

FINANCING THE BIG FOUR

AGENDA

THE NEXUS BETWEEN POLICY & DELIVERY

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POLICY MATRIX

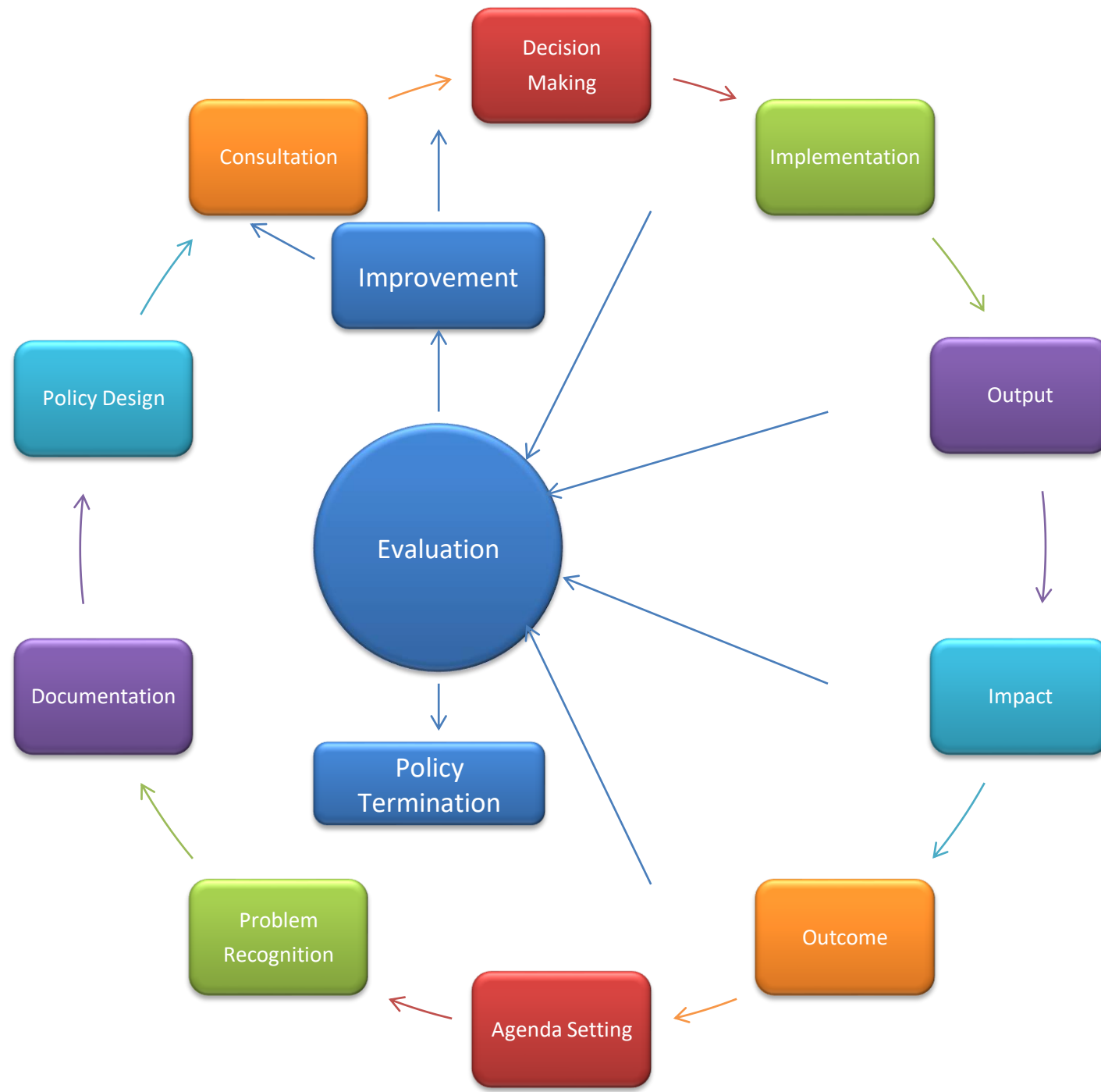
Policy

Process

Power

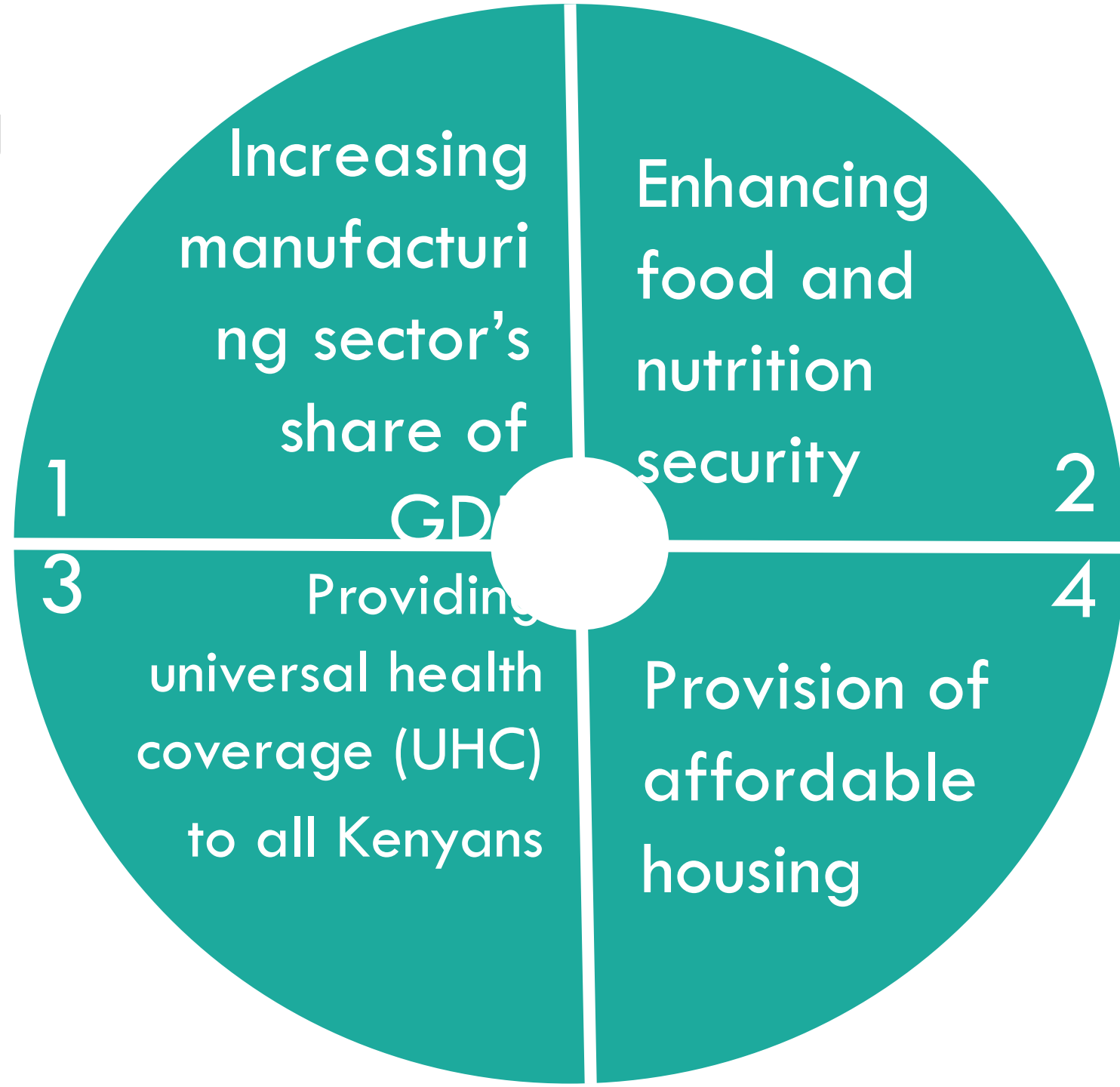
Politics





The President's big 4 agenda

We will examine the
nexus between
policy and delivery
on this policy
agenda/vision





INPUT STAGE

Oct, 2006

**Vision 2030
Conceptualization,
Formulation,
Completion
Launch**

IMPLEMENTATION STAGE

June, 2008

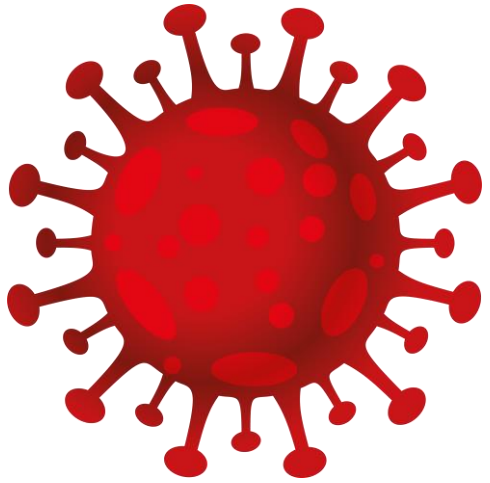
**The 3 Pillars: Economic, Social,
Political + Enablers
Most Difficulty part Singapore,
Malaysia, Bahrain**

OUTPUT / RESULTS

2030

**There are five
phases, the first one
being 2008-2012;
targets to be
reviewed
periodically**

STATE OF THE ECONOMY



Covid-19
Pandemic



Locust Invasion



Floods

= deaths, displacement of people and destruction of infrastructure across the country.

STATE OF THE ECONOMY...

Government proposed to implement an 8 measure rapid Economic Stimulus Programme as a Post Covid-19 Economic Recovery Strategy

*There are measures that have already been taken to increase liquidity in the economy: **Fiscal** & **Monetary** tools deployed*

The 8 Point stimulus Package – 53.7B

Infrastructure
– *Sh 5 billion*

1

Education

*Hire 10,000 teachers
and 1,000 ICT interns
to support digital
learning*

2

SMEs

*(Sh10billion) fast-track
payment of outstanding
(VAT) refunds and
other pending
payments. Sh3 billion
seed capital for the
SME Credit Guarantee*

3

The 8 Point stimulus Package – 53.7B...

Health

Hire an additional 5,000 healthcare workers (UHC). Sh1.7 billion for the expansion of bed capacity in public hospitals

4

Agriculture

Sh3 billion on the supply of farm inputs through e-vouchers targeting 200,000 small-scale farmers

5

Tourism

Sh2 billion restructuring of business; 5,500 community scouts under KWS at a cost of Sh1 billion. 160 community conservancies at a cost of Sh1 billion

6

The 8 Point stimulus Package – 53.7B

Environment and water

Sh1 billion has been set aside for flood control measures and Sh540 million for the Greening Kenya Campaign

7

Manufacturing

Investment of Sh600 million to purchase locally manufactured vehicles.

8

The background of the slide features a light pink gradient. On the left side, there are several 3D renderings of COVID-19 virus particles. These particles are spherical with a grey, textured surface and are covered in numerous red, spike-like protrusions. They are scattered across the left half of the slide, with some appearing larger and more detailed than others.

COVID-19 IMPACTS/EFFECTS

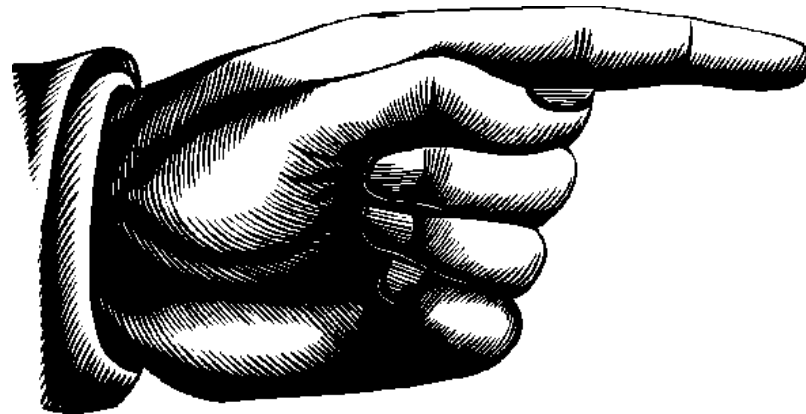
- *Contraction of the global economy.*
- *Businesses environment disrupted, including international trade, led to loss of livelihoods for millions of people globally*
- *IMF - the world economy will experience negative growth rate of **3% in 2020.***



COVID-19 IMPACTS/EFFECTS

- *Advanced economies growth will contract by 6.1% in 2020*
- *Sub-Saharan African region - projected to contract by 1.6% in 2020 & grow by 4.% in 2021*
- *Kenya's economy is projected to grow by **2.5%** in 2020. This is a decline from **5.4%** in 2019 and 6.1% in 2018.*

**FY 2020/2021
ALLOCATION TO THE
“BIG 4” DRIVERS**



Ksh 18.3 Billion

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

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

Providing Universal Health coverage to guarantee quality and affordable healthcare to all Kenyans

Ksh 6.9 Billion

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

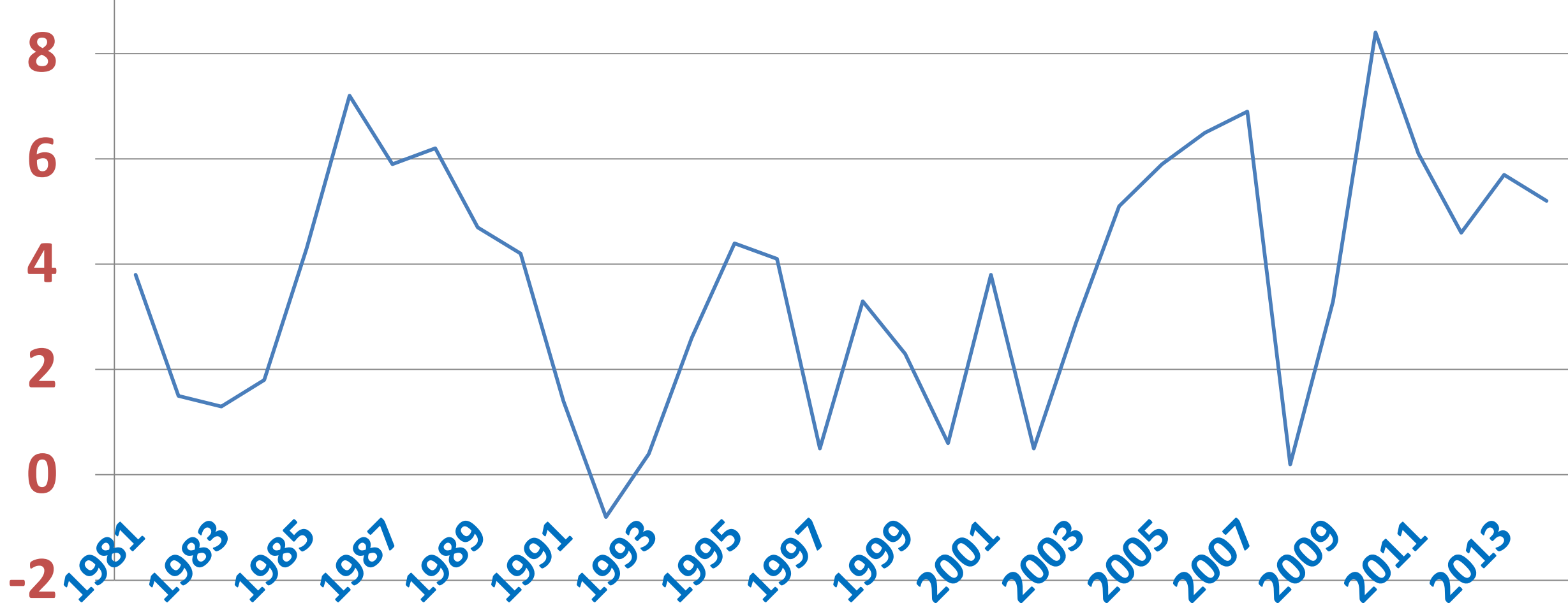


- 1 Conducive Business Environment for Investment:** *Macro Economic Stability; Improving National Security; Leveraging on Information on ICT*
- 2 Infrastructural Development :** *Roads; Rail; Energy; Water*
- 3 Sustained Investment in Social Services for the Welfare of Kenyans :** *Education; Social Protection*

ENABLERS OF THE BIG 4 AGENDA

4 Continued Support to Counties for Enhanced Service Delivery

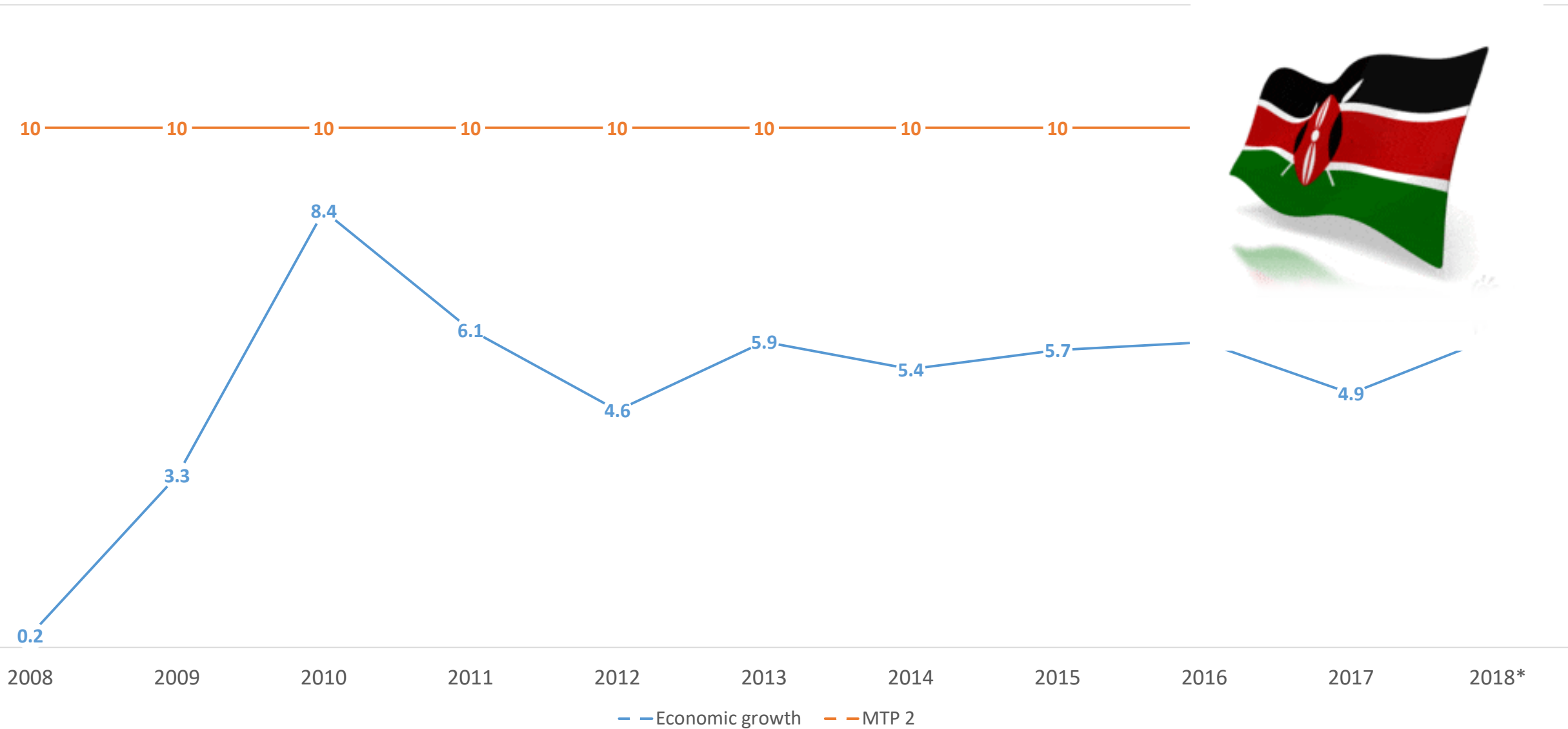




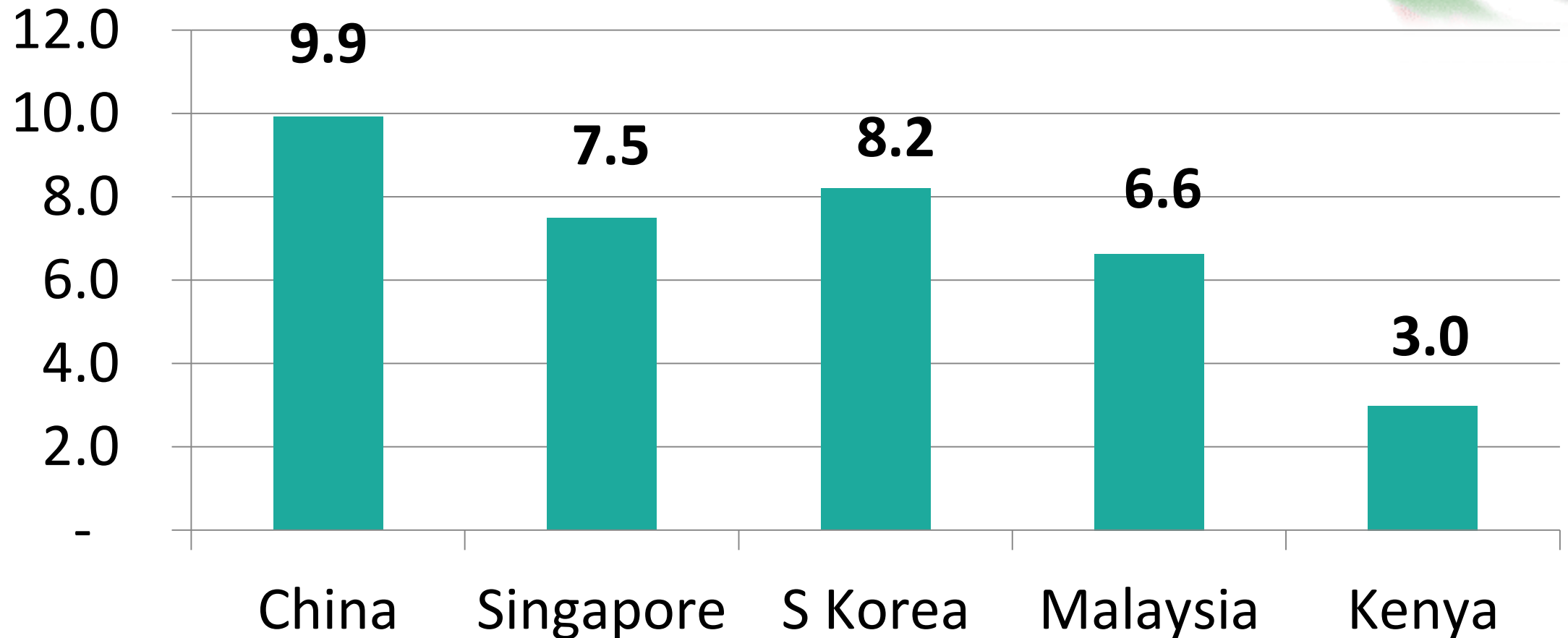
GDP %RATE 1981-2014



GDP % GROWTH (2008-2018 & V 2030 TARGET)



COMPARATIVE AVERAGE GROWTH IN GDP 1981-2000



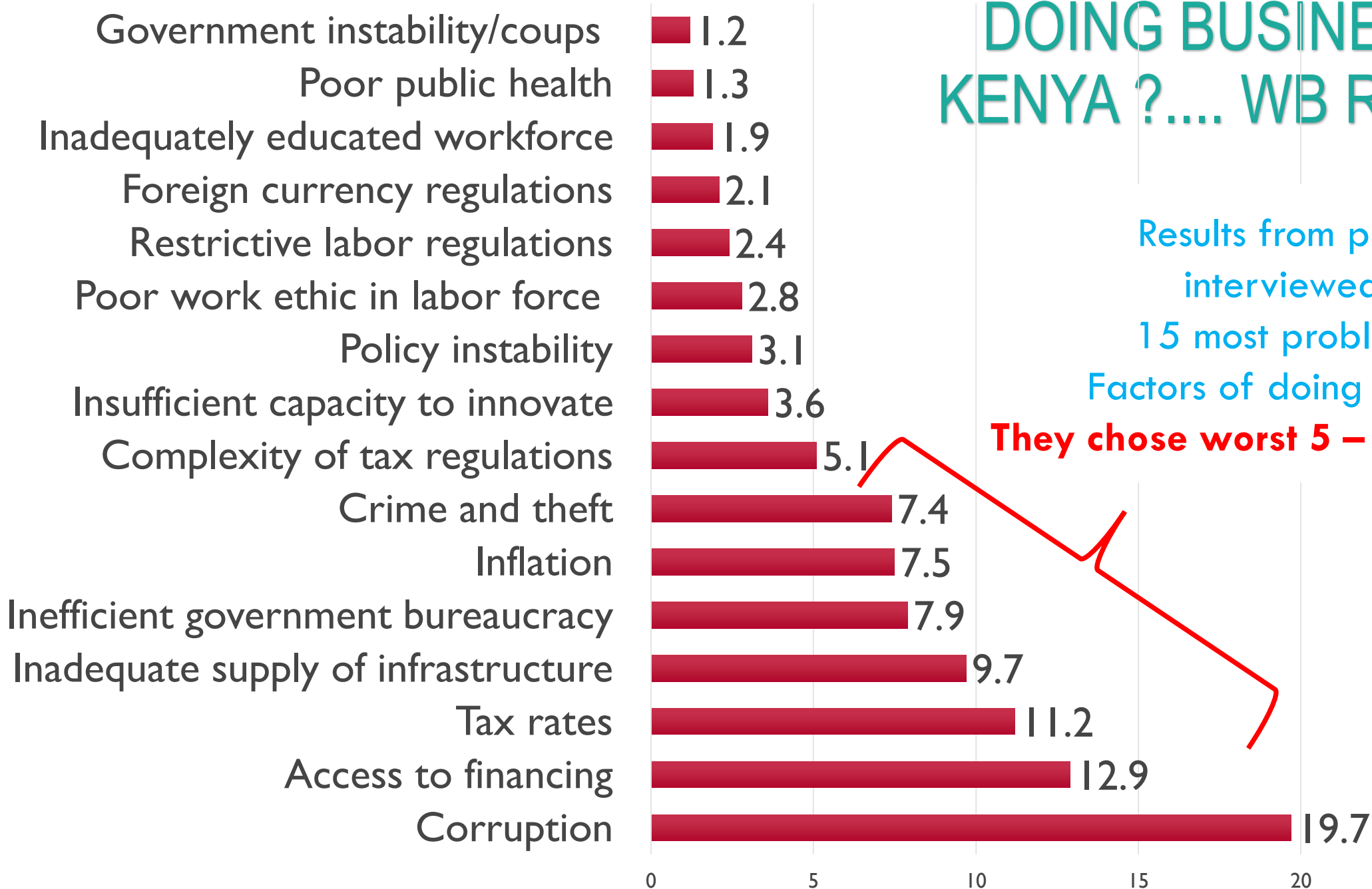
DOING BUSINESS IN KENYA ?.... WB REPORT

Results from people interviewed on

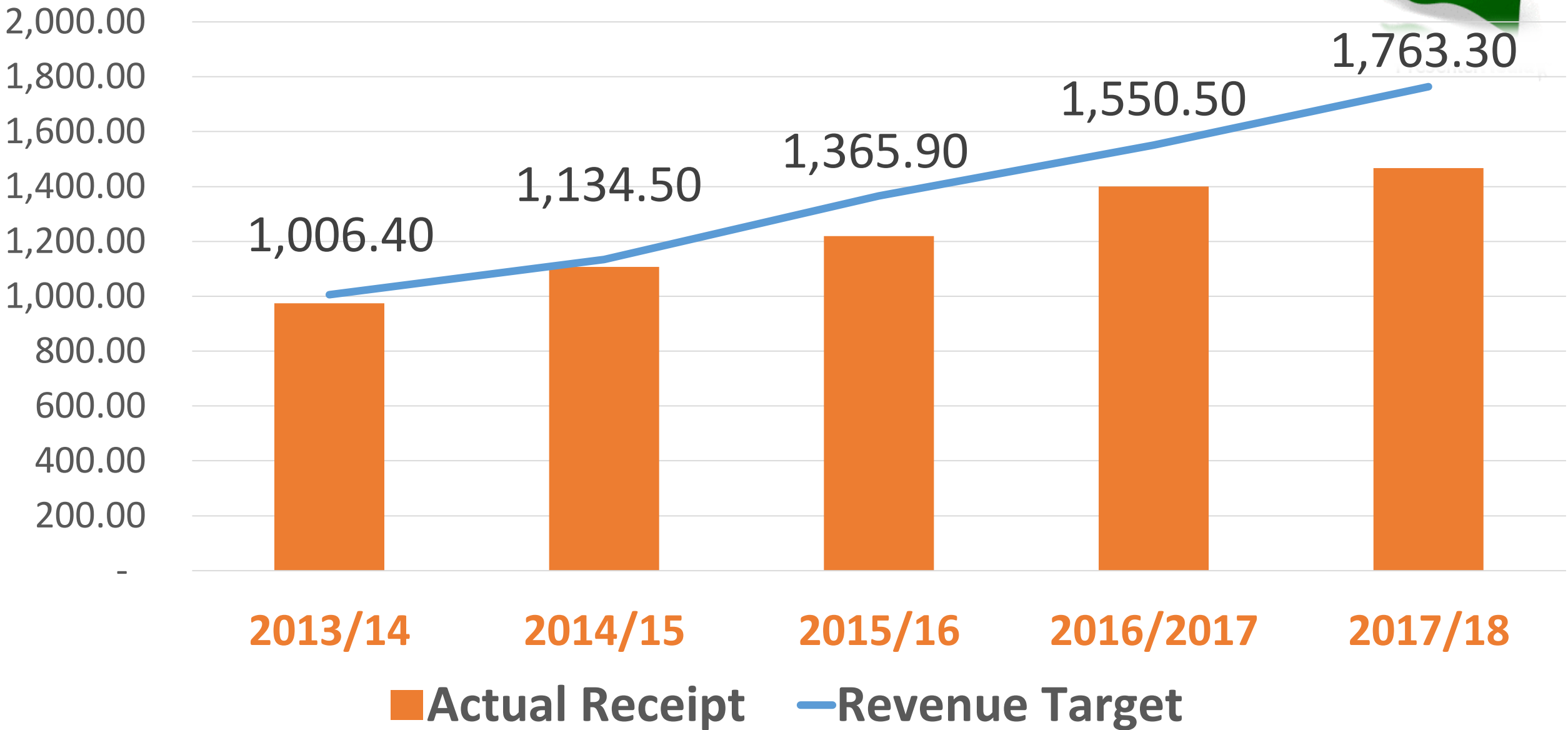
15 most problematic

Factors of doing business,

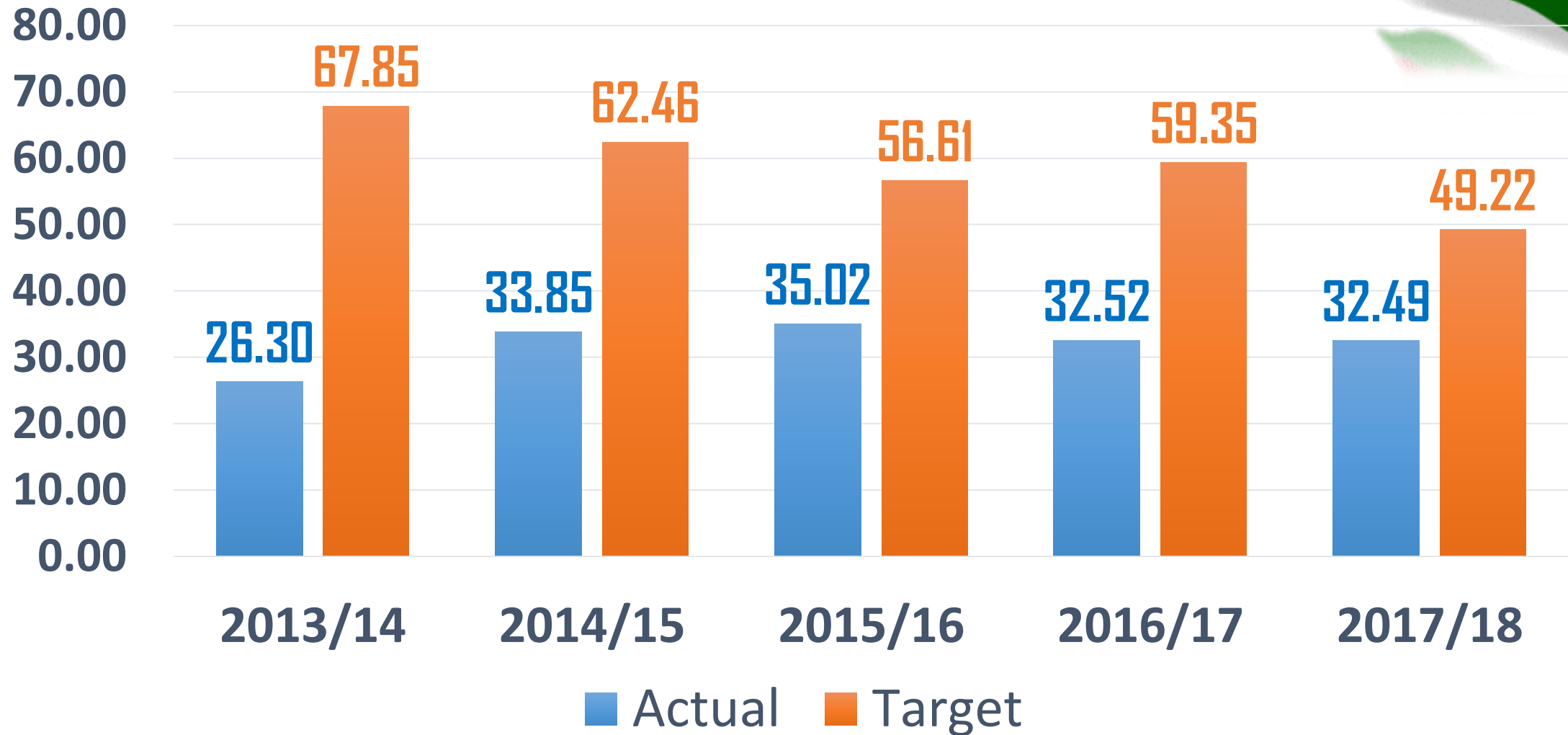
They chose worst 5 – GoK Role...??



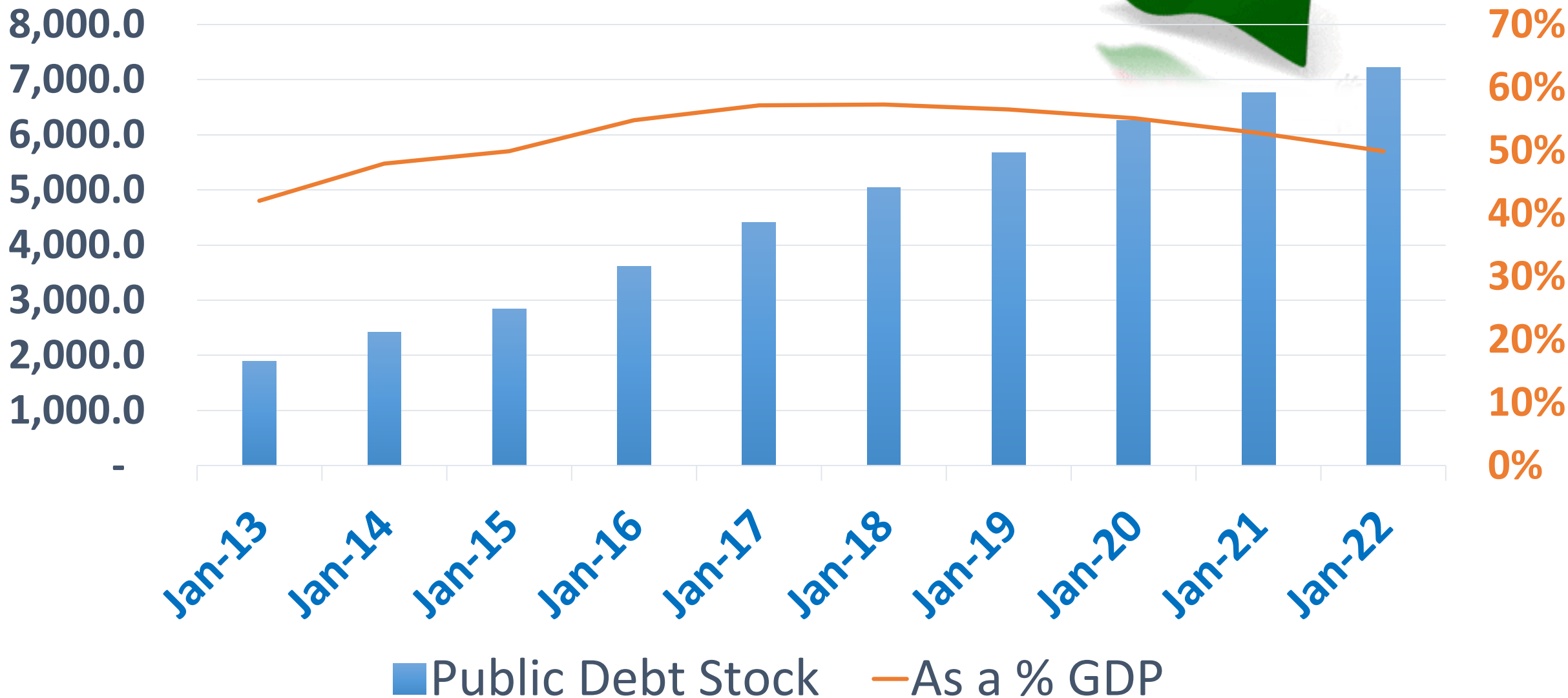
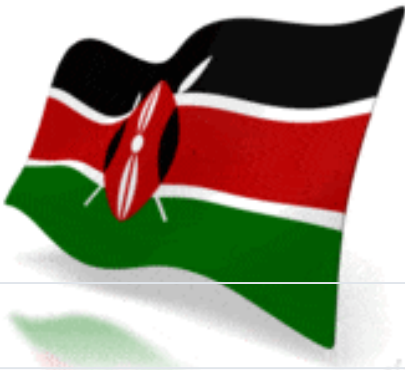
REVENUE COLLECTION 2013-2018



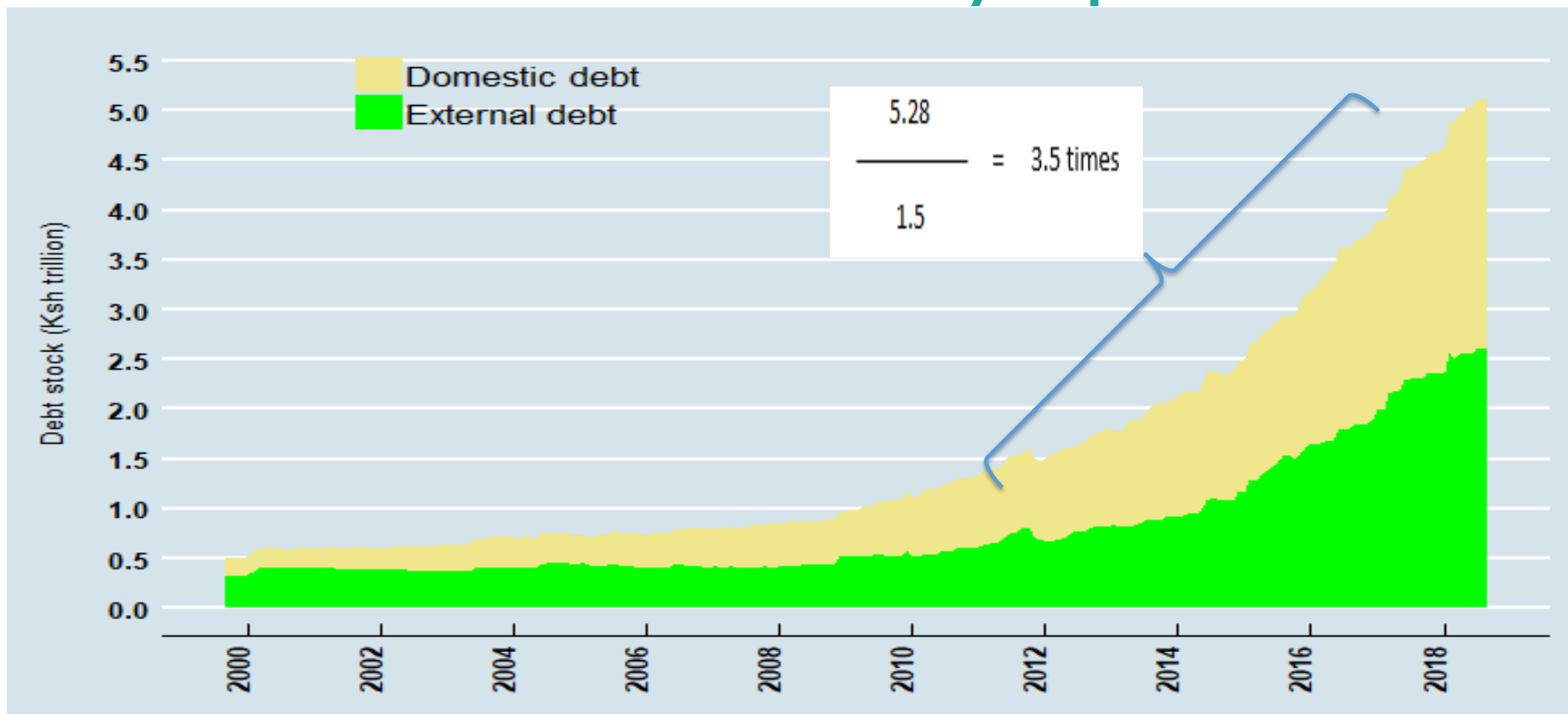
COUNTIES - OWN SOURCE REVENUE COLLECTION 2013-2018



PUBLIC DEBT TREND – BORROWING



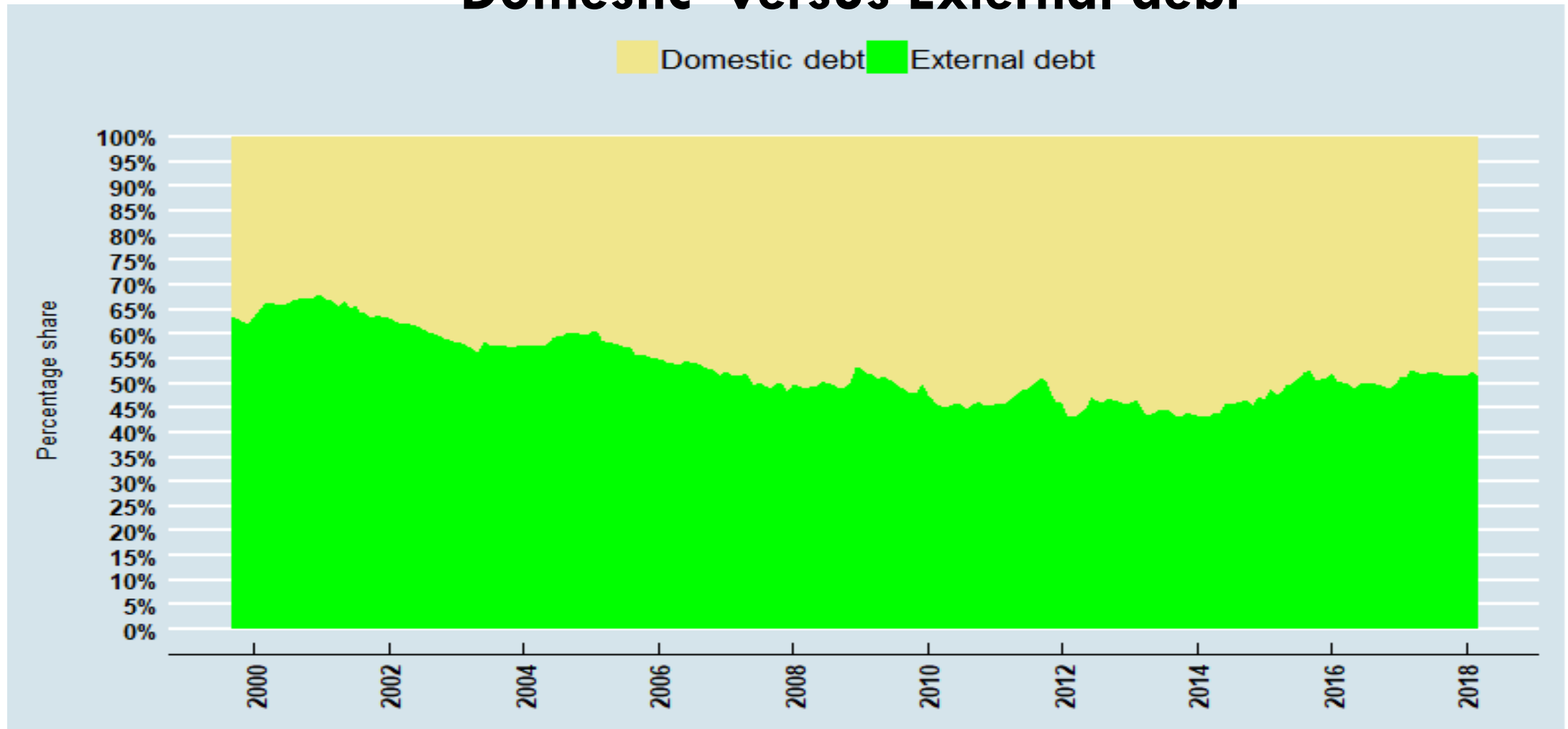
Size and evolution of Kenya's public debt



Source: Central Bank of Kenya

- By Dec 2018, public debt stood at Ksh 5.28 trn; domestic debt Ksh 2.57 trn and external debt Ksh 2.71 trn
- Public debt per capita in 2018: Ksh 110,460 vs GDP per capita of Ksh 186,192

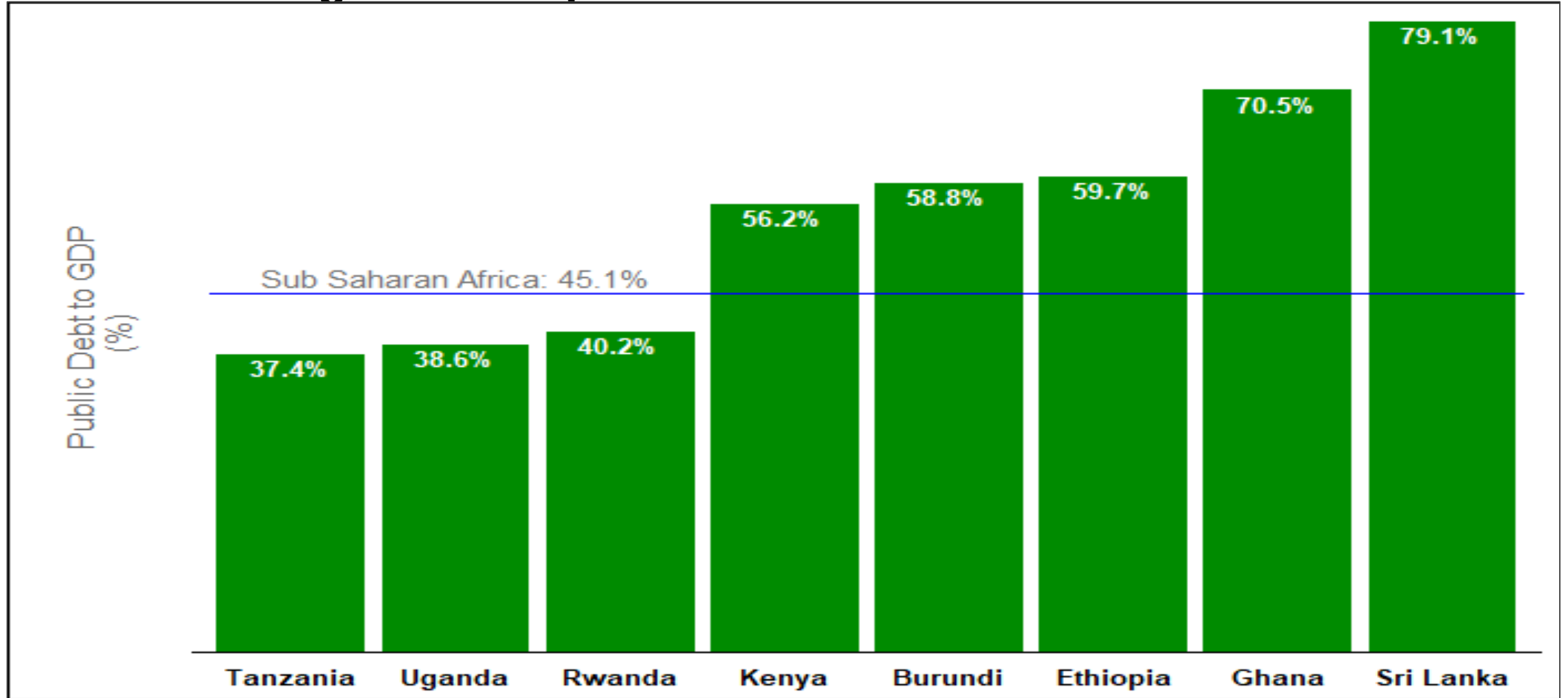
Domestic versus External debt



Source: Central Bank of Kenya

Public debt mix of external vs internal debt changed from 59%:41% in 2002 to 51%:49% in 2018 against debt strategy target mix of 60%:40%

Regional Comparison of Debt to GDP - 2017



Source: National Treasury | Medium Term Debt Management Strategy 2018/19-2020/21

Debt Sustainability Assessment, Dec 2018

Indicator	Threshold (%)	2016 Act.	2017 Est.	2018 Proj.	2019 Proj.
PV of public debt to GDP ratio	70	50.6	55.4	60.6	59.9
PV of public debt to revenue ratio	300	275.9	285.0	299.6	292.9
Debt service (Total) to revenue ratio	30	36.3	42.7	44.8	49.4
Debt service (External debt) to exports ratio	21	9.0	16.5	19.9	26.2
Overall risk level	Low	low	moderate	moderate	moderate

$$PV = \frac{P_1}{1+r} + \frac{P_2}{(1+r)^2} + \dots + \frac{P_n}{(1+r)^n}$$

DEBT SUSTAINABILITY THRESHOLDS

	Threshold	2017	2018	2019	2020	2021
PV of Debt as % of GDP	74	55.4	60.6	59.9	56.9	54.3
PV of debt as % of GDP (PFM)	50	55.4	60.6	59.9	56.9	54.3
PV of Debt as % of Revenue	300	285	299.6	292.9	282.1	269.7
Debt Services to Revenue Ratio (%)	30	42.7	43.7	48.2	48.1	47.8
Debt Stabilizing Primary Balance		0.1	-2.7	0.8	2.5	2.2

RISKS TO THE BIG 4



1. *Current political environment – BBI processes and early campaigns*
2. *President Speech During Madaraka Day Celebration 2020 – We are in a “Constitutional Moment”*
3. *The March 2018 ‘handshake’ between His Excellency President Uhuru Kenyatta and the Right Honourable Raila Odinga*

RISKS TO THE BIG 4



4. *The Taskforce was appointed by Gazette Notice No. 5154, published on 31 May 2018*
5. *Report submitted to the President on 26th November 2019 and was also unveiled to the public launch at BOMAS*

2007-2008

PEV

EXPERIENCE &

AGENDA 1-4

A closely contested election. PEV in 2007/2008 (1,300 killed, 600,000 displaced). Deep seated issues

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;

Parties agreed to a four-point agenda:

- 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

CONCLUSION

- *There is need to realize the symptoms of Debt Stress*
- *Realistic Fiscal Consolidation*
- *Have spending Caps — Let growth Buy Space*
- *Extend tenure of Largest loans*
- *Parliamentary Oversight*



CONCLUSION

- *Effective and proper functioning counties is key to the delivery of the Big 4*
- *The growing public debt is an issue of concern*
- *A free, fair & credible elections are key but it is not the panacea for the all our problems*



**THANK YOU
FOR YOUR
ATTENTION!**

Q&A