Improving public policy making for economic growth and poverty reduction

KIPPRA

Policy Monitor

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UNEMPLOYMENT in Kenya

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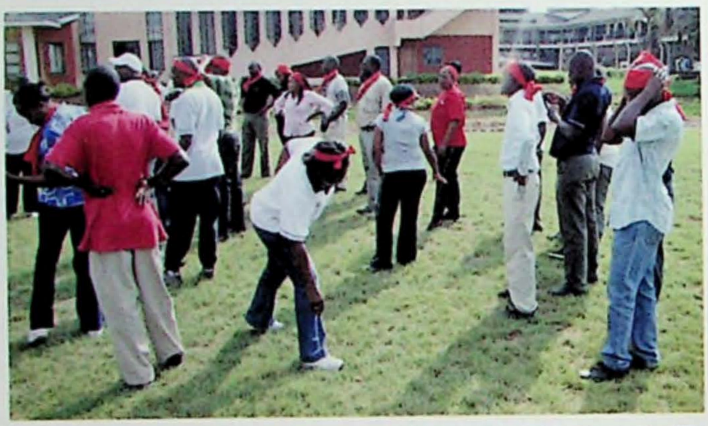
KIPPRA TEAM BUILDING, 8TH JULY 2011



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Our Vision: *To be the leading institute in public policy research and analysis; an international centre of excellence*

Our Mission: *To provide quality public policy advice to the Government of Kenya and other stakeholders by conducting objective research and through capacity building in order to contribute to the achievement of national development goals*

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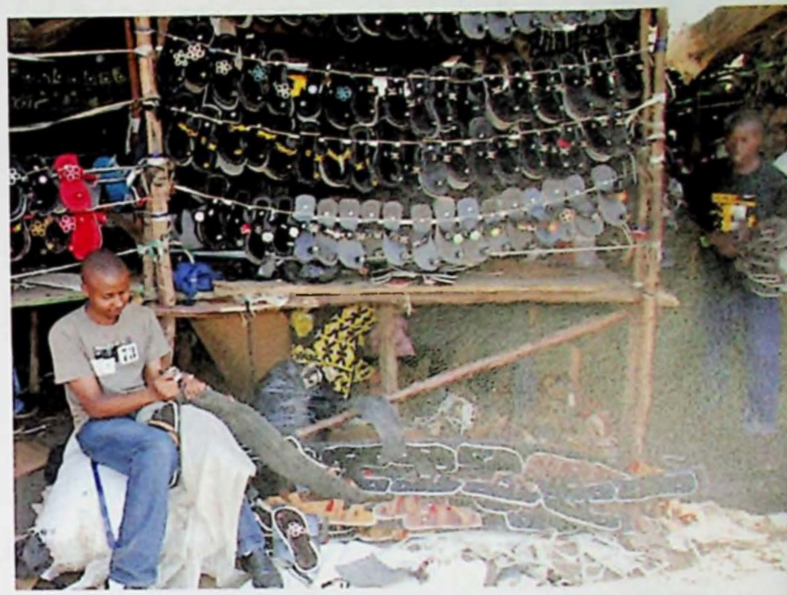


from the Executive Director

The *KIPPRA Policy Monitor* is back, revamped and fully rejuvenated to provide incisive and stimulating commentaries on public policy issues that face our country, Kenya. This newsletter has not been published for the last couple of years due to unavoidable operational circumstances.

The newsletter is part of our strategic objective of enhancing communication and reaching a wider audience. We are cognizant of the need to provide public policy advice to the Government and other stakeholders, engage the public by sharing ideas, provide an opportunity for feedback, as well as contribute to public policy analysis and formulation.

In this issue, the article on unemployment spotlights on the magnitude and nature of the problem which, if not addressed urgently, will derail the government's efforts towards the achievement of the Millennium Development Goals and Kenya Vision 2030. Moreover, there is grave danger that this could lead to social and political instability, much worse than what was experienced during the post-election violence of early 2008. Over the last year, KIPPRA has worked closely with the National Economic and Social Council (NESC), UNDP-Kenya, and DANIDA in carrying out studies that analyse the unemployment situation in Kenya and propose policy interventions to address the problem. Some of these proposals are being considered

Moses M. Ikiara, PhD
Executive Director, KIPPRA

as the country develops a national employment policy and strategy. The article is a recommended reading for policy makers, development partners, academia and the general public.

The article on managing Kenya's ethnic diversity borrows from a study commissioned by the Office of the President - Cabinet Office - to which we are greatly indebted. The study, conducted by the Institute in 2011, observes that the ethnic conflicts that have occurred in the past have largely been associated with mismanagement of ethnic diversity. Therefore, design and effective implementation of public policies for managing this diversity in the country are critical for the realization of the country's medium and long term development goals. Moreover, equitable distribution of national resources and effective delivery of services to all communities would go a long way in correcting the negative ethnic attitudes or feelings that have precipitated various social-political crises in the past.

Heated, and often highly emotional, commentaries on the state of the education sector inundate the media every time national examination results are released. While the introduction of Free Primary Education opened doors for children from poor families - thus leading to impressive gross enrolment rates that have won the Government accolades internationally - only about half of the children transit to secondary education. What are the consequences of this low transition? Is automatic progression to secondary school the solution? What are the lessons from other countries? The short commentary on the case for automatic progression from primary to secondary school - one of the major proposals that has been associated with the debate on low transition rate - is another recommended reading!

The Kenya Economic Outlook based on the KIPPRA-Treasury Macro Model (KTMM) shows that economic recovery is expected to be maintained, though below the targets set in the Medium Term Plan 2008-2012. The analysis points out some important interventions required to deal with the slow-down, and to ensure economic stability.

The Vision 2030 aims to make Kenya a newly industrializing middle income country providing high quality of life for all citizens by the year 2030.

However, for this to happen, there is need to enhance energy security. The article on Priming Kenya for Vision 2030: The Role of Clean Energy is basically a forewarning that unless Kenya develops an intensive clean energy programme, the goals of Vision 2030 may not be achieved. Evidence from most modern economies has shown that clean energy is one of the key components that drive such economies.

This newsletter also provides an update on the work being done or recently completed at the Institute, and also highlights some of the recent events.

I take this opportunity to acknowledge the tremendous effort of the editorial team in reviving the newsletter. We shall strive to ensure that it comes out regularly as scheduled.

Finally, we hasten to acknowledge the significant capacity for policy analysis in this country, and therefore the inevitable diversity of opinions, which is a very important determinant of the quality of public policies. The opinions expressed in this newsletter do not, therefore, necessarily reflect the official position of KIPPRA, the Government of Kenya, or our development partners.

Karibuni!

On behalf of the KIPPRA fraternity, I hope you will enjoy reading the *KIPPRA Policy Monitor* and find it useful too.

Moses M. Ikiara, PhD
Executive Director, KIPPRA
December 2011

SOME ONGOING KIPPRA COLLABORATIONS

KIPPRA and Brookings Institution have entered into a two year partnership to conduct research and outreach activities that produce new, high quality research on Africa economic development and structural transformation, with a particular focus on agriculture.

KIPPRA will undertake projects on: Assessing critical policy issues required to accelerate agricultural transformation in Kenya; Evaluating agricultural export performance: drivers of success for French beans and fruits; Do divisia monetary aggregates matter for monetary policy?; and Learning to compete project. For more information visit www.brookings.edu

Other ongoing KIPPRA collaborative projects include:

- Environment for Development (EFD), with Gothenburg University, Sweden;
- Gender Gaps in Secondary Schools, with UNIFEM;
- East African Economic Integration: Benefits and Challenges for the EAC Partner States, with the World Bank; Economic and Social Research Foundation (ESRF), Tanzania; and University of Ngozi; and Action Développement et Intégration Régionale (ADIR), Burundi; Trade and Development Links, Rwanda; and Economic Policy Research Centre (EPRC), Uganda;
- Establishment of Databases of Stakeholders in Policy Research and Advocacy in the Food and Natural Resources Sector, with the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN), and the College of Agricultural and Environmental Sciences, Makerere University;
- Kenya: A Comparative Perspective on Non-tariff Measures, with the International Trade Centre (ITC);
- Interface of Intellectual Property Rights and Competition in Kenya, with UNCTAD Research Partnership Platform (RPP);
- Encouraging Youth Savings in Kenya (YouthSave Project), with the Centre for Social Development (CSD) of Washington University in St Louis;
- Africa Governance Outlook (AGO), supported by the African Development Bank and African Capacity Building Foundation (ACBF); and
- Growth and Redistribution in Kenya: Needs Assessment for Cash Transfers, with the International Poverty Centre (IPC).

Unemployment in Kenya

by Eldah Onsomu (Policy Analyst, Social Sector Division) and Boaz Munga (Policy Analyst, Social Sector Division)

In many countries, long term unemployment and under-employment continue to soar. The unemployment rate of youth aged 15-24 in Kenya was 24% in 2005/6 compared to the overall unemployment rate of 12.7%. Under-employment increased from 5% of those employed in 1999 to 21% of those employed in 2005-2006. Urban unemployment rate (19.9%) was relatively higher than rural unemployment rate (9.8%), due to people moving to urban areas to seek employment. Due to the negative socio-economic impact on the economy, the unemployment problem can no longer be wished away. Social challenges such as delinquency and psychological disorders result from high unemployment, potentially affecting both public and private investments as well as economic growth.

It is against this background that KIPPRA conducted a study on the unemployment challenge in Kenya. The study examines the interventions and incentives that other countries have used to tackle unemployment.

Trends of Employment and Unemployment

Statistics from the Kenya Integrated Household Budget Survey (KIHBS) 2005/6 put the working age population (15-64 years) at close to 19.9 million Kenyans compared to 15.9 million in 1998-99. Out of the 12.3 million economically active persons in 1998-99, 10.5 million were employed while 1.8 million were openly unemployed. By 2005-06, the number of economically active persons had risen to 14.6 million, out of which 12.7 million were employed while 1.9 million were openly unemployed. In 2009, the labour force was estimated at about 16.4 million people. The national open unemployment rate was 14.6% in 1998-99 compared to 12.7% in 2005-06.

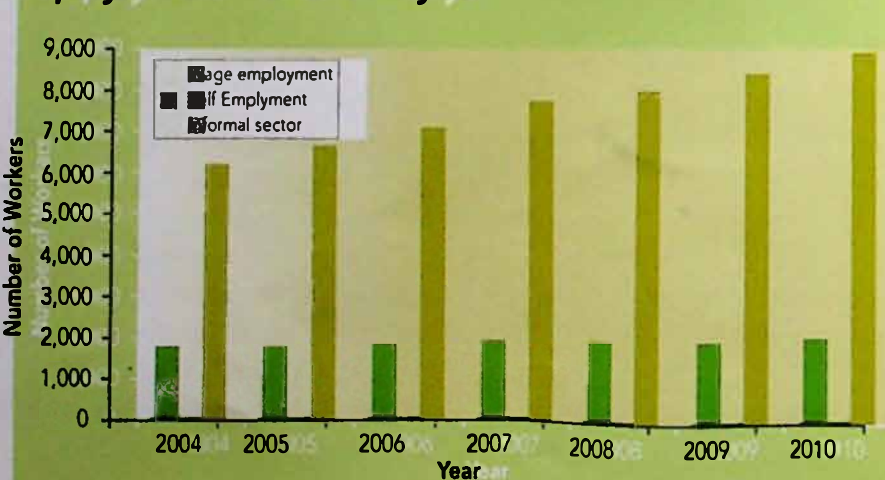
The period between 2003 and 2007 was marked by a turn-around in economic performance. This resulted in 500,000 jobs being created each year, and urban unemployment rate declining. However, most of the jobs were created in the informal sector. In 2004-2008, informal employment rose by 1,763,500 persons while wage employment increased by 178,800 persons. The expansion of the informal sector to absorb a large proportion of the growing labour force explains why open unemployment rates are relatively low.

Many of the jobs created in the informal sector have low productivity and earnings, with majority of the labourforce in this sector classified as working poor.

Causes and Nature of Unemployment in Kenya

Unemployment in Kenya is a youth phenomenon, and partly an outcome of the high fertility rates experienced in the 1970s and 1980s, which

Employment trends in Kenya



Source: *Republic of Kenya, Economic Survey 2009* contributed to a faster increase of the working age population. In 2005-06, the unemployment rate of youth aged 15-24 was 24% compared to the overall unemployment rate of 12.7%. The youth have relatively high open unemployment rates (25% for 15-19 year olds, 24.2% for those 20-24 years, and 15.7% for the 25-29 years) with the problem being severe in urban areas. The high rates of unemployment among the youth provides a serious challenge as it creates permanent scars, is demotivating, and can have diverse effects on politics as well as social harmony.

Under-employment increased from 5% of those employed in 1999 to 21% in 2005-06. This resulted from a decline in average wage per worker. The period 2004-2008 was characterized by slow formal employment growth with observations indicating that the average wage per worker was higher in the private sector than in the public sector - in both sectors the average wage declined. Notably, rural dwellers are less likely than urban dwellers to be openly unemployed. The movement of people from rural to urban areas, as well as natural growth in the urban population, is likely to increase the urban labour force. However, with relatively few employment opportunities, urban unemployment is high. Youth in Nairobi, for instance, are more likely to be unemployed compared to other regions, except North Eastern, because Nairobi, being the capital city, attracts youth from other regions, thus causing a strain on available job openings while North Eastern region is not well developed and may offer relatively fewer job openings.

Youth making and selling sandals

In addition, youth from hoseholds of low economic status are more likely to be unemployed compared to their counterparts from households of middle economic status, reflecting access to better quality social networks by households of higher economic status.

Individuals with primary education are more likely to be unemployed compated to those with other levels of education. Having secondary education increases the likelihood of being unemployed, while tertiary education reduces the likelihood of being unemployed.

The physically handicapped are more likely to be unemployed. Depending on job type, employers could use physical appearance to screen job applicants.

Given that a large number of the population as a proportion of total adult population is composed of the youth, the country is vulnerable to a youth bulge challenge. According to a 2010 UNDP report, a large youth cohort or youth bulge makes a country more unstable, in general, and thus more susceptible to domestic armed conflict, if their energies are not directed to productive areas. The 2007/8 post-election violence in Kenya demonstrated the collective frustration among the youth, predisposing them to be recruited as foot soldiers willing to engage in civil conflict.

The KIHBS 2005-06 data reveals that unemployment rates are highest between mid July and September, and December to February, with most people looking for work during these periods only having primary school level of education.

A second analysis offers: in eight months of the year, food poor individuals' hours of work are below the median for the population. In contrast, hours of work for food non-poor individuals are above the median in eleven months of the year. This suggests that if jobs were available, there is a reserve of time that can be tapped to reduce food consumption poverty. Therefore, lack of employment, more than time-poverty, appears to be the main constraint that prevents people from escaping poverty.

Seasonal variation in unemployment

Source: *Kenya Integrated Household Budget Survey (KIHBS) 2005/6*

Easing the Road Ahead

In an effort to make the labour market work better, Kenya has implemented public works programmes (PWPs) and established job search infrastructure. However, there are several challenges facing the implementation of PWPs, which include weak targeting mechanisms and lack of clear exit plans. These programmes can be improved by targeting the poorest individuals, consideration of seasonality in time use, and designing of evidence-based interventions, and interventions with clear exit plans.

The Kenya Jua Kali Voucher Programme has succeeded in making the training system work better for young people despite the implementation challenges. There is need to involve the private sector in such a programme, develop an exit strategy upfront before rolling out the scheme, and promote willingness of clients to pay for training.

Getting People Back to Work: Country Experiences

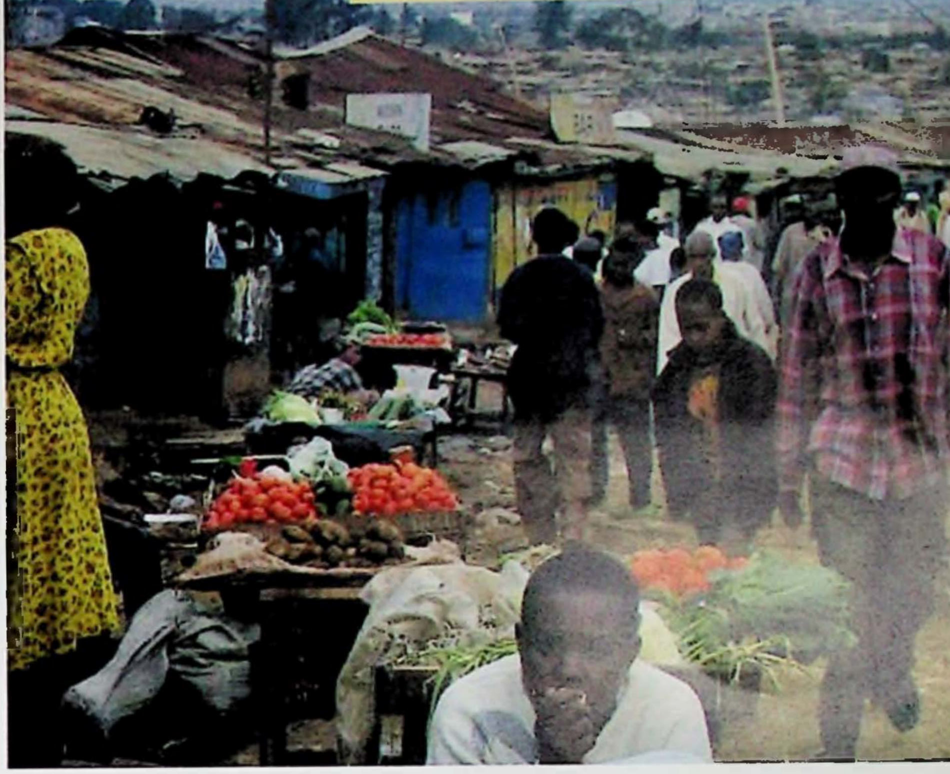
Governments across the globe are struggling to find innovative solutions to the unemployment and under-employment challenge. Skills targeting post-formal schooling represent the most common type of intervention in all the reviewed countries.

The interventions in developing and transition countries tend to be more successful than in advanced economies because of greater labour market flexibility. Also, rigidity of employment protection laws reduces the likelihood of a programme turning into positive employment benefits.

...a job creation programme that targets both the unemployed and the under-employed has the highest impact on reduction of extreme poverty.

Sector Contribution to Employment Creation

A simulation exercise comparing job creation through PWPs and a child cash transfer programme shows that a job creation programme that targets both the unemployed and the under-employed has the highest impact on reduction of extreme poverty. However, if only the openly unemployed are targeted, a job transfer programme would be the preferred social transfer programme only for urban areas, and child cash transfer programme in rural areas. More so, given that few sectors generate additional employment for people with low skills and education, skills development appears as the



Unemployment leads to growth of slums, and various coping mechanisms

most viable intervention for this group.

Using results from the Kenya Social Accounting Matrix 2003, the livestock sub-sectors yield, on average, the highest increase of additional employment within the economy, while a stimulus to the horticulture sector - especially vegetables - generates the highest labour demand to the economy.

Policy Suggestions

The labour market in Kenya is segmented and policy proposals may not be equally effective among the diverse group of the unemployed individuals.

Crosscutting Proposals

Kenya must accelerate and sustain high rates of economic growth in order to create jobs for the labour force. This can be achieved by reducing the cost of doing business, keeping political and macroeconomic risks low, simplifying business registration processes, improving governance, improving physical infrastructure, and curtailing crime.

Financial assistance programmes are popular interventions for improving chances for entrepreneurs, and have had some success in stemming unemployment in many countries. However, entrepreneurial training is a key success element of financial assistance programmes. The Youth Enterprise Development Fund (YEDF), for example, should consider the issue of systematic training to complement funding activities. Other elements important for success are efficient business support services, as well as monitoring and evaluation (M&E) system. The integrated employment and wealth creation programme for micro and small enterprises as a business support service should be implemented vigorously.

A consultative process on the implementation of the new labour laws should take into account the concerns of social partners. After a year or two of implementing the new labour laws, a review should be conducted to assess the impact on labour costs, employment and other important labour market outcomes.

Given that the sectors with the largest potential for job creation are agriculture-based, there is need for increased investment in irrigation, which would reduce seasonal vulnerability. Enhanced irrigation is a pathway to transforming agriculture to high value production systems.

The government should commission a school-to-work transition survey to improve the design of employment policies and programmes for the youth, which would help assess the relative ease or difficulty of the youth's transition from school-to-work life. This would help in identifying levels of skills, perceptions and aspirations in terms of employment, job search process, barriers to entry into the labour market, as well as the preference for wage employment versus self-employment.

Obviously, analysis of the unemployment phenomenon and its aspects in Kenya is hampered by lack of appropriate data. The national labour force survey instrument should be reviewed and modified to capture unemployment spells, transitions into and exit from unemployment.

Since urban dwellers have higher probability of being unemployed than rural dwellers, rural development programmes, especially as envisaged in the devolved government framework, can create synergies for more employment creation and enhancement of productivity in rural areas, thus stemming rural–urban migration and reducing the relatively higher urban unemployment rates.

The Productivity Centre of Kenya (PCK) is responsible for improving national productivity. For it to carry out its mandate fully, it requires adequate staff capacity and funding. Additionally, local and international linkages ought to be built so as to benefit from best practices globally.

Addressing unemployment among less educated and out of school youth may require additional measures other than policies that stimulate production of goods and services. For superior outcomes, public works programmes should be targeted at the poorest individuals/households, and probably intensified during periods of lean labour demand.

In the medium and long-term, integration of skills development into national and sector strategies should be undertaken. This should encompass: (a) vocational training, including apprenticeship systems; (b) literacy and numeracy interventions targeted at dis-advantaged young adults; and (c) informal education targeted at out of school youth. These training interventions require strong partnerships between the government and other stakeholders.

Increased access to information on training opportunities and finance (e.g. voucher schemes, training subsidies, and credit facilities) to potential trainees is beneficial and, as the pilot Jua Kali voucher programme in Kenya points out, consideration should be given to this avenue.

Lack of employment opportunities has left many Kenya's idle in urban areas

To address the problem of skills mismatch, a skills gap analysis should be conducted to identify such gaps. Modalities should be put in place to expand links between institutions of learning and relevant industries (e.g. attachments for students and instructors). This will ensure that the curricula reflect skill needs of industries, as employers contribute in curriculum development in training institutions.

While the East Africa Community offers a large market for Kenya's labour force, there is need to develop policies and regulations that encourage labour migration, in addition to mechanisms that protect Kenyans working abroad, without encouraging brain drain. Mechanisms and incentives that facilitate remittance and investment inflows should be set up and/or encouraged. Finally, a targeted wage subsidy would encourage employers to hire unemployed young workers.

Note: We acknowledge the contributions of the other co-authors of the Study on Unemployment in Kenya.

During the year 2012, KIPPRA with support of the Office of the Prime Minister will undertake further research on unemployment, especially of the youth in Kenya.

National Transfer Accounts

KIPPRA in collaboration with the University of Nairobi held a dissemination workshop on National Transfer Accounts (NTA) for Kenya on 8th November 2011. It was attended by 32 participants from the government, universities, the Kenya National Bureau of Statistics, and the media.

Prof. G. Mwabu of the University of Nairobi makes the keynote presentation during the NTA workshop

During the workshop, participants were taken through the key findings for the Kenya case on NTA. The NTA provide estimates with sufficient historical depth to support important insights into changing social patterns and the effects of public policy.

The National Transfer Accounts is a worldwide research network for advancing the understanding of the generational economy, with member countries from Asia-Pacific, the Americas, Europe and Africa. It assesses the economic impact of changes in population age structure in a wide variety of social, economic and political settings. More information on NTA can be obtained from www.ntaccounts.org

Narok University College students visit KIPPRA

Students of public administration from Narok University College paid a visit to KIPPRA on 2nd December 2011 as part of their learning programme. Such visits provide students with an opportunity to better understand the mandate of the Institute as well as some of the research being undertaken.

Curbing Capital Flight from Africa

Prof. J. Kieyah of KIPPRA makes a presentation on 'Policy as a driver to capital formation and repatriation into developing countries for economic growth'

Every year, huge unreported flows of money are leaving developing countries and ending up in rich countries or the so-called tax havens.

KIPPRA was represented at a breakfast debate organized by Forum Syd and Diakonia, which discussed the impact of money leaving developing countries as illicit capital flight per year, and constituting an immense amount of loss in state income.

Almost two thirds of capital flight originates from multinational companies that evade paying tax. The methods commonly used by these companies include transfer mispricing, falsified invoicing and round tripping.

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Managing Kenya's Ethnic Diversity

by Eldah Onsomu and Boaz Munga (Policy Analysts, Social Sector Division)

Kenya is an ethnically diverse nation with over 42 ethnic communities with distinct cultures, languages and ideologies which, if effectively managed, can greatly contribute to the country's sustainable development.

However, negative perception of ethnicity has been a potent force that has haunted the country in pre- and post-colonial eras. Often, negative perceptions of ethnicity by members or segments of society are associated with inequitable resource distribution and access to employment opportunities along ethnic lines. Resource allocation by the public sector is a major factor linked to ethnic conflicts and unhealthy competition among Kenyan communities. The general population has come to believe that if a particular group or region dominates government, that group would get a disproportionately large share of the national cake. These negative perceptions of ethnicity need to be corrected, and positive perceptions promoted through deliberate policy measures.

A study conducted by KIPPRA shows that the ethnic conflicts that have occurred in Kenya in the past are largely associated with mismanagement of ethnic diversity, and have sometimes led to serious socio-economic and political outcomes. To that end, both the design and effective implementation of public policies for managing ethnic diversity in Kenya are critical for realization of Vision 2030 and, more generally, for sustainable development. Moreover, equitable distribution of national resources (including employment and educational opportunities) and efficient delivery of services to all communities without regard to their ethnic backgrounds would go a long way in correcting the negative ethnic attitudes or feelings.

State of Ethnic Relations in Kenya

The present state of ethnic relations in Kenya could be described as cordial. About 4 out of every 5 (or 79%) of Kenyans attach great importance to ethnicity in defining their identity, and hold that ethnic diversity is enriching in terms of social heritage and contributes positively to national unity.

There is evidence to suggest that socio-economic class differences are more pronounced than ethnic differences, given that a smaller proportion of Kenyans, about six out of every ten (62%), hold the perception that socio-economic groups are getting along well–with the rest (about 35%) stating that socio-economic groups are getting along poorly or very poorly.

The overriding perception among Kenyans (56%) is that public goods are not distributed fairly across regions, and a clear majority (84%) agree that "a more equal distribution of public goods would reduce ethnic tensions drastically." Even though Kenyans experienced the post-election violence in 2007, most (87%) of the respondents have "not felt uncomfortable or out of place in the recent past" because of their ethnic background. Most Kenyans (over 60%) are optimistic that over the next ten years, both inter-ethnic and intra-ethnic relations will improve.

In self-identifying themselves, most Kenyans choose to identify themselves using a non-ethnic label such as "Kenyans" (40%) or religion, occupation, gender and social class (30%), thus there is widespread nationalistic identity among Kenyans. About one in every four Kenyans (26%) identify themselves using an ethnic designation. The proportion of respondents that uses tribal, clan or regional descriptions falls unambiguously as one moves up the education ladder, from 31.5% for those with no education to 8.2% for university graduates. The findings suggest that, on average, a more educated populace would imply less tribal or clan cleavages as far as self-ascribed identification is concerned. In addition, ethnic affiliation or cleavages seem to be more rooted among the older members of society. A larger proportion (28.4%) of persons aged 50 years old or higher was more


Policemen confront rowdy demostrations during the 2008 post-election violence

If access to state power is the only route to wealth, then competition for control of these institutions is likely to be intense, protracted, and deadly. This may explain the intense struggle to win control of state resources by the political elite in Kenya's conflict-stricken elections of 2007.

likely to describe themselves along ethnic or clan lines, compared to only 16% among persons under 20 years and 22% for those in their 20s (i.e. aged 20-29 years).

Most Kenyans depict themselves as non-tribal or at least tolerant of other ethnic identities, and "have not experienced difficulties" living or relating to (or even working or studying) with people of a different race, religion, ethnic group or socio-economic class. However, the proportion of those who have experienced these stated difficulties are highest for socio-economic class followed by ethnicity. Only about 1 in 4 Kenyans (26%) state that they completely trust members of other ethnic groups. This proportion is lower than the proportion that completely trusts their neighbours (about 44%) or members of their own ethnic group (about 45%).

Potential Causes of Ethnic Tension and Conflict

Ethnic tensions are caused by a number of factors, including poverty, economic performance, inequality and negative cultural values. Poverty is likely to generate straightforward grievances and limit the ability of the government to provide access to critical services such as education or access to economic opportunity and employment. The effects of poor economic performance may also curtail job creation and exacerbate poverty, thus leading to ethnic conflict. In addition to poverty, inequality between distinct groups is a strong incentive for conflict. Inequality usually props up ethnic identities when ethnicity overlaps with other forms of grievance, such as economic dissatisfaction. Deep-seated prejudices, cultural practices and antipathies may also cause conflict, an example being the culturally accepted cattle rustling practiced among a number of communities in Northern Kenya.

There are several broad political economy arguments that link natural resources such as land, water, oil and valuable minerals to conflict. Land remains a sensitive issue, and in many ways explosive based on the fact that it is a critical resource for supporting livelihood. It also represents an important source of wealth and power. The potential for one group dominating the other group implies the likelihood of permanent exclusion for minority groups from political power. Such exclusion may lead to grievance and conflict.

Ethnic conflict or tension can also be caused by weak institutions of governance as well as by corruption and patronage. As a recent example, popular distrust rendered crucial institutions such as the former Electoral Commission of Kenya (ECK) and the judiciary unable to mediate the 2007 election process and its resultant impasse. In a setting characterized by poverty, competition over political and economic power will be seen in zero-sum terms. If access to state power is the only route to wealth, then competition for control of these institutions is likely to be intense, protracted, and deadly. This may explain the intense struggle to win control of state resources by the political elite in Kenya's conflict-stricken elections of 2007. In the context of weak institutions. such competition is likely to degenerate into destabilizing forms of conflict.

There is evidence to show that the problems associated with ethnic diversity are due to mismanagement. Persons with low levels of education are likely to perceive ethnicity as an impediment to progress compared to their educated counterparts. To this end, effective design and implementation of public policy is a crucial element for managing ethnic diversity. In addition, effective distributive service delivery institutions are important.

Policy Suggestions to Stem Ethnic Tensions and Conflict in Kenya

To transcend ethnicity, the first principle is to recognize that people fall back on ethnicity when projects and loyalties are found wanting. Kenya can succeed in tackling ethnic tensions by increasing transparency in the manner in which the limited national resources are distributed among communities; by having zero tolerance to politicians and other members of the society that promote negative ethnicity (this fight should be elevated to a higher level than the anti-corruption one); and by including studies on positive ethnicity in school curricula. While these measures constitute the immediate focus or re-emphasis, the main means of sustaining healthy ethnic relations is to continue searching for innovative ways of accelerating and maintaining high economic growth, nudging the sources of growth to sectors (primarily agriculture, food processing, micro and small enterprises) that offer better economic opportunities to poor people, and by developing and sticking to a social investment programme that systematically uplifts all regions of the country, particularly those currently afflicted by high poverty rates.

The government through the National Cohesion and Integration Commission (NCIC) and other agencies should ensure zero tolerance towards promotion of negative ethnicity, in addition to diminishing ethnic-based politics. This can be achieved by implementing and enforcing measures in the new constitution that require political parties to have a national image (Article 91) and enforcing legislation that relates to prosecution of individuals or groups that promote negative ethnicity.

Apart from sustaining economic growth, there is need to address glaring inequalities. Public policy formulation and implementation should be carefully designed and implemented in order to avoid socio-economic policies that inadvertently create ethnic divisions where there were none. Initiatives such as the devolution provided for in Chapter 11 of the Constitution, the *equitable* sharing of resources (Article 203 (2)) and the establishment of the Equalisation Fund (Article 204) are laudable as they ensure equitable allocation of national resources to all regions, ostensibly promoting equitable regional development. As evidenced from the KIPPRA survey, it is equally important to curtail inequalities that may result from the structure of the economy. Policy interventions include the need to target activities where majority of the poor participate, and programmes and projects that enhance agricultural productivity.

Poverty and low economic growth are highly correlated with the emergence of civil conflicts. The government and development partners must ensure that the country is placed in a sustainable growth path as a necessary condition to reduce poverty. The private sector should be effectively supported to create more jobs, such that the public sector is not seen as the main source of employment and thus the area of contest for livelihoods along ethnic lines.

Efforts should be put in place to ensure benefits of economic growth are equitably redistributed from the centre to local communities. Local communities on their part should actively participate in both decision making processes at the grassroots level and in the overall generation and management of resources.

A land use and settlement policy that supports and promotes multi-ethnic sensibilities, sharing and mutual peaceful co-existence is critical. The national land policy enacted by Parliament in 2010 is expected to increase accessibility to land by the landless. The measures envisaged in the policy can work effectively if: (i) land rental markets are improved or activated, and (ii) a land fund is created to help the landless purchase land. Given the large tracts of arid and semi-arid land in Kenya, there is ample room to design publicly-funded irrigation projects and thereafter to redistribute the more productive land. There is urgent need to carefully resolve competing land

Ugly scenes witnessed during the post-election violence of 2008

Rural development programmes such as road construction, rural electrification, and health facilities may lead to increased agricultural productivity and development of rural non-farm jobs suitable for the youth. Areas of intervention important for the youth include: expanding public works opportunities; developing job demeanour as well as job search skills; in addition to supporting and guiding youth-led socio-political networks.

claims through specialized land courts; mediation and arbitration; and/or utilization of a claims commission.

The government in association with other stakeholders should promote alternative livelihood resources especially in regions with natural resource-based conflicts. Specific actions could include: identification of regions with conflicts based on natural resources; quick assessment on the nature of problem; and applying necessary interventions, such as rehabilitation of natural resources.

Action areas include introducing curricula that impart national values, espousing tolerance of other ethnic groups, and restructuring the quota system of education to encourage greater learner interaction across ethnicities. A key finding from the KIPPRA survey is that a higher proportion of more educated individuals preferred to be identified as Kenyans relative to those with lower education attainment. Thus, efforts towards improving access to secondary and post-secondary education among Kenyans have the potential to promote ethnic tolerance. Access to education, training and skills development must not be skewed in favour of certain ethnic groups to enhance equal opportunity in employment and reduce disparities in socio-economic outcomes across ethnic groups. Programmes that promote national consciousness and patriotism should be formulated to address ethnic diversity and promote cross-cultural interaction and exchange among the youth, both in secondary and post-secondary institutions.

Strengthened and legitimate state institutions with effective bureacracy, democracy and compliance with laws, rules and collective national norms would address some of the causes of negative ethnicity in the country. Coupled with decentralization that has a regional focus, this would ensure equitable development. As such, the devolved system of government has great potential in diffusing ethnic competition for political power, and enhancing ethnic harmony.

Public service delivery should reflect the three core values of representativeness, inclusiveness and quality. Affirmative action initiatives should move beyond the questions of access to jobs to issues of how the public service is responsive to the diverse needs of the entire population. Practices of ethnic tolerance, mutual respect, open communication, effective grievance handling, and inclusive mediation, equality in law and in the offerings of economic opportunities, should encourage social cohesion and discourage ethnically-based discriminatory practices.

Cross-ethnic associational life could be a mitigating factor in the causation of ethnic violence and riots. For this reason, public policy should lend support to such associational life. This can be done through public subsidies to organizations promoting cross ethnic links, sports and partnerships among individuals, especially the youth drawn from different ethnic groups. Given the high unemployment rate among the youth, entrepreneurial cultural activities ought to be encouraged. The NCIC may consider creating a fund for innovative proposals on national cohesion activities/programmes from youth groups and other stakeholders.

There is need to promote a unifying language such as Kiswahili across social and work life in Kenya. This may be in form of directives encouraging the use of Kiswahili (or English) in work places and other public places.

To make economic management more effective, there is need to address the issue of data gaps. Rather than fear the repercussions of exposing the real extent of inequality by ethnic groups, the Government should be transparent about it and develop unprecedented targeted programmes of addressing the problem. This should be complemented with monitoring and evaluation, and publication of the progress made annually or after every two years. In fact, this is along the requirement in the Constitution for the President to submit an annual report. In this respect, there is need for secondary data that is disaggregated on ethnic background in all the sectors.

Given Kenya's diverse groups and cultures, deliberate and innovative ways of building positive acceptance of ethnic diversity (through capacity building) are crucial for enhanced productivity, performance and cohesion in all spheres of life.

Finally, there will be need to improve management of post-conflict situations by developing quick mechanisms of registering and screening post-conflict victims to reduce incidences of bogus victims, and sensitization on cost of conflict or benefits of peace.

Note: We acknowledge the contributions of the other co-authors of the study on Managing Kenya's Ethnic Diversity

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Outreach Cont. from p. 11

National Cohesion and Integration Policy Regional Consultation Workshops

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) in collaboration with the Ministry of Justice, National Cohesion and Constitutional Affairs and the National Cohesion and Integration Commission held 10 regional workshops from 31 October - 24 November 2011 to solicit views and information towards the formulation of the National Cohesion and Integration Policy for Kenya. The workshops were held in Nakuru, Kisumu, Kakamega, Nyeri, Kitale, Isiolo, Wajir, Machakos, Mombasa and Nairobi, with over 1,000 stakeholders (100 participants per workshop) drawn from state and non-state organs. The workshops were supported from various development partners, among them GIZ and Konrad Adenauer Foundation.

The aim of the policy is to ensure that Kenya becomes a prosperous, equitable and socially cohesive society where citizens have a shared vision and sense of belonging alongside the recognition of their diversity. The policy is being developed in the context of the Constitution of Kenya (2010) and the Kenya Vision 2030.

During the consultative meetings, information and views were collected on the concepts of national cohesion and integration; historical gaps and challenges in the creation of national cohesion and integration in the country; factors that can promote national cohesion and integration, and the challenges to their application; strategies and interventions towards achieving and sustaining national cohesion and integration; roles of stakeholders; resource mobilization; and implementation and monitoring.

Kenya Economic Outlook

by Dickson Khainga (Senior Policy Analyst) and Benson Kiriga (Policy Analyst), Macroeconomics Division

The economic recovery that started in 2009 continued through 2010 when the economy registered a remarkable growth of 5.6%. This was more than double the growth of 2.6% registered in 2009. Recovery strengthened further towards the end of 2010.

Year-over-year growth reached 7.2% in the last quarter of 2010; the highest quarterly growth rate since the 2007/08 crisis. This strong performance continued in the first quarter of 2011, with a growth rate of 4.9%. However, the risks of drought, and high oil prices due to political turmoil in the Middle East and North Africa started emerging in 2011. Growth slowed down to 4.3% in the second quarter compared to 4.6% registered during the same quarter in 2010. However, there were indications that recovery continued to lose momentum as the rate of inflation continued to rise amid supply constraints due to drought, weakening currency and worsening external current account position. Consequently, growth in the third quarter is estimated to have slowed down to 3.6% compared to 5.7% growth during the same quarter in 2010.

Economic growth is expected to be maintained, though below the medium term plan targets. KIPPRA estimates growth to slow down to about 4.5% in 2011 but to recover to 5.2% in 2012. Inflation is expected to increase to an average of about 14% in 2011, up from 4.1% in 2010. However, inflationary pressure is expected to ease as the Central Bank of Kenya pursues a tight monetary policy, and agricultural output starts to get to the market following rains during the fourth quarter of 2011.

While the execution of infrastructure projects will continue to support growth, successful implementation of the constitution should enhance investor confidence. Other efforts geared towards creating a favourable investment climate through continued macroeconomic stabilization, and structural reforms are expected to lay the foundation for enhanced growth. The widening of the regional market through COMESA and the East African Community (EAC) is also expected to play a significant part in the translation of investment plans into actual projects to cater for expanding regional market. The regional economies are expected to continue growing strongly, which will support private investment.

For international trade, the current promotion activities in the tourism sector aimed at selling Kenya as a preferred tourist destination are expected to sustain expansion in tourism. Imports are expected to expand with economic growth. The Euro debt crisis and projected slow-down in the global economic activity may pose downside risks to growth.

Economic growth is projected at 5.2% for 2012, 6.0% for 2013 and 7.2% for 2014, consistent with Kenya's potential output.

Fiscal prudence by the government in 2010 and 2011 has supported the economic recovery so far experienced. While overall expenditures to GDP rose from 30.2% to 32.7% in 2009/10 and 2010/11, respectively, the bulk of the increases in the expenditures were channeled to development purposes. Consequently, development expenditure as a percentage of GDP increased from 8.9% to 10.1%, while recurrent expenditures rose from 21.0% to 22.3% of GDP over the same period.

Kenya's medium term projection for selected economic indicators

	2009	2010	2011	2012	2013	2014
% changes, international income of trading partners	1.0	4.4	3.9	4.0	4.6	4.8
World trade price (Ksh)	-2.2	8.6	14.7	5.1	3.4	3.2
Long-term interest rate USA	3.3	4.0	4.0	4.0	4.0	4.0
Short-term interest rate USA Prices (%)	0.8	1.0	1.0	1.0	1.0	1.0
CPI inflation (overall)	9.0	4.0	14.0	10.0	7.0	5.0
Volume (% Changes)						
Consumption households	5.0	1.0	0.8	4.0	6.0	7
Investment businesses	1	4	3	6	10	13
Consumption government	6	10	7	8	7	8
Investment government	8.2	5	9	12	9	10
Export of goods and services	-9.1	16	16	8	7	9
Import of goods and services	0.4	4	6	8	10	12
GDP growth	2.6	5.6	4.5	5.2	6.0	7.2

Source: KIPPRA - Treasury Macro Model (KTMM) December 2011

The development expenditures are expected to increase as the government boosts more resources to infrastructure sector development. In the same vein, the recurrent expenditures are expected to be channeled to the provision of social services, particularly to areas directly supportive to meeting poverty reduction targets and the social economic pillar of the Vision 2030, and implementation of the constitution.

A number of actions are required to deal with the slow-down and enhance stability. Any uncertainty surrounding the smooth implementation of the constitution and holding of free and fair elections under the new constitution could rattle investors. In this regard, transformative leadership is required as we transition to a new constitutional framework. Restoring and maintaining macroeconomic stability should remain a priority policy agenda. The government should aim at containing fiscal deficit and debt accumulation in order to ensure medium term sustainability and increased role for the private sector in driving recovery. Prioritising infrastructure, social services and expenditure on the implementation of the constitution will need to be safeguarded. The recent growth in external current deficit suggests that Kenya should identify and exploit opportunities for competitive import substitution, and export expansion and diversification.

A Case for Automatic Progress from Primary to Secondary School

by David Muthaka (Policy Analyst, Social Sector Division)

The introduction of Free Primary Education (FPE) opened doors for children from poor backgrounds, who would otherwise not attain basic education. The Kenya government's support for primary education saw gross enrolment rates rise to 110% by year 2010, and net enrolment rates to 92%, with almost 750,000 children completing class 8. However, this success is running into headwinds, as only half of these children transit to Form 1.

The education policy issue, then, is whether to retain the Kenya Certificate of Primary Education (KCPE) as the main selection examination for transition/progression to secondary school in the light of low transition to secondary education, a growing population of youth with low skills, high illiteracy rates, and the redefined coverage of basic education to 12 years of schooling.

The first criterion in determining whether a child will join secondary school is his/her performance in KCPE. The KCPE scores determine whether one will be selected to join secondary school or not, with the number to be selected independently determined by the existing vacancies in secondary schools. Because secondary schools are not enough, almost half of the pupils completing primary schools lack opportunities to enroll for secondary education. The transition to secondary education stood at 72.5% in 2010, yet secondary education is part of basic education as defined in Sessional Paper No. 1 of 2005.

Free Primary Education has improved school enrolments over the years

For instance, whereas 704,918 pupils sat KCPE in 2007, only 413,696 of that cohort sat their Kenya Certificate of Secondary Education (KCSE) in 2011. If there was automatic progression to secondary school, we would expect the 704,918 (minus maybe 2% dropout) to sit the KCSE in 2010. However, it seems that about 291,222 did not get admission to secondary schools, and thus we have very few children reaching the tertiary level of education where skills are developed.

Moreover, though government policy documents have redefined basic education to mean 12 years of education, this has not been actualized. Majority of primary school-going children are only guaranteed 8 years of Free Primary Education (FPE), which is also compulsory, but continuation to the next 4 years is based on a selection exam sat at the end of 8 years.

Thus, one would argue that Kenya's education system is designed to restrict children from proceeding further in education; for one to access secondary, tertiary, and higher education, one must sit a selection examination. The systems' design is more exclusive than inclusive (it is elite-based) where the number of children accessing the next higher level of education is restricted. It is an examination-based system whereby for every level of education, an examination is administered to select a few elite children to proceed to the next level. This affects the transition from primary to secondary schools and also to higher education. Thus, every year, approximately 300,000 KCPE candidates miss entry vacancies in secondary schools, which would not happen if automatic progression was in place, and had KCPE not been a selection examination but rather a tool for assessing levels of learning achievement. The question is, where would a 13-year old child go if he/she completes education at class 8?

In 2010, secondary school age population (14-17 years) was approximately 3.6 million children, yet only 1.7 million students were enrolled at the time. This represents a gross enrolment rate of only 47.8% and net enrolment rate of 32.0%. Thus, 1 in every 2 secondary school-age children were not attending school in 2010. Shockingly, the average years of schooling in Kenya is 8.4 years, meaning that majority of Kenyans have only reached class 8. This is very limited time to enable a

Shouldering the heavy burden of examinations

child to acquire adequate skills and hence contribute to economic growth and development. There is therefore need to promote the transition of more students from class 8 to Form 1 because it will not only increase the number of years spent in school, but will also improve literacy in the country.

According to the Kenya National Literacy Survey of 2006, approximately 38.5% (7.8 million) of the Kenyan adult population was illiterate. The age cohort of 15-19 had a literacy rate of 69.1%, meaning that within this age group, 29.9% were illiterate. Thus, Kenya has a lot of people in the population who have skill deficit because 8 years of education is not adequate. Because of lack of innovative skills, the youths in this category are not able to utilize such resources as the Youth Fund, or even the *Kazi Kwa Vijana* programme.

Experiences from Other Countries

Experiences from other parts of the world show that automatic progression was successfully implemented in America in 1900, Europe and Asia. These regions were able to create a critical mass in human resource through a deliberate policy of a mass system of education actualized through automatic progression.

While these regions initially had elite-based systems of education where only few would join secondary and


Jubilation over excellent examination results

especially at primary level, supplemented by summative assessment (occurs at the end of a learning unit and determines if the content being taught is retained) as pupil's progress through each further year. In other countries, schools administer independent assessment of their students. For instance, schools in The Netherlands are highly autonomous in pupil assessment. Many use intermediate targets and tests to measure the progress of pupils. However, a final national examination is taken but it is not compulsory, though it is taken by a majority of pupils. The aim of this exam is to provide independent information to support school recommendations to parents when selecting a form of differentiated secondary education. This means that each student is admitted to secondary school but of a different type, depending on performance. Additionally, an Educational Careers Cohort Survey follows pupils from the age of 5 until they reach 18 as they progress through education, focusing on their cognitive social and emotional development. Therefore, The Netherlands provides an example of countries that have an examination selection process for one to transit from primary to lower and upper secondary.

high school after sitting a selection examination, they realized that they needed a large pool of human capital for faster development, thus embarking on a mass system of education especially in secondary schools. In Europe, junior secondary education became a compulsory part of basic education as early as the 1960s, and selection exams at the end of primary education were dropped. Access, retention, and transition policies focused more on keeping the students in the system rather than selecting them out. New Zealand, Australia and France have automatic and open progress to upper secondary education. In Korea, before the automatic progression, an unhealthy competition in primary schools was the norm, and this made private tuition a mainstay, exerting extra financial burden on households. Automatic progression sounded a death knell on private tuition. Selection examinations were abolished in the 6-year elementary school and also in the 3-year middle school that form the first segment of secondary education.

In Kenya, opponents of automatic progression are wary of how children's ability and knowledge of numeracy and literacy would be tracked in the presence of automatic progression from Class 8 to Form 1. In some countries, there is formative assessment (qualitative feedback rather than scores, which support teachers and students in decision making during educational and learning processes) in the first years of education,

Implications of Automatic Progression Policy

In Kenya, parents and stakeholders in the education sector have been lamenting over the tuition charged in both public and private schools; a practice that has failed to be dropped because of competition that is likely to reduce with automatic progression.

Automatic progression in the Kenya education system is likely to have implications on the pupil-teacher ratio (20:1) and class-pupil ratios, which have been below the established norm, and implying under-utilization of teacher resources in secondary schools. Secondly, with the establishment of the Constituency Development Fund (CDF), there has been an influx of school construction in the country. For instance, in 2009, there were 5,019 public secondary and 1,952 private secondary schools, totaling 6,971 secondary schools. However, some of the CDF-funded schools are one stream, making them uneconomical since teacher allocation to secondary schools is based on curriculum (a teacher is trained to teach only one or two subjects). If every secondary school could have three streams per class and 45 pupils per stream as per the current policy, the existing capacity would be equal to 6971*45*3*4= 3,764,340 vacancies or about 2,710,260 (5019*45*3*4) vacancies if we just consider public schools. Thus, supply may not be an issue for now. It is only the good performing schools (national/provincial) that have enrolment to full capacity, while district schools are grossly under-enrolled.


School facilities contribute in examination performance

Conclusion and Policy Recommendations

Where automatic progression has been implemented, it has worked positively in increasing literacy and skills level. It has promoted mass education systems as the countries developed. It can provide a strategy to achieve the Kenya Vision 2030 more easily by creating a pool of human capital. Therefore, Kenya ought to promote mass education systems that eventually create a big pool of human capital necessary for development. Therefore:

1. There is need to change the policy from a restrictive exam-based education system to a progressive one, thus implying the need to focus on how many children to retain in the system rather than how many to lock out of the system.

2. Using KCPE at the end of 8 years has not only created anxiety (and of lately cases of suicide), but it has also condemned many children to a life without secondary and tertiary education. It would be ideal to recognize continuous assessments from upper primary as part of the final grade of the primary level. This model has been implemented elsewhere, for example in The Netherlands, and is a model that has worked effectively in public and private universities in Kenya, where Continuous Assessment Tests (CATs) and end of term/semester examinations in every year form part of the final grades that are considered in award of degrees.

3. Because some students perform extremely poor in their examination, there should be a way of bridging their knowledge gap. In some countries, such students would necessarily spend one (first) year in secondary school undertaking bridging courses on literacy and numeracy skills, meaning they would spend one extra year than the other average students.

4. The CDF and other funds used for school infrastructure development should be geared towards building extra classes in most of the one-stream schools, rather than building new schools. This means that the 300,000 children who are never admitted to secondary schools due to lack of vacancies would require that 6,666 extra classrooms be built. This means that each school would be required to build one extra classroom (of 45-students capacity) each year for four years.

Finally, automatic progression presupposes additional resources, both human as well as infrastructural. These should be mobilized from the government, private sector and the communities.

Priming Kenya for 2030 and Beyond: The Role of Clean Energy

by Eric Aligula (Senior Policy Analyst) and Mary Karumba (Policy Analyst), Infrastructure and Economic Services Division

Vision 2030 describes Kenya's aspiration to be a middle income country by the year 2030. One of the key components that will drive the country towards this aspiration is the availability of reliable, affordable and clean energy.

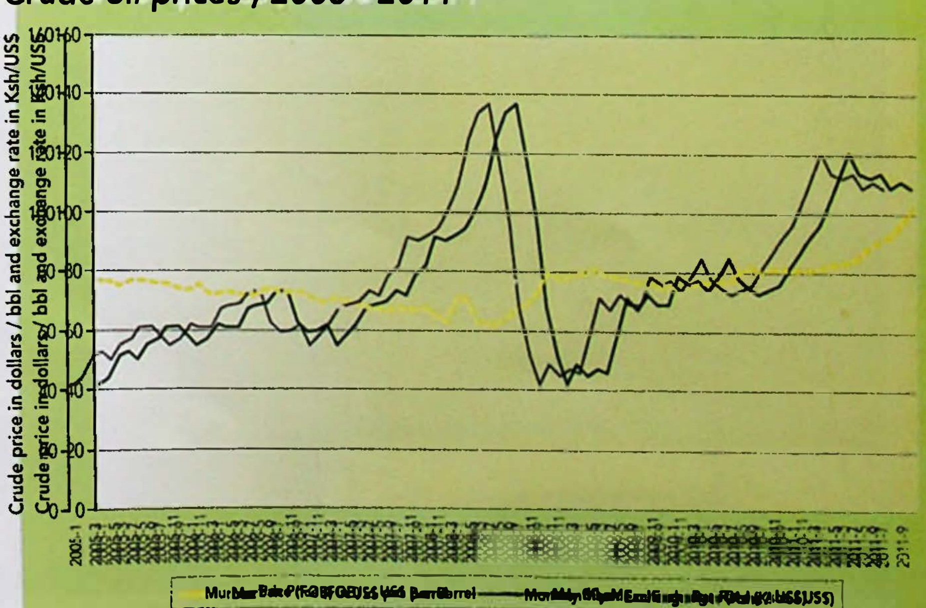
Kenya's energy intensity and consumption is far below that of her inspirational economies. The International Energy Agency shows that electricity consumption per person in Kenya in 2011 stood at 146kWh, compared to 561, 1,884, 741 and 2,648 for Africa, Latin America, Asia and China, respectively. Furthermore, the energy utilization pattern in Kenya is characterized by destruction to the environment, and is injurious to the short and long term health of the majority of citizens. A useful way of looking at this is to think in terms of the amount of energy released when crude oil is burnt, measured in tonnes of oil equivalent. The data shows that Kenya uses 1.04 tonnes of oil equivalent (toe) to generate a US$ of its national income, compared with 0.75, 0.28, 0.59 and 0.72 for Africa, Latin America, Asia and China, respectively. Globally, energy prices have been rising and will continue rising. This is in a context of a depreciating Kenya shilling, and increasing demand for petroleum products. Moreover, Kenya is a net importer of oil products and their derivatives.

Michael Klare in his book titled, *Rising Powers, Shrinking Planet*, aptly notes that: "unlike the oil shocks of the 1970s, the dizzying leap in oil prices is not the product of an OPEC embargo or the sudden flare up in the Middle East. Rather, it is a harbinger of a permanent new structure of world power, one in which market forces and military strength matter far much less than the scarcity of vital natural resources."

This, therefore, means that Kenya needs to prime its economy to perform in an environment where energy prices are high, occasioned by rising global energy demand as sources become increasingly scarce or more expensive to exploit. An observation of trends in global benchmark crude prices shows that the dips and rises in the prices are many times not predictable. Swings, either way, can create distortions in domestic markets that can be difficult to manage, with untold social, economic and political consequences.

Therefore, to attain Vision 2030, Kenya must enhance her energy security and ensure that households, enterprises and industry have both

Crude oil prices, 2005 - 2011



physical and economic access to adequate, reliable, clean and affordable energy sources, and managed in a manner that drives Kenya's competitiveness as an investment destination of choice in the region.

In the prevailing and forecasted environment, short term measures such as regulation of fuel pump prices and a few fiscal measures can only be palliative. Kenya's energy dilemma requires measures whose outcome will be felt in the medium to long term, and will enhance access to energy and diversify sources. Interventions to increase energy efficiency are crucial, implying an integrated energy sector management and investment programme.

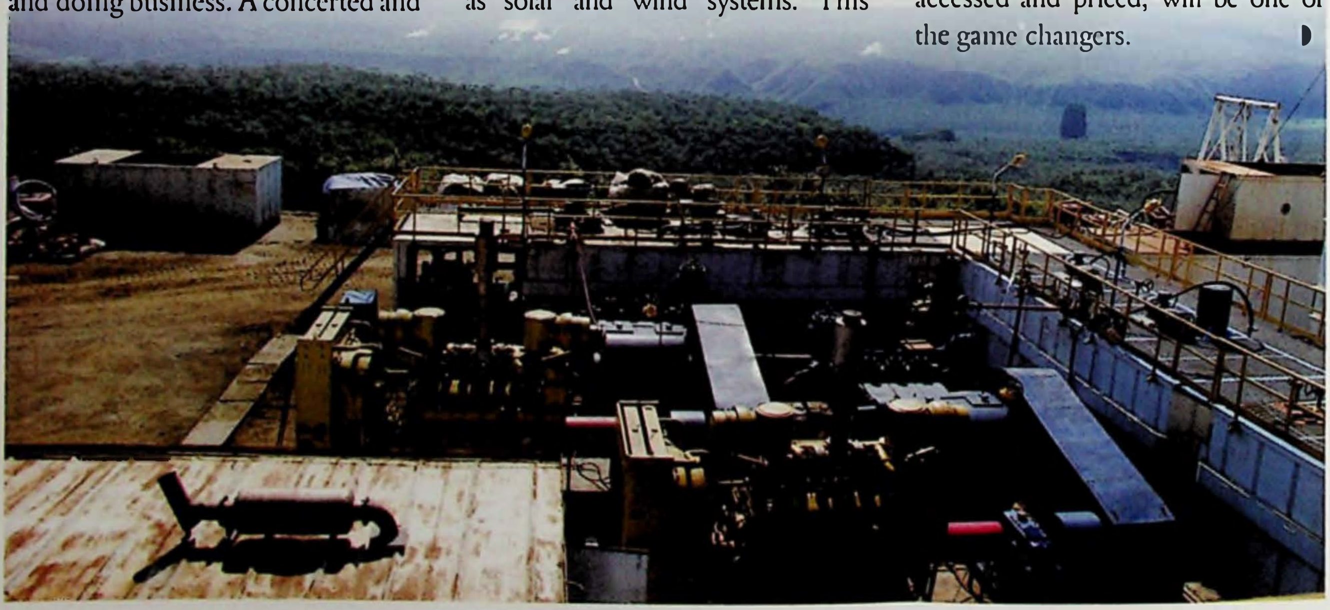
Studies at KIPPRA show that traffic congestion in Nairobi alone is costing the economy more than Ksh 30 billion annually. The effects of this will be exacerbated by rising prices of fuel, and rising cost of living and doing business. A concerted and vigorous effort to move Kenyans into energy efficient public transport should be a key energy management programme. Well designed, it would reduce the cost of transport, avoid unnecessary investment in transport infrastructure, reduce ecological footprint of development activity, and reduce energy intensity. Also, it would facilitate democratization of public expenditure as expected by Article 201 of the Constitution of Kenya (2010).

Kenya's human settlement pattern also presents a singular challenge to the provision and utilization of affordable and clean energy. In addressing this, it will be important to complete and implement a comprehensive national spatial plan. One of the pillars of this plan would be a major strategic communication effort on the implications of a dispersed settlement pattern.

In concert with this is the need for major public investment in off-grid energy infrastructure such as solar and wind systems. This should be supported by regulatory interventions to mitigate any negative health and environmental concerns that come with such technologies. Utilization of waste generated from human settlements to generate electricity, create jobs and promote food security should be a performance requirement for county governments and urban areas within their jurisdiction.

Information asymmetry between consumers, regulators and suppliers presents a major transparency challenge. Setting up a trusted source of information for the sector on trends in benchmark crudes, exchange rates, and transportation costs, would be key in facilitating informed decision making by stakeholders in the sector.

These and other measures, sustainably and consistently implemented, would help shield the country from the expected volatility in international energy markets. Going forward, energy, how it is accessed and priced, will be one of the game changers.



Geothermal power to play a key role in delivering Vision 2030 projects

SELECTED ONGOING/COMPLETED KIPPRA RESEARCH, 2011-2012

KIPPRA RESEARCH

Macroeconomics

Decline in Kenya's exchange rate

Development of a Threshold 21 model

Interest rate margins

Productive Sector

Commodity exchange prospects for East Africa

Determining the economic impacts of meetings, incentive travel, conferences and exhibitions (MICE)

Development of a Tourism Forecasting Macro Model for Kenya

Evaluating agricultural export performance in Kenya: Drivers of success for vegetables and fruits

Food insecurity and markets in Kenya

Impact of regional trade in Kenya: A CGE analysis

Market characteristics for major food commodities in Kenya: A price analysis

Preparation of Africa capacity indicators 2011

Public expenditure review on agriculture

Value additions in coffee industry in Kenya: Lessons from cut flower sector

Water sector reforms in Kenya: The role of institutions in water resources management

Trade and Foreign Policy

A review of institutional and regulatory framework for domestic trade

China's foreign policy towards Kenya: The case of infrastructural development

Identifying and overcoming domestic binding constraints in the wholesale and retail trade in Kenya

Kenya: A company perspective on non-tariff measures

Monitoring African food and agricultural policies

Nature and effects of Non-tariff Barriers (NTBs) on regional trade in the East African Community: The case of maize trade

Promoting Kenya's economic and diplomatic interests in East Africa via soft power foreign policy

Renaissance of honorary consulates: A means towards realizing Kenya's trade centered foreign policy

Strategies towards increasing volume of remittances to finance development in Kenya

The effect of East African regional integration on economic growth: A panel data analysis

Social Sector

An economic analysis of job search decisions in Kenya

Cost of access to health services

Decentralization and education service delivery

Effects of enterprise development in economic development

Estimation of health professionals' requirements by county using norms and standards for health service delivery

Evolution of inequalities

Gender gaps in secondary schools

Gender responsive budgeting for secondary school education

Labour market regulation and employment in Kenya

National cohesion and integration policy

Role of national heritage and culture in Kenya's economic development

The impact of decentralization on Kenya's public health system delivery

Vulnerability and targeting in basic education

Infrastructure and Economic Services

Comparative analysis of Kenya's physical infrastructure performance

Financial viability of constructing an oil pipeline from Nairobi to Nanyuki

Infrastructure sector performance, 2009-2011

Private Sector Development

A tool to address historical land injustices

Assessment of the factors affecting utilization rating of the constituency development fund

Baseline study on counterfeiting, piracy and illicit trade in Kenya

Capital market regulation and mobilization of savings

Counterfeiting in Kenya: An appraisal of the situation

Firm investment behavior in Kenya: The impact of special economic zones

Intellectual property rights and economic growth: Review of patent regulations in Kenya

Interface of intellectual property rights and competition in Kenya

The regulation of business entry in Kenya

Understanding the banking structure in Kenya

KIPPRA Staff Awarded PhD Scholarships

To further build capacity of its staff, the Institute has awarded partial scholarships and/or study leave to a number of staff. The beneficiaries are David Muthaka, Benson Kiriga and Eldah Onsomu who are studying at the University of Nairobi; Moses Njenga, who is studying at Kenyatta University; and Hellen Hoka and Chris Onyango who are studying at the University of Dar es Salaam.

Congratulations to you all!

We express profound gratitude to our partners, especially the Think Tank Initiative (TTI), African Economic Research Consortium (AERC), and the Government of Kenya for making this programme a reality.

New Appointments

KIPPRA continued to attract new talent. Hannah Wang'ombe joined the Institute as a Research Assistant in the Programme Coordinator's Office, Peninah Muriithi as the Communications Officer, Diana Kimani as Policy Analyst in the Social Sector Division, Dr Mathew Muma as Policy Analyst in Productive Sector Division, and Michael Mbwavi as Internal Auditor.

High Turnout at the StanChart Marathon

The 2011 Standard Chartered Nairobi Marathon saw KIPPRA record the highest staff turnout since 2008 when the Institute first took part in the race. Twenty one (21) staff members participated, with two members taking part in the half marathon (21km), while the rest were in the 10km road race.

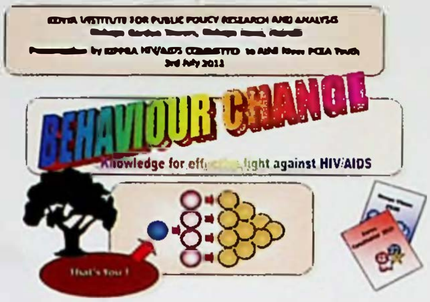
The Nairobi marathon was first held in 2003 and the inaugural race had 6,000 registered runners. It was the first major marathon in the country and over the years has grown to be the largest sporting event in Kenya, attracting approximately 15,000 participants every year.

KIPPRA Publications available at Moi University Bookshop, Eldoret

In an effort to enhance linkages with institutions of higher learning, KIPPRA has entered into partnership with Moi University Bookshop. The university bookshop will host and sell KIPPRA publications in Eldoret, hence boosting the Institute's distribution and dissemination services of its research materials. The bookshop is located at the ultra modern Zion Mall situated on Uganda Road.

KIPPRA bookstand at the Moi University Bookshop in Eldoret town

KIPPRA HIV/AIDS Campaign



Increasing awareness on HIV/AIDS among Kenyan youth remains a major priority as the youth population is particularly at risk. As part of its outreach to community, KIPPRA HIV/AIDS Committee gave a talk on "Behaviour change for effective fight against HIV/AIDS" to Athi River PCEA Church youth group on 3rd July 2011. The key message was motivating the young people using researched facts and statistics to participate effectively in the fight against HIV/AIDS.

The Committee responds to the young people's needs for access to and utilization of information and services related to their sexual and reproductive health, including HIV/AIDS prevention.

The participants contributed actively to the discussions, and staff members got vital tips on how to reach other youth groups with the message. Such discussions aim to pick out youth concerns and aspirations, stimulate debate, create demand, and raise awareness among young people around reproductive health issues, including HIV/AIDS.

Rose Ngora-Muraya (Policy Analyst, KIPPRA) gives a talk to a youth group in Athi River

KIPPRA at the Nairobi International Boofair

KIPPRA participated at the 14th Nairobi International Book Fair (NIBF) on 26 September to 2 October 2011. The NIBF is an international platform for marketing and promotion of books as well as other reading materials. This year, the Book Fair's theme was "Read for Empowerment". The Bookfair continues to grow in leaps and bound each year. Last year, there were a total of 89 exhibitors up from 82 in 2009. The NIBF has come of age and has gradually taken its place on the African book scene. As the premier book show in the East African region, visitors come to the book fair expecting to see the best that the region has to offer in terms of books. It is an opportunity where book lovers are able to meet and interact with their favourite authors.

Visitors at the KIPPRA stand at the 14th Nairobi International Bookfair at Sarit Centre

About KIPPRA

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) is an autonomous institute whose primary mission is to conduct public policy research leading to policy advice. KIPPRA's mission is to produce consistently high-quality analysis of key issues of public policy and to contribute to the achievement of national long-term development objectives by positively influencing the decision making process. These goals are met through effective dissemination of recommendations resulting from analysis and by training policy analysts in the public and private sectors. KIPPRA therefore produces a body of well-researched and documented information on public policy, and in the process assists in formulating long-term strategic perspectives. KIPPRA serves as a centralized source from which the Government and the private sector may obtain information and advice on public policy issues.

KIPPRA acknowledges generous support from the Government of Kenya (GoK), the African Capacity Building Foundation (ACBF), and the Think Tank Initiative (TTI) of IDRC. The TTI is a collaborative initiative of Hewlett Foundation, International Development Research Centre (IDRC) and other partners. Moreover, the institute acknowledges generous support of the European Commission (EC) over the past decade.

Other organizations are welcome to contribute to KIPPRA research either as core support, or support to specific projects, by contacting the Executive Director, KIPPRA.

Send to us your comments on the articles published in this newsletter and any other aspects that may help to make the KIPPRA Policy Monitor useful to you. This may include even policy issues you would like KIPPRA to prioritize.

THE AFRICAN CAPACITY BUILDING FOUNDATION

ThinkTank Initiative

Initiative Thinktank

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