 5154, published on 31 May 2018
- Report submitted to the President on 26th November 2019 and was also unveiled to the public launch at BOMAS
- Report – 12 Chapters; 3 Annexes
- Validation process was concluded & updated version of the report is expected to be presented to H.E in June 2020
- President Speech During Madaraka Day Celebration 2020 – We are in a “Constitutional Moment”

BBI RECOMMENDATIONS: DIVISIVE ELECTIONS

- Running for and winning the Presidency – Winner must win 50% + 1
- Prime Minister & 2 Deputies
- Leader of the Official Opposition
- A mixed cabinet (MPs & Professionals)
- Changes to IEBC

(1) parliamentary political parties a role in the recruitment of Commissioners of IEBC.

(2) New Commissioners for 2022 elections

(3) All IEBC staff should be employed on a three-year contract, renewable only once, if their performance is good.

(4) (4) All current senior officers of IEBC should be vetted

APRM PROCESS 2006

- Areas of concern noted by the APRM in 2006 include:
 1. The role of prominent members of the ruling party and high ranking government officials in fuelling ethnic clashes,
 2. Corruption regarding land allocation,
 3. Economic and social inequality,
 4. Implementation gap between policy and action

PEV EXPERIENCE & AGENDA 1-4

- We had a closely contested election. PEV in 2007/2008 (1,300 killed, 600,000 displaced). **Deep seated issues**
- The parties agreed to a four-point agenda:
- Agenda Item 1: Immediate action to stop the violence and restore fundamental rights and liberties;
- Agenda Item 2: Immediate measures to address the humanitarian crisis, and promote healing and reconciliation;
- Agenda Item 3: How to overcome the political crisis;
- Agenda 4: Undertaking constitutional, legal and institutional reforms; Tackling poverty and inequality, and combating regional development imbalances;
Tackling unemployment especially among the youth; Consolidating national cohesion and unity

ISSUES IDENTIFIED BY DRG

- Dialogue Reference Group (DRG) brings together Religious Leaders from different faiths across the country.
- In February 2018, they met here at Ufungamano House for the 1st Convocation during which they initiated the National Dialogue Process
- So far, they have held 44 County Dialogue Conferences as the 2nd stage of the national dialogue process after the National Dialogue Conference. The issues are:

1. **ELECTORAL REFORMS/ DIVISIVE ELECTIONS**

2. DECISIVE COMBATING OF CORRUPTION
3. CONSTITUTIONAL, INSTITUTIONAL REFORMS: INCORPORATING INCLUSIVITY, RESPONSIBILITY AND RIGHTS, LACK OF A NATIONAL ETHOS
4. SECURITY SECTOR REFORMS: SAFETY AND SECURITY
5. NATIONAL COHESION: ETHNIC ANTAGONISM AND COMPETITION
6. ECONOMY AND ACCELERATED SERVICE DELIVERY: SHARED PROSPERITY AND BIG FOUR AGENDA
7. STRENGTHENING DEVOLUTION FOR SOCIO-ECONOMIC DEVELOPMENT

CONCLUSION

- The Country challenges are Software not Hardware problem. We've invested much on hardware – Policy, Legal & Institutional reforms
- The Constitution acknowledges the aspirations of ALL Kenyans
- The structure of the Executive i.e. the a spoil system("winner takes all" presidential system and "loser loses everything") needs to be revisited
- There's need to redefine the structure of the role of opposition. The current framework seems not to be working i.e. Leader of Minority is not effective
- Interestingly, Communities in Kenya want to be represented in Government and mainly by Politicians & not professionals
- A free, fair & credible elections are key but it is not the panacea for the all our problems

Comments and Questions Welcome!

THANK YOU FOR YOUR ATTENTION!
GOD BLESS