

Policy Monitor

Supporting Sustainable Development through Research and Capacity Building

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**CREATING JOBS AND
TRANSFORMING LIVES – FOR
INCLUSIVE GROWTH**

POLICY *Monitor*

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VISION

An international centre of excellence in public policy research and analysis

MISSION

To provide quality public policy advice to the Government of Kenya by conducting objective research and analysis and through capacity building in order to contribute to the achievement of national development goals

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Editorial

Welcome to the *KIPPRA Policy Monitor* edition covering the period July-September 2019. The theme for this edition is informed by the Budget 2019/20 with a focus on “Creating Jobs and Transforming Lives – for Inclusive Growth.” Three articles under this theme are presented, which include: The role of manufacturing in employment creation; Can agriculture deliver Jobs for the youth for inclusive growth; and the Role of engineering in creating jobs and transforming lives in Kenya. These articles are cognizant of the fact that unemployment is an important economic challenge the country is facing, and if not addressed comprehensively, it can easily impede government’s efforts towards achievement of the Vision 2030 and the Sustainable Development Goals (SDGs).

This issue begins by providing a snapshot of the recent economic developments. Kenya registered a growth of 5.6 per cent in the second quarter of 2019, which is a 0.8 per cent decline compared to 6.4 per cent in the corresponding quarter in 2018. This is reflected by slow growth registered in most of the sectors of the economy. Despite the slow growth, several service sector industries registered significant performance. These include: the information and communication; accommodation and restaurant services; transport and storage; and public administration activities, which all expanded by more than 6.5 per cent. This momentum is expected to continue for the remaining part of the year as government agencies go a notch higher in implementation of the “Big Four” agenda.

Moreover, the July-September 2019 *KIPPRA Policy Monitor* edition covers various activities and events undertaken at the Institute. These include: policy research and analysis; capacity building; and quality control and dissemination activities in the first quarter of 2019/20. Some of the key highlights in the quarter have been the induction and training of the 2019/2020 Young Professionals cohort; various validation and dissemination workshops; and the ongoing research projects.

Last but not least, the edition provides highlights on legislative developments at the National Assembly and the Senate, and a variety of policy news at domestic, regional and global spheres. The issue also looks at both the country’s bilateral and multilateral engagements.

On behalf of the KIPPRA fraternity, we hope you will enjoy reading the current issue of the *KIPPRA Policy Monitor* and find it beneficial too!



Recent Economic Developments

By Benson Kiriga, Hellen Chemnyongoi and James Ochieng'

Sectorial Growth Analysis

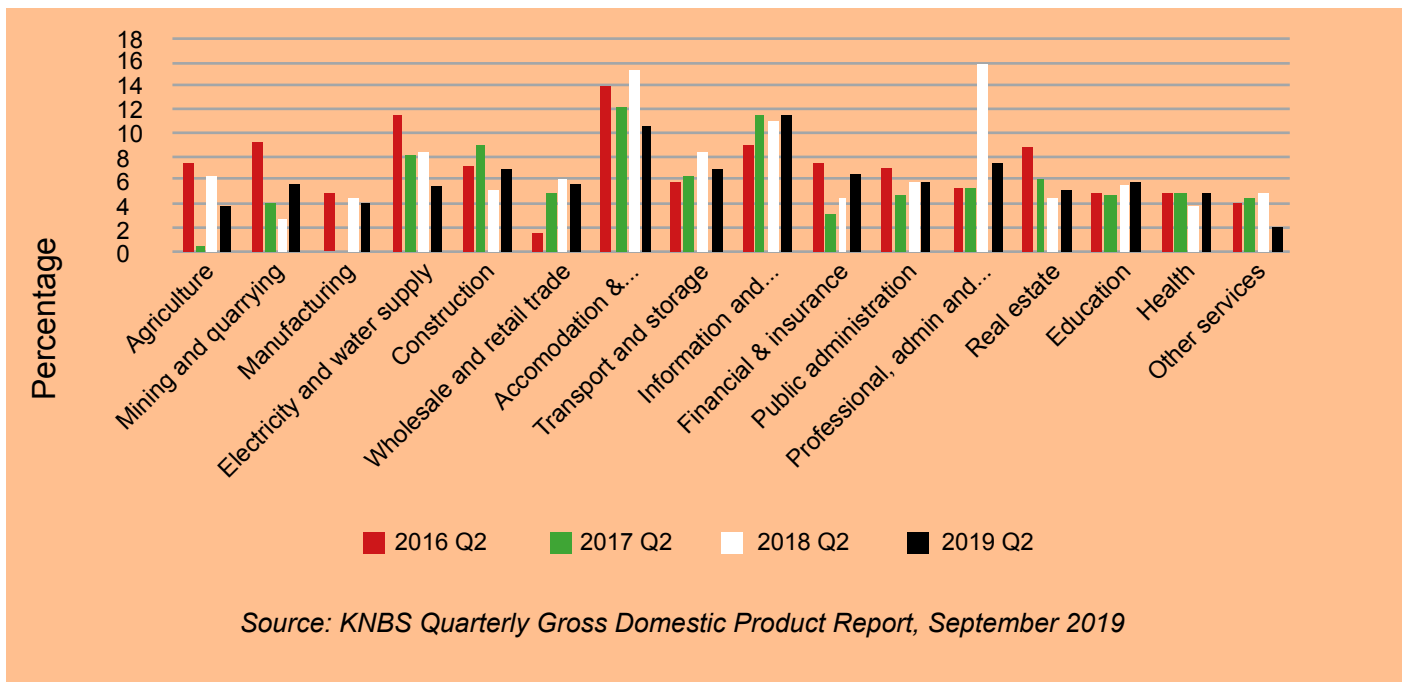
The economic growth for the second quarter of 2019 was subdued relative to the performance registered in the same quarter in 2018. The economy grew by 5.6 per cent compared to 6.4 per cent in the corresponding quarter in 2018, a 0.8 per cent decline reflected by slow growth registered by most of the sectors. Despite the slow growth, the performance was supported by significant growths in the construction sector and the services sector industries, particularly information and communication, accommodation and restaurant services, transport and storage and public administration activities that all expanded by more than 7 per cent.

Sectorial analysis, in general, indicates that most of the sectors during the second quarter of 2019 experienced lower growth rates relative to the same period in 2018, except for mining and quarrying, construction, information and communication, finance and insurance, real estate and the health sector that had slightly higher growth rates as indicated in Figure 1. Specifically, the delayed rains in 2019 curtailed agricultural production leading to a decline in agricultural sector growth from 6.5 per cent recorded in 2018 to 4.1 per cent in 2019. During the second quarter of 2019, the manufacturing sector expanded by 4.2 per cent, a slight decline

from 4.7 per cent registered in 2018 owing to recorded contractions in the manufacture of tobacco products and processing and preservation of fish. Further, the service sector remained vibrant as most of its activities registered significant growth supported by a stable macroeconomic and political environment. The information and communication activities recorded the highest growth of 11.6 per cent followed by accommodation and restaurant activities, professional, administration and support services, and transport and storage activities with 10.6 per cent 7.6 and 7.2 per cent, respectively.

Therefore, in 2019, as the country envisage to sustain the strong economic growth of 6.3 per cent achieved in 2018, it is important that it maintains the momentum of growth set in the second quarter of 2018. As such, there is need to maintain the improved performance recorded in the mining and quarrying sector, construction sector, financial and insurance activities, information and communication activities, the real estate and health sectors. In addition, there are sectors of the economy that hold great potential for growth that need to be tapped into based on their previous exemplary performance as indicated in Figure 1. These include: the agriculture sector, electricity and water supply, accommodation and restaurant services, and 'other' services.

Figure 1: Second quarter sectorial growth rates (2016-2019)



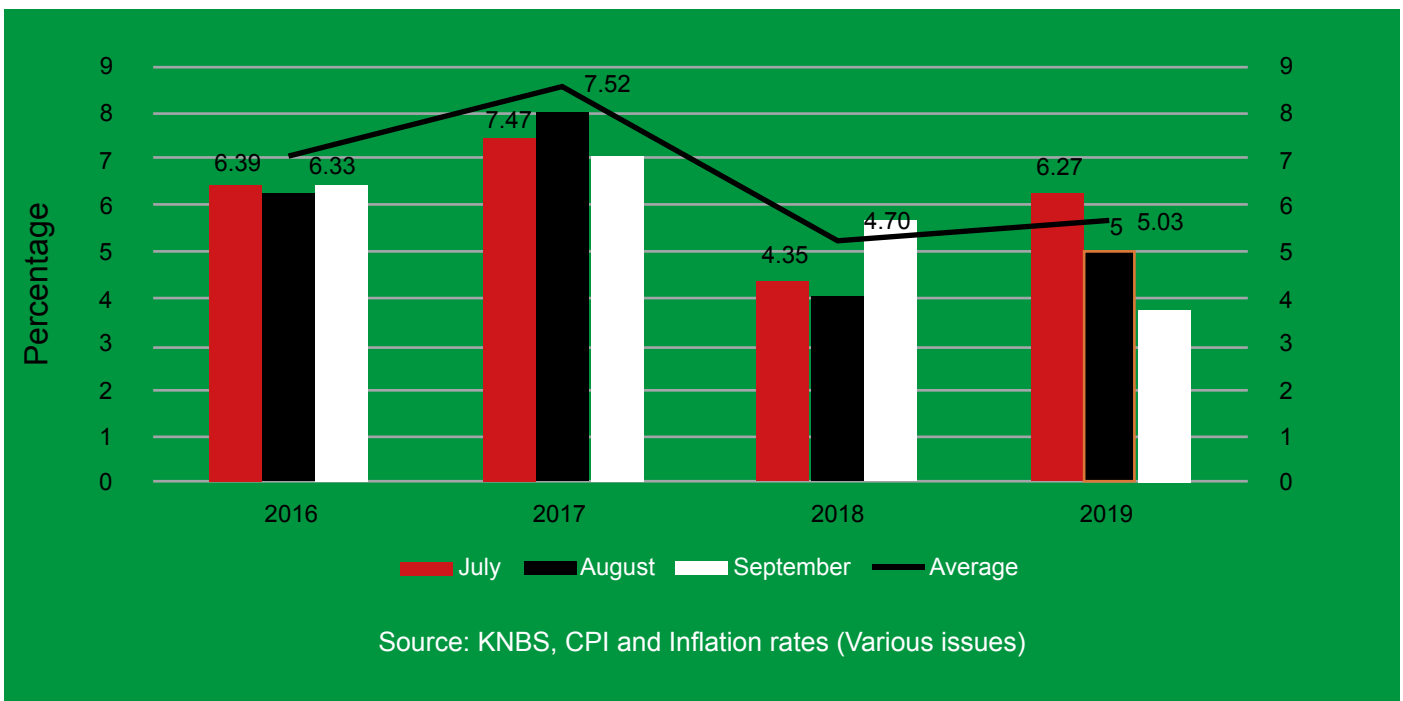
Monetary and Fiscal Front

The conduct of monetary policy in Kenya is geared towards maintaining price stability with low and stable inflation and stable interest rates. In the period, the Monetary Policy Committee (MPC) maintained the Central Bank Rate (CBR) at 9 per cent throughout the second quarter of 2019, noting that the inflation expectations remained well anchored within the target range,

and that the economy was operating close to its potential.

In the second quarter of 2019/20, inflation edged upwards to an average of 5.03 per cent from an average of 4.70 per cent recorded in the same quarter of 2018 (Figure 2). The rise in inflation was mainly on account of higher prices of food and beverages and rising cost of transportation during the quarter.

Figure 2: Second quarter inflation rates



The monthly inflation rates during the period under review show that July recorded the highest inflation rate of 6.27 per cent, with the rates declining in the months of August and September 2019. The high rate recorded in July 2019 was attributed to an increase in the following indices: alcoholic beverages, tobacco and narcotics Index by 0.82 per cent due to rise in cigarette prices; housing, water, electricity, gas and other fuels' Index, by 0.14 per cent as a result of increase in prices of electricity; and the transport index by 0.22 per cent on account of increase in pump price of petrol. During the months of August and September, the inflation rate declined to 5 and 3.83 per cent, respectively. The decline was mainly supported by the fall in the food and non-alcoholic beverages index by 1.9 per cent between July and August 2019 and 0.4 per cent between August and September, signifying improved agricultural output. The favourable weather conditions experienced during the quarter under review saw the prices of food stuff fall significantly, leading to a low rate of inflation.

“ Overall fiscal balance as at June 2019 amounted to Ksh 734.9 billion (7.7% of GDP) against a target of Ksh 747.6 billion (7.9% of GDP) ”

In the banking sector, there is continued preference for public sector credit compared to private sector credit partly due to the prevailing interest rate cap law 2016. As such, the uncertainties, specifically the ability to differentiate between low, medium and high-risk customers, has contributed to banks reducing their lending to small borrowers. The banks

view loans to Small Medium Enterprises (SMEs) and individuals riskier and hence prefer lending to government and large private borrowers. Domestic credit growth to government stood at an average of 20 per cent while that of private sector stagnated at around 4 per cent between June 2018 and June 2019. In addition, the share of government credit in total domestic credit grew from 23 per cent to 25 per cent while that of the private sector fell from 73 per cent to 72 per cent in June 2018 and June 2019, respectively. In relation to interest rates, the average interbank rate increased to 7.25 per cent as at 30th September 2019 from 1.93 per cent registered on 1st July 2019, leading to a 4.6 per cent decrease in the value traded from Ksh 11.4 billion to Ksh 10.8 billion.

On the fiscal front, fiscal consolidation is gathering momentum, with the country attaining the fiscal deficit target set for 2018/19. Overall fiscal balance as at June 2019 amounted to Ksh 734.9 billion (7.7% of GDP) against a target of Ksh 747.6 billion (7.9% of GDP). The improved position was supported by growth in government revenue from Ksh 1,522.4 billion in 2017/18 to Ksh 1,671.1 billion in 2018/19. This reflects continued government commitment to maintain the reducing fiscal deficit to create more fiscal space for sustainable development. Despite the improved growth, the revenues fell short of the target, both at the National and County level. Specifically, revenues at the National level deviated from the target of Ksh 1,794.3 billion by 6.87 per cent. At the County level, the aggregate annual own source revenue for 2018/19 amounted to Ksh 40.3 billion against a target of Ksh 53.8 billion as most counties failed to meet their targets. The expenditures, on the other hand, increased from Ksh 2,146.7 billion to Ksh 2,405.9 billion over the period under review as the government focused on creating an enabling environment to spur economic growth.

Total public debt increased by Ksh 770.1 billion from Ksh 5,039 billion in 2017/18 to Ksh 5,809.1 billion by the end of June 2019. This comprised 52 per cent external debt and 48 per cent domestic debt by end of June 2019. The overall increase in public debt is mainly attributed to increase in external loan disbursements and also increase in the uptake of domestic debt during the period. As at end of September 2019,

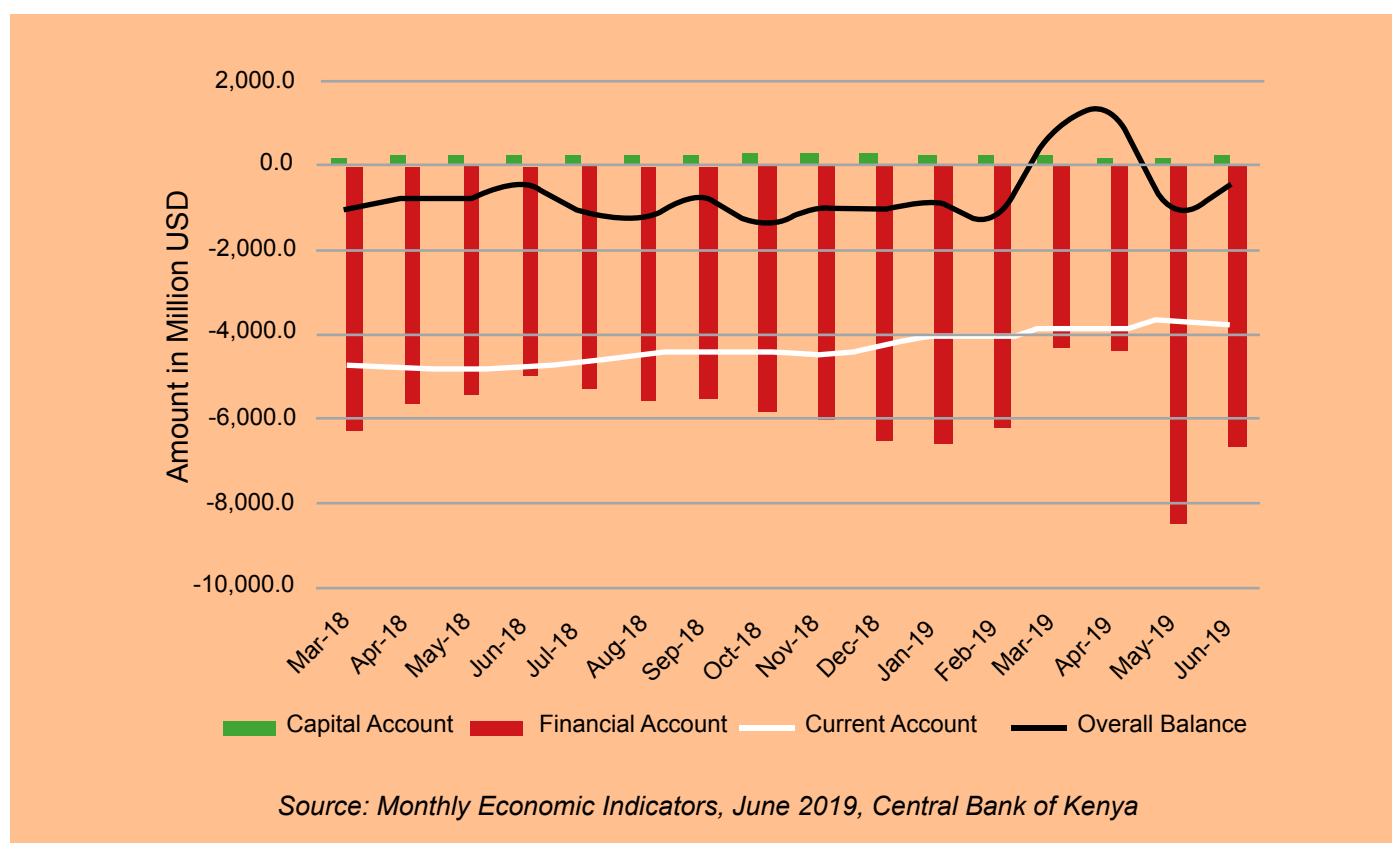
domestic debt stood at Ksh 2,845.01 billion, a 2.14 per cent increase from Ksh 2,785.46 registered at the beginning of July 2019. The increase is on account of the rise in treasury bonds and bills.

External sector

The overall balance of payment position deteriorated to a deficit of US\$ 524.6 million in June 2019 from a surplus of US\$ 1,184.7 in April 2019 (Figure 3), despite improvements in the current account over the same period. The current account deficit slightly narrowed from a deficit of US\$ 3,846.4 million in April 2019 to

US\$ 3,788.2 in June 2019 owing to increase in diaspora remittances by 20 per cent during the period under review. Similarly, the trade balance account improved slightly from a deficit of US\$ 10,190.1 million at the end of first quarter 2019 to a deficit of US\$ 10,109.6 million at the end of the second quarter in 2019. This was supported by decline in the value of imported iron and steel, the share of imports of machinery and other capital equipment and transport equipment. The capital account inflows, on the other hand, grew by 40 per cent from US\$ 182.8 million April 2019 to US\$ 256.8 million in June 2019.

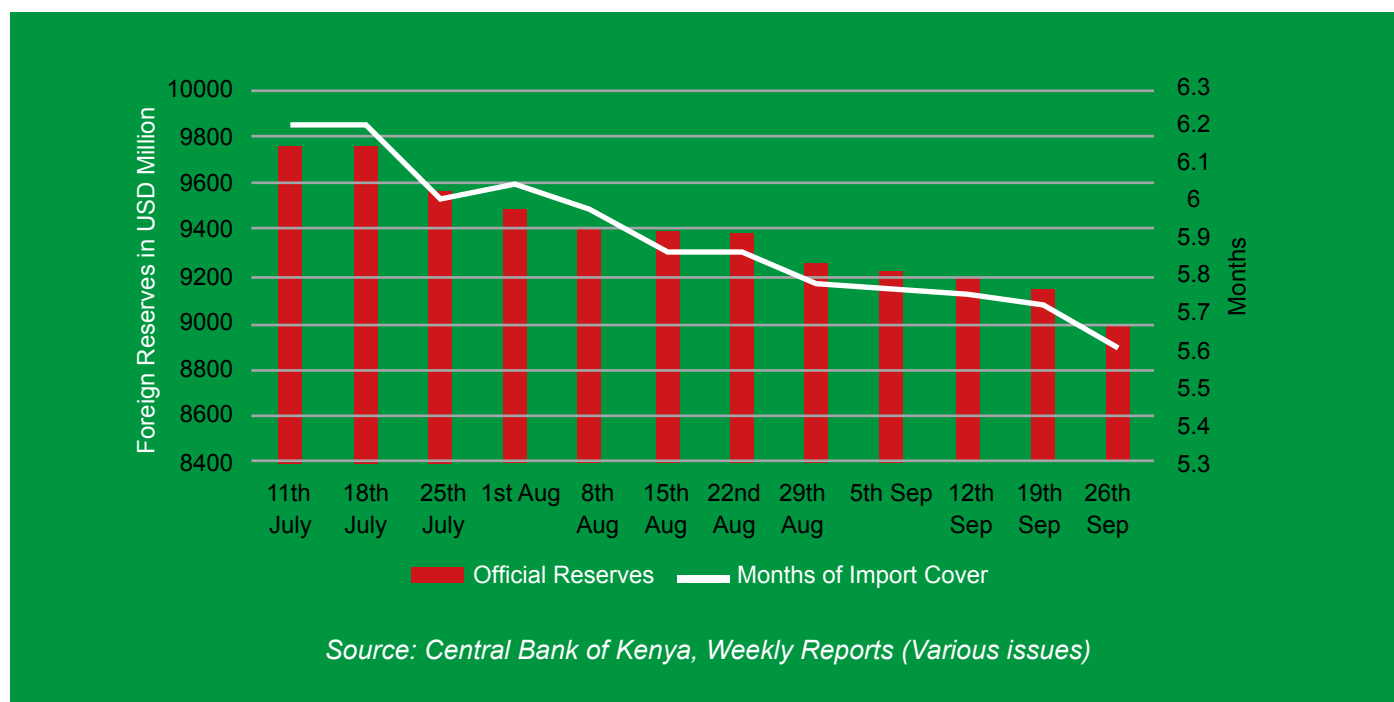
Figure 3: Balance of payment for the period March 2018 and June 2019



The official foreign reserves reveal an upward trend between January and June 2019, signifying continued government commitment in building up adequate reserves to cushion the economy against external shocks. The reserves grew by 17.2 per cent from US\$ 8,241.6 million (5.3 months of import cover) in January 2019 to US\$ 9,655.9 million (6 months of import cover) in June 2019. However, during the second quarter under review, the reserves slightly declined from a high of US\$ 9,765 million (6.21 months of import cover) registered in the first week of July to US\$

8,985 million (5.61 months of import cover) during the last week of September (Figure 4). The decline can be attributed to CBK's efforts to reduce the balance of payments deficit, which actually declined during the period under review. Despite the slight decrease in the weekly reserves, the available reserves during the quarter remained within the CBK's statutory requirement of at least 4 months of import cover and the East Africa Community's convergence criteria of 4.5 months of import cover.

Figure 4: Official foreign reserves and months of import cover (July to September 2019)



Kenya Medium Term Prospects

The Kenyan economy performed very well in 2018 with a growth of 6.3 per cent. The 2017 economic growth was 4.9 percent while 2016 had 5.9 percent. The good performance was attributed to stable macroeconomic conditions, reliable weather conditions, stable and low crude oil prices, and a stable external environment. Imports of goods and services decelerated while exports of goods and services improved significantly for 2018. The agricultural sector grew significantly by 6.4 per cent, which boosted its share to GDP to reach high levels of 34.2 per cent in 2018. Other sectors also

performed remarkably well and they include transport and storage (8.0%), manufacturing (7.7%), wholesale and retail trade (7.4%), real estate (7.0%), financial and insurance (6.0%), construction (5.4%), education (4.3%), and public administration and defence (3.5%).

The medium-term growth prospects for 2019 to 2022 show a moderate but positive growth amidst constrained fiscal space where fiscal deficit is expected to decline gradually. However, the economy is expected to have a continued stable political climate; improved promotion of private sector investments; and a stable global environment.

Table 1: Economic projections, 2019-2022

	2016	2017	2018	2019	2020	2021	2022
GDP Growth	5.9	4.9	6.3	6.0	6.2	6.3	6.5
Inflation	6.3	8.0	4.7	5.4	5.1	5.2	5.4
Private Consumption	6.8	8.1	6.1	6.5	7.1	7.3	7.4
Government Consumption	8.5	2.3	3.0	2.9	4.8	5.8	6.3
Private Investment	-8.1	15.1	6.7	7.5	6.5	6.8	6.1
Government Investment	-15.6	-1.2	-1.7	4.5	5.6	5.5	5.0
Exports of Goods and Services	-2.6	-6.8	4.0	5.2	6.1	6.5	6.4
Imports of Goods and Service	-3.4	8.7	2.6	4.7	6.7	6.8	6.8
Current Account Balance	-4.9	-6.2	-5.0	-5.4	-5.7	-5.6	-5.5

Fiscal Deficit	-5.4	-6.2	-6.4	-5.8	-4.6	-4.5	-3.6
Public Expenditure	25.2	26.6	26.8	25.8	25.1	25.4	26.7
Interest Rate	8.5	8.4	7.8	7.9	7.8	8.1	8.4
Kshs per US Dollar	101.5	103.4	101.3	102.1	102.3	102.0	102.7

Source: KIPPRA Staff Estimates, KIPPRA-Treasury Macroeconomic Model (KTMM)



The economy is projected to expand by 6.0 per cent in 2019 and 6.5 in 2022, bolstered by enhanced private investments attributed to improved business and consumer confidence, continued macroeconomic stability, continuing public infrastructure projects, robust service sector, expanded tourist arrivals and strengthening of the global economy (from a growth of 3.3 per cent in 2019 to 3.6 per cent in 2020-2022). This will be anchored on the “Big Four” plan as prioritized in third Medium Term Plan, which places emphasis on manufacturing, affordable housing, universal health coverage, and food and nutrition security. The successful implementation of the “Big Four” initiatives will enhance structural transformation by

addressing entrenched social and economic challenges facing Kenyans and accelerating economic growth to at least 6.5 per cent by 2022. The government is expected to continue with fiscal consolidation measures to restrain fiscal deficit and bring public debt to tolerable levels by enhancing revenue to 18.8 per cent of GDP, rationalizing expenditures through zero based budgeting, and reducing the cost of debt by diversifying funding sources such as public-private partnerships, foreign direct investments, and remittances.



Developments in Employment

By Daniel Omanyo

A busy street in Nairobi CBD | Photo courtesy

The thrust of Kenya's economic policy is creating decent jobs to aid in reduction of poverty. Employment and other labour market-related issues are at the heart of the socio-economic policy debate in Kenya. Paid employment is crucial for ensuring sufficient living standards and provides a necessary base for people to achieve their personal goals. Moreover, employment contributes to economic performance, quality life and social inclusion, making it the cornerstone for socio-economic development and shared prosperity. It is for this reason that Kenya's development agenda is centred on creation of quality and sustainable employment opportunities. This is well anchored in the Kenya Vision 2030 and its implementing Medium Term Plans (MTPs), and the government's "Big Four" agenda which has put at the core the need for decent jobs.

Informal sector dominates employment: Over time, the structure of employment in

Kenya has been changing, with the informal sector taking a leading role in generating jobs. The contribution of the informal sector to total recorded employment increased from 10.5 per cent in 1978 to 19.8 per cent in 1988, 65.8 per cent in 1998, 80.6 per cent in 2008 and 83.2 per cent in 2018 (Table 1). This trend reflects the potential of the informal sector to absorb growing proportions of the labour force and the need to enhance informal sector policies to help improve the ease of doing business and formalization of business units. This exceptionally high informality could also imply that the informal sector is a reservoir of potentially productive entrepreneurs who are kept out of formal jobs by high formal market entry regulations and related costs. That said, the informal sector is characterized by low productivity, low wages, job insecurity and lack of stimulus packages such as medical insurance, which has implications on ability to generate decent jobs.

Table 1: Total recorded employment and sectoral shares

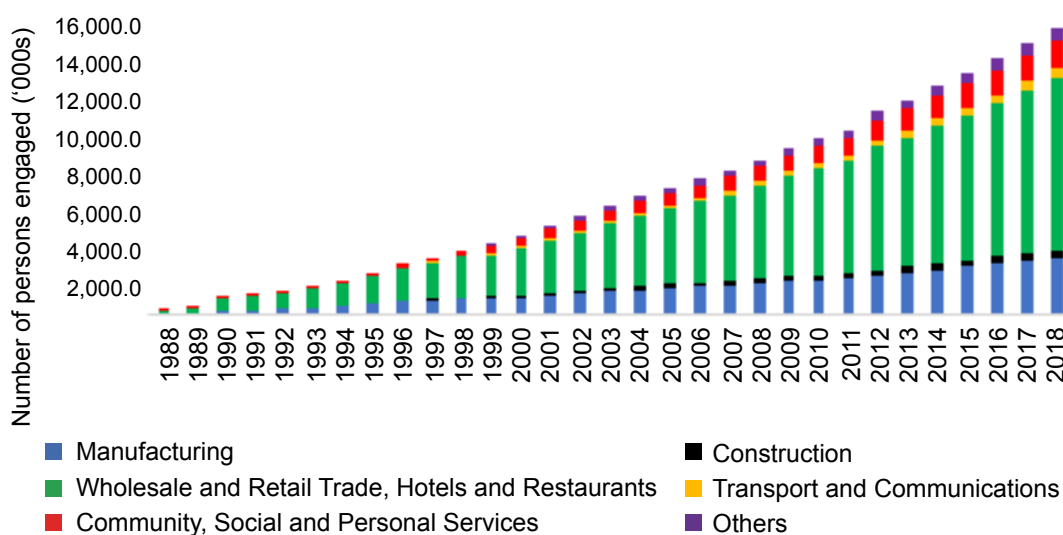
	1978	1988	1998	2008	2018
Formal Sector	971.2	1,398.8	1,743.2	2,011.3	2,838.9
Informal Sector	113.9	346.4	3,353.5	8,332.7	14,103.8
Total Recorded Employment	1,085.1	1,745.2	5,096.7	10,344.0	16,942.7
Size of Informal Sector (%)	10.5	19.8	65.8	80.6	83.2

Source: Kenya National Bureau of Statistics; Economic Survey (Various issues)

Delving into employment in the informal sector by various economic activities, statistics reveal what activities are absorbing the huge labour in the informal sector. Wholesale and retail trade, hotels and restaurants remain the key informal sector employment generating activity followed closely by manufacturing. This indicates

that with the over 80 per cent contribution of informal sector to economy-wide employment, over 60 per cent of informal sector employment are domiciled in informal wholesale and retail trade and hotels and restaurants while about 20 per cent comes from informal manufacturing activities (Figure 1).

Figure 1: Labour intensive activities in the informal sector (1988-2018)



Source: Kenya National Bureau of Statistics; Economic Survey (Various issues)

Source: Kenya National Bureau of Statistics; Economic Survey (Various issues)

As expected in the formal sector, the private sector dominates wage employment. In Kenya, formal sector employment, also known as wage employment is categorized into private sector and public sector. Analysis of employment in the formal sector (wage employment) by activity during the past decade (2008-2018) reveals interesting insights. Statistics indicate that private sector wage employment is the main sector that generates employment, absorbing over 68 per cent of all paid employees in the

country. Between 2008 and 2018, the share of private sector in wage employment increased marginally by 0.8 per cent from 68.7 per cent to 69.5 per cent compared to the public sector where the share declined from 31.3 per cent to 30.5 per cent. This indicates that, overall, in formal employment, private sector dominates new job creation and reflects the freezing of employment in the public sector as the country makes efforts on fiscal consolidation to tame fiscal deficit and government borrowing.

Table 2: Shares of public and private sector in wage employment

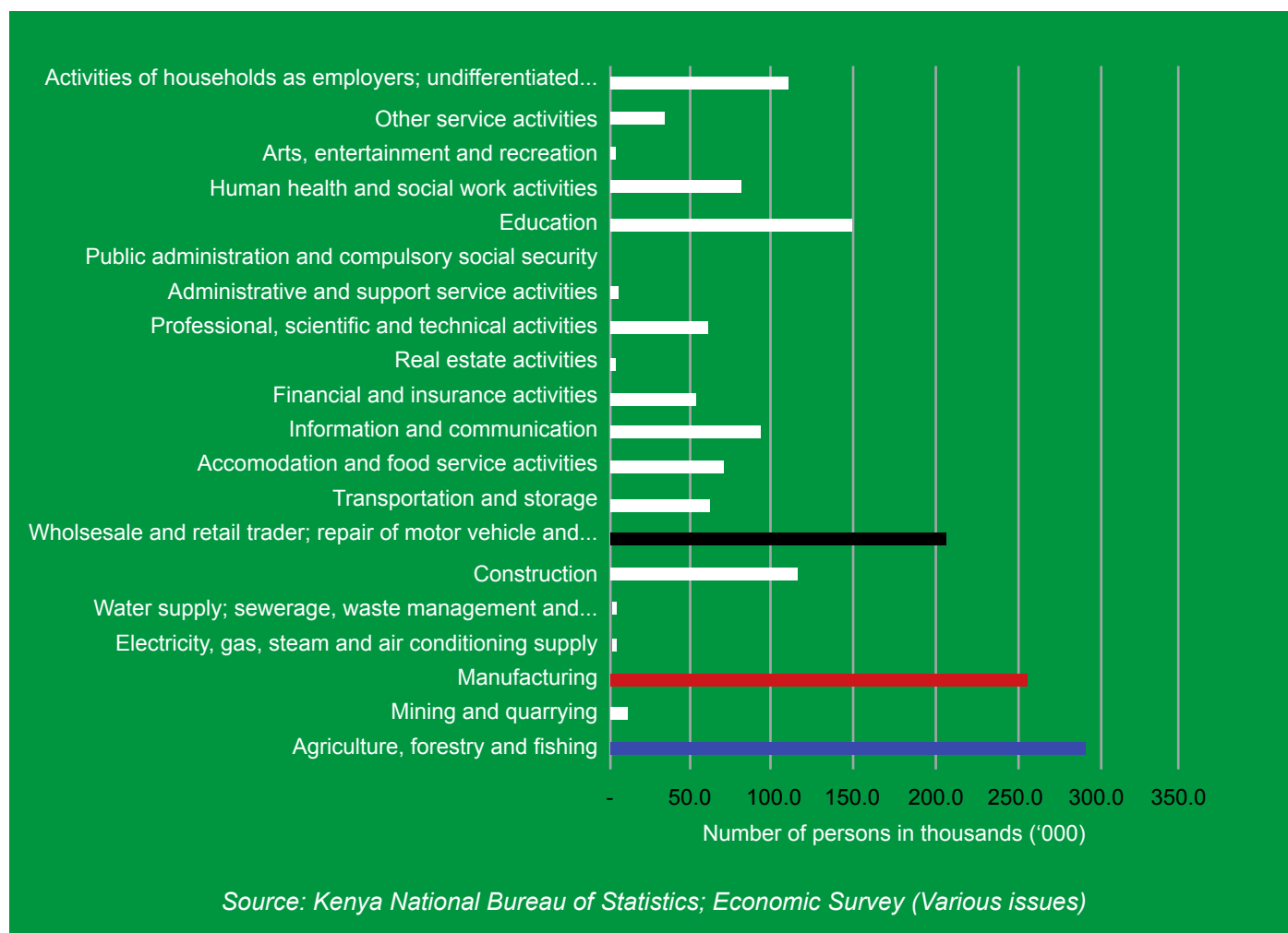
Wage Employment	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Private sector	4,612.3	4,683.5	4,748.2	4,840.6	4,932.2	5,081.8	5,270.0	5,383.5	5,484.0	5,651.9	5,727.8
Public sector	9,222.5	9,364.7	9,494.2	9,679.0	9,862.0	10,161.2	10,537.6	10,764.5	10,965.6	11,301.5	11,453.4
Total	9,252.0	9,394.4	9,523.6	9,708.0	9,892.9	10,193.4	10,570.4	10,799.2	10,999.5	11,342.1	11,494.1
% Share of Private sector	68.7	68.7	69.3	69.1	69.3	70.1	69.2	70.0	70.1	69.1	69.5
% Share of public sector	31.3	31.3	30.7	30.9	30.7	29.9	30.8	30.0	29.9	30.9	30.5

Source: Kenya National Bureau of Statistics; Economic Survey (Various issues)

Analysis of private sector wage employment indicates that Agriculture remains the highest wage employing activity in the private sector followed closely by manufacturing, and wholesale and retail trade activities. This demonstrates that labour intensity in private sector wage

employment is unevenly distributed across economic activities and strongly depends on general economic conditions, and developments within these economic activities as depicted in Figure 2.

Figure 2: Labour intensive activities in the private sector (2008-2018)



In agriculture, growing of crops dominate in employment as depicted in Figure 3. Agriculture remains the single most important economic activity that contributes over 30 percent of GDP. Statistics analyzed reveal that growing of coffee, tea and mixed farming are the three main value chains that created over 40,000 paid jobs in 2017, with tea, coffee and mixed farming individually creating 81,958, 71,739, and 41,676 paid jobs respectively. Support for agricultural services comes seconds to crop growing followed by logging activities. The employment

dynamics in agriculture sector is consistent with growth episodes in the country and within the sector whereby the contribution of agriculture to economic growth was 22.3%, 26.4% and 34.8% in 2008, 2013 and 2017 respectively. During the same period, it is established that crop growing was the main driver of agriculture sector growth followed by animal production. The contribution of the other agricultural sub-sectors have been relatively low and below the 1 percent mark. See **Figure 3.**

Figure 3a: Annual employment within agriculture ('000), private sector wage employment

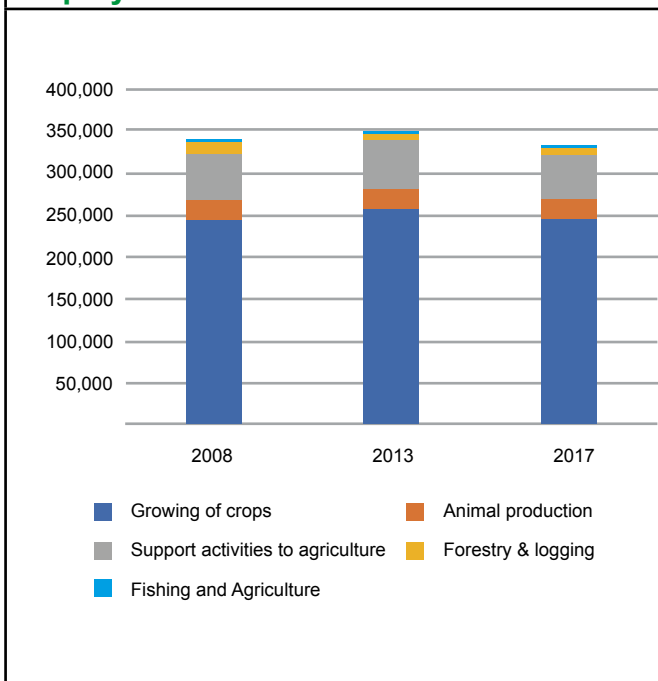
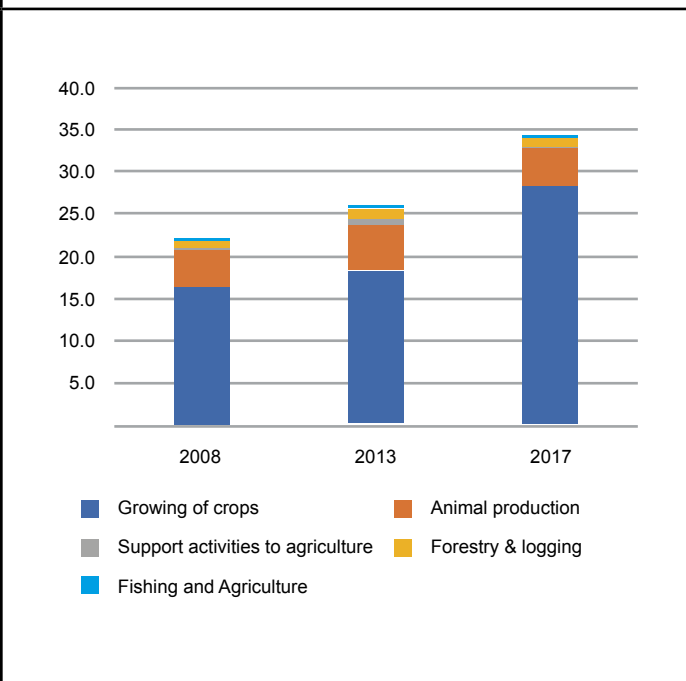


Figure 3b: Contribution to GDP (%), Agriculture sector



For the manufacturing sector, food products and textile articles continue to dominate with the highest level of employment as indicated in Figure 4 and 5. In manufacturing, the most promising value chains include food products, textile articles, metals and machinery and wood products. In 2017 alone, the mentioned manufacturing value chains created 28.7, 27.4, 5.7 and 10.8 per cent, respectively, of manufacturing sector jobs. Review of economic growth performance within the manufacturing sector shows that over the years, the sector has been experiencing slowed growth, for instance 10.8 per cent, 10.7 per cent and 7.7 per cent in 2008, 2013 and 2017, respectively. Nonetheless, sectoral data available points to the fact that manufacturing and repair and

installation have been the main contributor to manufacturing growth.

In the services sector, wholesale and retail trade tops in terms of job absorption. Over the last decade, the sub-sector has engaged over 1400,000 persons annually, culminating to 250,758 in 2017. This is in tandem with the growth that the sector has been experiencing 10.2 per cent in 2008, 8.0 per cent in 2013 and 7.4 per cent in 2017.

In conclusion, it is prudent to push an agenda of economic growth that is focused on labour intensive sectors to induce employment creation. This calls for the need to create an enabling environment for private sector activity,

Figure 4: Employment trends in Manufacturing

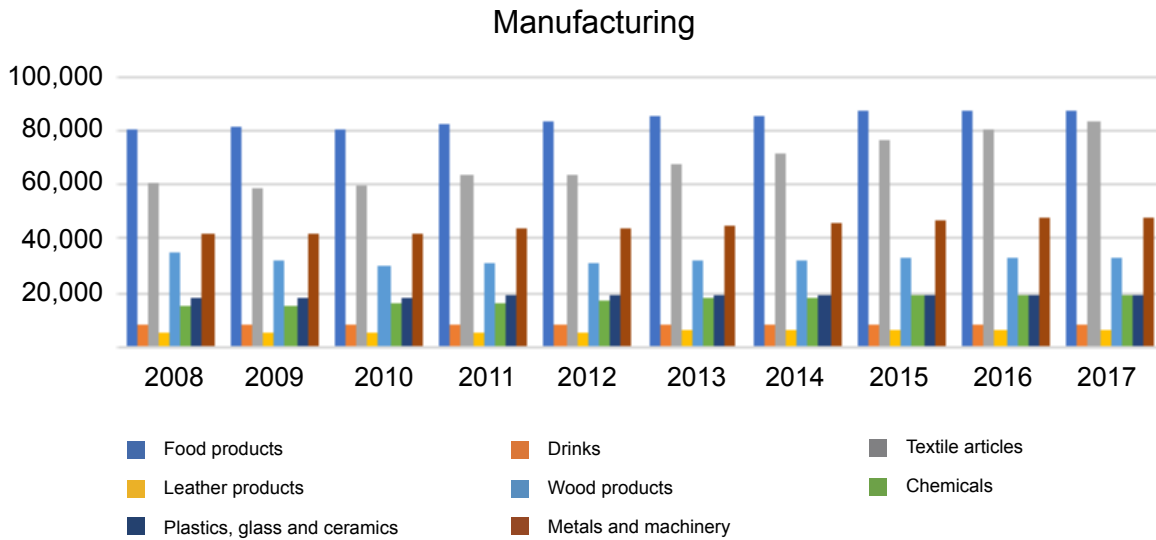


Figure 5a: Annual employment within manufacturing ('000), private sector wage employment

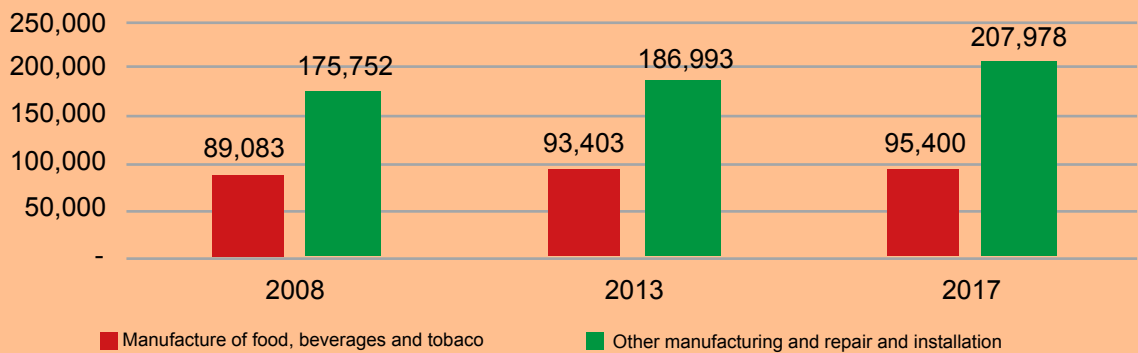


Figure 5b: Contribution to GDP (%), Manufacturing sector

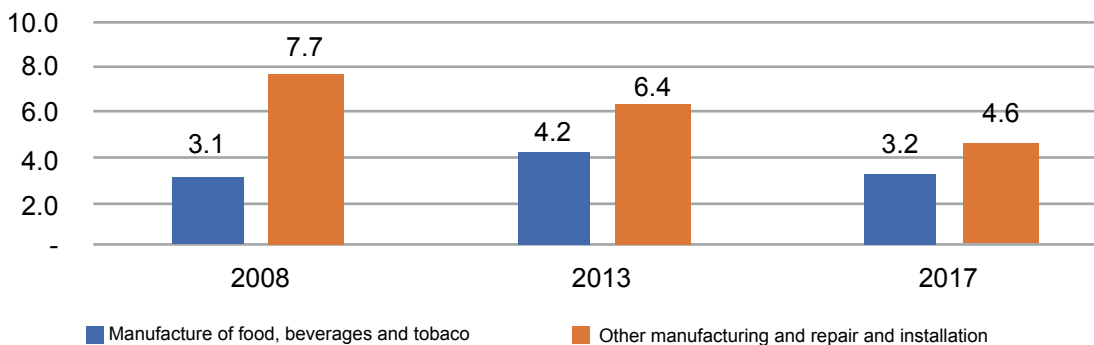
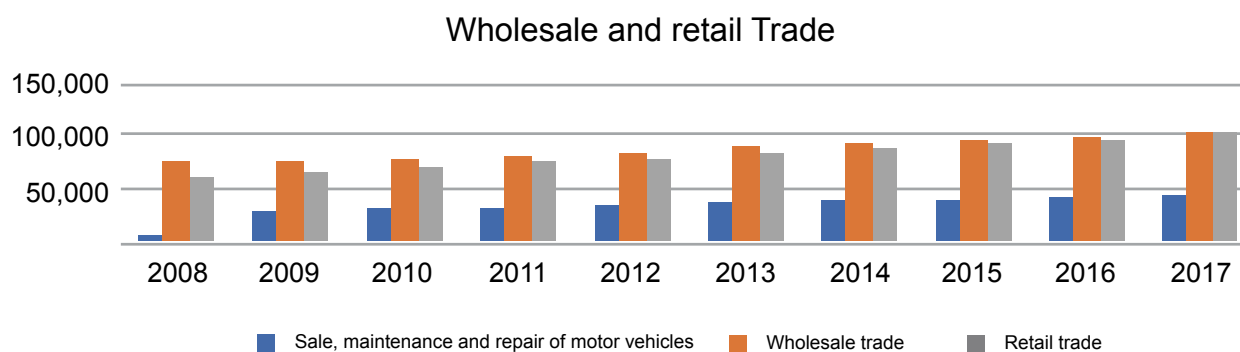


Figure 6: Labour intensive value chains in the in agriculture, manufacturing and trade (2008-2017)



Source: Kenya National Bureau of Statistics; Economic Survey (Various issues)



A busy bus terminal in Nairobi CBD | Photo courtesy

including in the informal sector and for micro, small and medium enterprises, to generate better job opportunities. This could be in terms of providing access to finance, business development services, entrepreneurship training, wage subsidies and promotion of formalization.



The Role of Manufacturing in Employment Creation

By Benson Senelwa and Mutuku Muleli

Introduction

Unemployment in Kenya has been persistent, standing at 7.4 per cent according to the Kenya Integrated Household Budget Survey 2015/2016. The unemployment rate is disproportionately high among the youth aged between 20 and 24 years at about 20 per cent against a total labour force estimate of 19.7 million persons. While this age cohort is regarded as the most productive, lack of adequate employment opportunities renders it under-utilized. Failure to productively engage the youth through employment opportunities poses undesirable socio-political effects in the country, including derailing government's efforts towards achievement of the Vision 2030 and the Sustainable Development Goals (SDGs) aspirations.

One sector of the economy that can significantly address the challenge of youth unemployment is manufacturing. This is because of the sector's ability to stimulate growth by boosting sustainable levels of employment opportunities at all levels (skilled, semi-skilled and unskilled) and further cultivating a country's competitiveness

culture through export-driven production. In this regard, the third Medium Term Plan (2018-2022) of the Kenya Vision 2030 - the Kenya Industrial Transformation Programme (KITP) - and the Big 4 Agenda have identified the manufacturing sector as one of the sectors with a high potential to create employment and wealth for all and further eradicate extreme poverty. The following have been prioritized in manufacturing to play a key role in providing jobs for the youth: food, beverages and tobacco; textile and apparels; leather and footwear; metal and allied industries; plastics and furniture; and light engineering.

Performance of the Manufacturing Sector in Kenya

The contribution of manufacturing sector to economic growth in Kenya as compared to other sectors of the economy has been on a downward trend (Figure 1). The sector's contribution to GDP has significantly declined to 7.7 per cent in 2018 from 11.8 per cent in 2011. Moreover, the sector contribution in formal employment has over time significantly reduced. The manufacturing sector contributed 276,900 jobs in formal



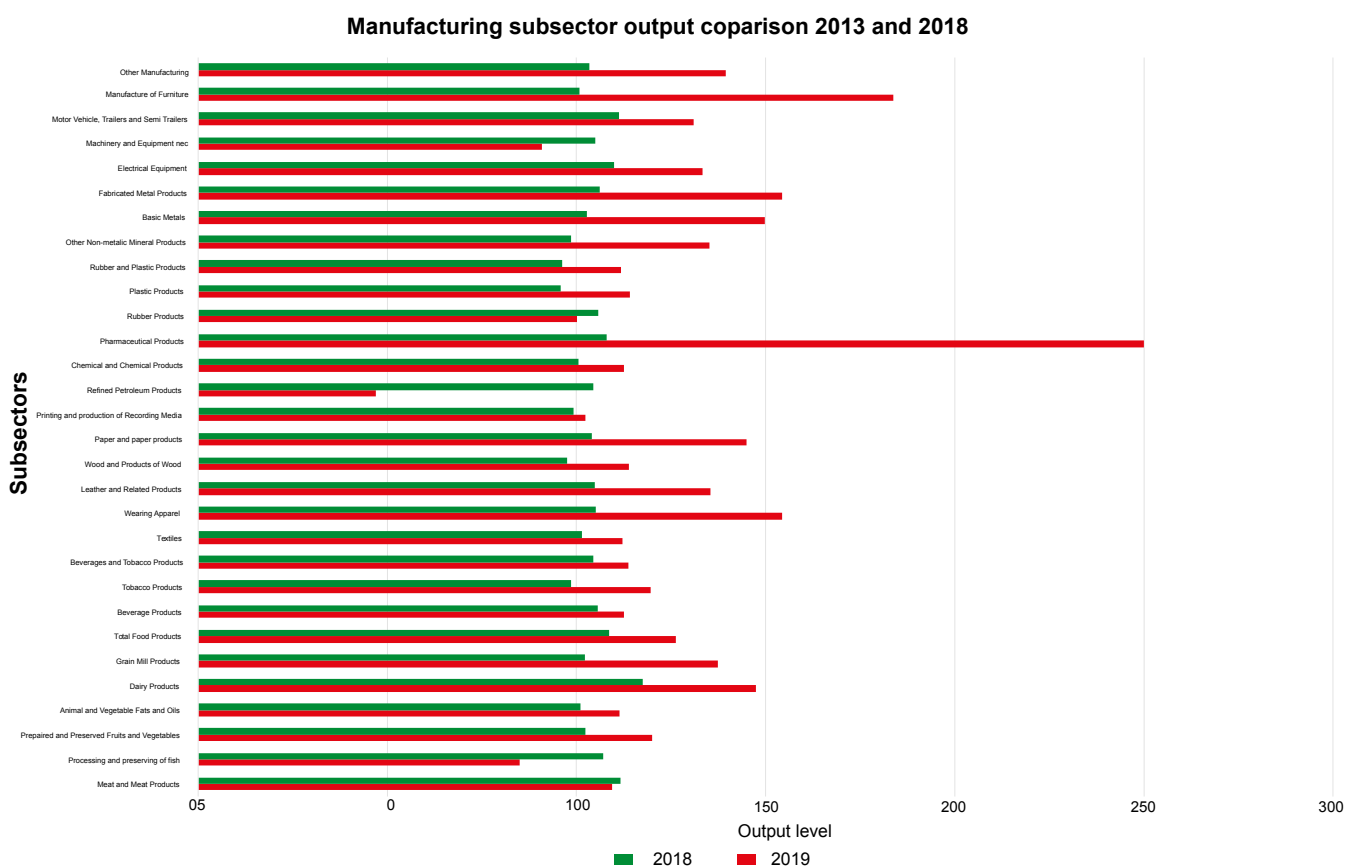
employment during 2017, which accounted for a paltry 0.95 percentage change from the previous year. That notwithstanding, prioritizing manufacturing sector as an engine of growth remains important for the government due to its immense benefits of job creation.

In addition, the manufacturing sector in Kenya is characterized by informality (*Jua Kali*). For instance, the *Jua Kali* sector grew at 4.86 per cent overall during the same period and generated 2,841,300 jobs. According to the Economic Survey 2018, production in the sector is driven by MSMEs, with 7.9 million enterprises contributing to about 40 per cent of GDP. Most of the products in the Jua Kali

sector are mainly handcrafts for domestic use, with few being exported regionally. The informal sector is estimated to constitute 98 per cent of business in Kenya, contributing 30 per cent of jobs and 3 per cent of Kenya's GDP. However, the informal sector has had underemployment characteristics with low quality jobs making it unattractive to young people. The government, however, recognizes the role of the informal sector and seeks ways to integrate these businesses into the formal sector through policy interventions and regulatory mechanisms.

Other challenges which have faced the manufacturing sector include: Low

Figure 1: Sector output 2013 and 2018

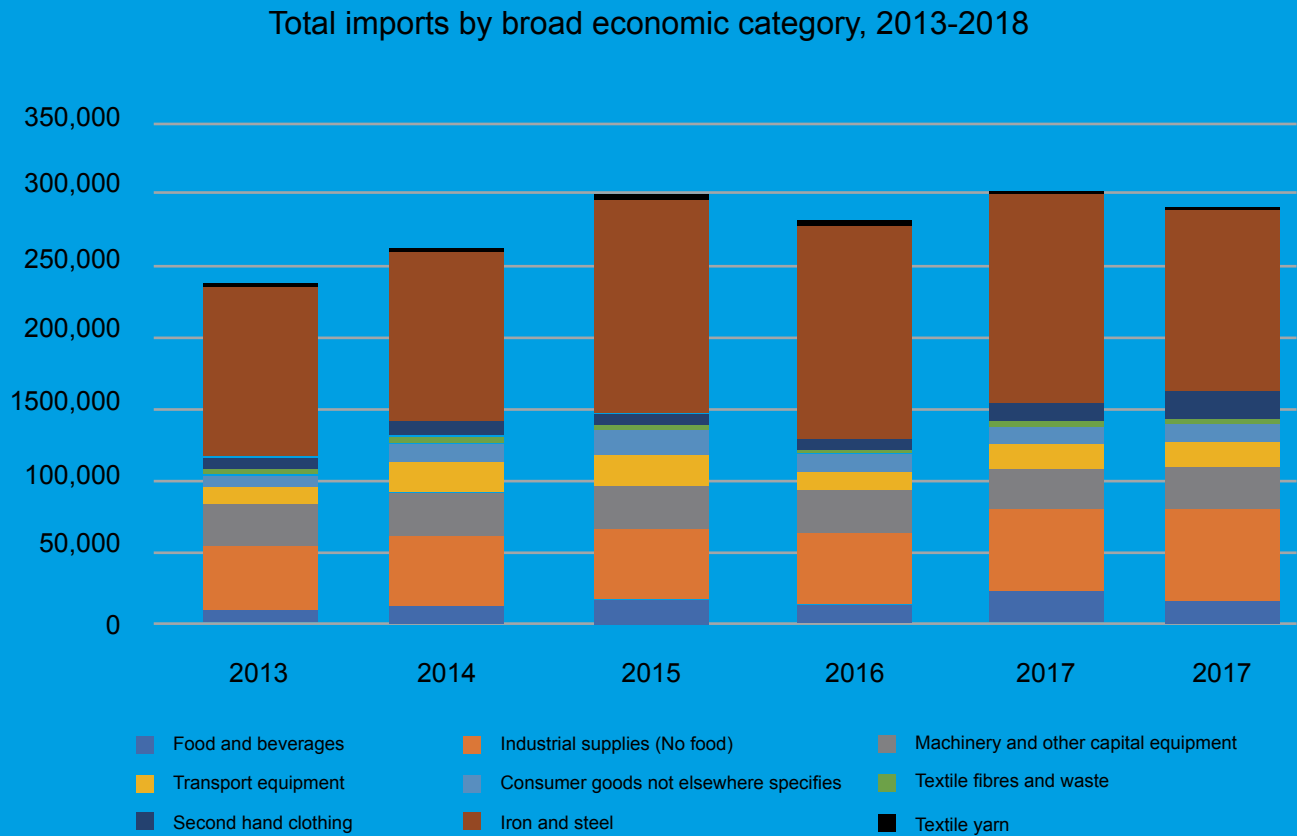


Source: KNBS 2018

competitiveness due to low access to quality and affordable energy, transport and logistics costs and competition from illicit trade in the country. Counterfeit products imported into the country have over time undermined the local manufactured products and therefore hindering the ability of the sector to attract investments and create jobs.

Moreover, imports in the country have had significant damage to the manufacturing sector. Currently the products that were in the past produced in the country have now dominated imports, for instance, non-food industrial supplies which account for over 30 per cent in 2017. The sector has also had an increase in imports of food products as

Figure 2: Aggregated domestic imports (% share), 2013-2018



Source: KNBS 2018

shown in Figure 2. The value of manufactured products has also been on a downward trend in the last four years, with the country only managing to export goods worth Ksh 151.4 billion in 2017. Influx of industrial products and general imports into the country have further exposed the sector to high competition from China and India, who are the main exporters to Kenya, leading to loss of jobs and subsequent low levels of economic growth.

Supporting sustainable employment in the manufacturing sector

Growth in the manufacturing sector has several intersectoral linkages in addition to labour creation and wealth generation. Some of manufacturing priority sectors that have a high potential to contribute to employment due to their relatively high labour intensity include textile and apparel; and food and beverage sub-sectors.

1) Textile and apparel sector

The textile and apparel sector is one of the most labour-intensive sectors in manufacturing and plays a key central role in addressing unemployment especially among women and youth. According to the Kenya Association of Manufacturers (KAM) report 2017, Export Processing Zones (EPZ) firms in Kenya currently employ 52,000 people. The non-EPZ based firms locally employ about 21,000 people in the formal sector directly and over 30,000 informally. The two sub-sectors cumulatively employ over 200,000 indirectly. The African Cotton and Textile Industries Federation (ACTIF) notes that about 40,000 cotton farmers are currently engaged in the sector value chain compared to 200,000 farmers in mid-1980s when the industry was at its peak. Currently, the apparel sub-sector's annual turnover is estimated to be Ksh 8 billion while the textile sector is about Ksh 24 billion. In 2017, exports accumulated to 1,921 tonnes of textile yarn valued at Ksh 859 million. Imports during the same year included textile fibres and their waste, which were 20,125 tonnes

“ ...friendly trade agreements especially for textile and Apparel sub-sectors should be pursued in the global spheres ”

valued at KSh 5,387 million with second hand clothes of 135,868 tonnes valued at KSh 13,061 million. Textile yarn was imported in the quantity of 19,696 tonnes valued at KSh 3,882 million. This shows that there is a great potential of generating more jobs if the country produced more textile fibres rather than

import and reduced or stopped importation of second-hand clothes. On the same note, ACTIF further states that an estimated Ksh 48 billion is lost in illicit trade in the local market. Consequently, the federation shows that the government loses about Ksh 23.1 billion in revenue in this sector. Therefore, the great potential in this sector to produce more jobs for the youth could be enhanced if the foregoing challenges affecting it could be addressed by concerned stakeholders.

2) Food and beverage sector

This sector is driven by primary agriculture inputs and has players ranging from basic processing to sophisticated industrial processing. Most enterprises in this sub-sector are privately-owned. According to the Economic Survey 2018, the contribution of manufacturing of food, beverages and tobacco to GDP is estimated at 3.5 per cent. Further, KAM 2018 shows that this sub-sector supports close to 35 per cent of all jobs created in the manufacturing sector, with most jobs emanating from Micro, Small and Medium Enterprises (MSMEs) engaged in food and beverages. Additionally, the food and beverage sub-sector has over time played a key role in contributing to growth in the hospitality industry, which has recently contributed 3.1 per cent of employment in the hospitality sector at end of 2018. Exports from food and beverages sector were valued at Ksh 254,686 million in 2017, indicating the great potential in this sector. Under the government's Big 4 Agenda for agro-processing, the government targets to increase the manufacturing sector contribution to GDP from 16 to 50 per cent, and further creation of 1000 SMEs that will in turn generate part of the 200,000 jobs. This will be achieved if the challenges affecting the sector, such as availability and access to finances, and the issues of value chain governance are addressed.

Policy interventions to spur the manufacturing sector

In the view of the foregoing, there is a huge potential in the manufacturing sector if the challenges affecting it are addressed. This could be done through policy interventions



and government support. The two sectors that have been highlighted (textile and apparel and agro-processing) are part of the several sectors that have been earmarked to support manufacturing sector and reverse its declining trend to generate both wealth and employment. This can be fast-tracked through: implementation of the proposal of introduction of a levy to curb importation of manufactured goods that are locally available. In addition, the proposed Manufacturing Guarantee Fund (MGF) should be prioritized so as to facilitate access to finance by MSMEs from the financial sector. This will enhance safe lending among MSMEs heavily involved in these sectors, which will increase their competitiveness and productivity and hence the ability to create the much-needed jobs for the youth.

Furthermore, mechanisms to establish incubation centres for MSMEs in all the 47 counties should be prioritized to resolve issues such as product design, access to technology, production innovation and

patenting, which ensure product and market competitiveness to meet global standards.

Additionally, friendly trade agreements especially for textile and Apparel sub-sectors should be pursued in the global spheres. In the same vein, global markets that have been opened for Kenya, for instance, the Africa Growth Opportunity Act (AGOA), should be exploited fully. This would see improved exports and thus revenue collection, which an spur private investments to generate wealth through job creation.

Finally, the enhancement of governance of the whole value chain through trainings and capacity building in the various manufacturing sector-oriented sub-sectors should be prioritized. In addition, technical training in various sector specializations should be included to catalyze innovative ideas to improve product design and also enhance productivity to foster the sector's competitiveness in both domestic and global markets. This will ultimately lead to employment opportunities to the youth and their participation in contribution to economic growth.



Can Agriculture Deliver Jobs for the Youth for Inclusive Growth?

By Nancy Laibuni

The number of people in the labour force has been increasing over time. However, the inactive population has more than doubled in the last two decades, increasing from 2.5 million in 1989 to 5.6 million in 2015/16, according to the Kenya National Bureau of Statistics. This could imply that as the population is growing, there is a huge proportion of people staying in school past the age of 15, indicating that the country is increasingly having a more literate work force.

“The youth aged 18 to 34 years were estimated to be 35 per cent of the total population (KIHBS 2015/16) and represented 55 per cent of the labour force”

According to the World Bank Development Indicators (WDI) 2017, agriculture constitutes approximately 37.95 per cent of total employment in Kenya. However, wage employment for the agriculture forestry and fishing sector only grew by 1.6 per cent between 2014 and 2018 (KNBS). The WDI show that over the same period, agriculture sector jobs as a proportion of total employment grew by only 0.4 per cent points, implying that very few agriculture sector jobs were created. The employment trends in agriculture therefore point to a scenario where a limited number of jobs are added into the economy. This is despite the fact that the sector contributes more than a third of the Gross Domestic Product (GDP) in the economy.

Agriculture is the source of livelihoods for most of the people living in rural areas. It is estimated that 80 per cent of agricultural production in the country is produced by small scale farmers, implying that farming generates a large portion of rural income mostly as self-employment and/or wage employment. The agriculture sector presents the opportunity to generate broad-based economic growth and at the same time provide food, thus securing the livelihoods of millions of Kenyans. However, the sector is



experiencing several challenges, including: (i) declining productivity due to low input use, poor seed quality, soil health management strategies, poor pest and disease management; (ii) an aging farming population where the average age of the Kenya farmer is 55 years; (iii) increasing urbanization, which is increasing competition for land; (iv) climate change related threats such as drought and floods; and (v) access to affordable finance just to mention but a few.

The youth aged “18 to 34” years were estimated to be 35 per cent of the total population (KIHBS 2015/16) and represented 55 per cent of the labour force. This is a large share of the workforce that needs to be harnessed to contribute to the country’s development. It is estimated that one million youth enter into the job market annually having completed secondary school or achieved some years of schooling. A further 155,000 join annually after completing tertiary education out of which 12,000 are from agricultural institutions.

While these numbers are huge, the agriculture sector is not considered by the youth as an attractive employer; instead, the youth consider the sector as a last resort when all else has failed. Yet, the sector presents immense opportunities especially if the whole value chain is considered. Jobs and business opportunities exist along the value chain including food storage, processing, distribution, transport, associated logistics, retailing, preparation, restaurants, promotion and other services in the manufacturing and services industries. Thus, it means that youth have a wide range of choices in supporting the sector, not just at the production level.

In addition, the “Big Four” agenda which focuses on food security, manufacturing, universal health care and affordable housing, presents opportunities for youth to benefit from job creation and economic empowerment opportunities presented because most of the earmarked projects focus on the development of the small and medium size enterprises. Therefore, for the

agriculture sector to deliver these much-needed jobs and business opportunities for the youth, certain issues need to be taken into consideration.

First the production system needs to respond to the current dispensation where technology is the main driver for productivity. A productive agriculture sector will facilitate the development and transformation of different value chains because there will be supply of produce in adequate volumes that can support further opportunities such as processing and associated services. With adoption of technology, it is expected that there will be jobs and business opportunities at the farm level to support the production system and provide the services necessary to enhance technology adoption. In To attract the youth, technology innovation should embrace mechanization and Information Communication Technology (ICT). Examples include broad-based technologies such climate smart agriculture¹, precision agriculture² and conservation agriculture³ just to mention a few.

Secondly, opportunities exist in the changing food consumption patterns due to increasing urbanization. Consumers are increasing demanding for ready-to-eat food due to their dynamic lifestyles needs. This is evidenced in the increasing number of food items available in supermarkets and retail outlets. Supermarket chains provide opportunities in procurement systems, including distribution centres, supplier contracts with farmers, specialized wholesalers, providers of consumer driven quality standards, IT systems for product flow management and communication.

Lastly, to support the development of the sector along different value chains at the different stages, opportunities for the youth will arise from mechanization and automation of the process while raising the incomes per job, because skilled youth would be required to operate and run these processes. Examples exist in the agro-manufacturing sector where most medium

The Food and Agriculture Organisation of the United Nations (FAO) gives the following definitions:

¹**Climate Smart Agriculture (CSA)** is defined as agricultural practices that sustainably increase productivity and system resilience while reducing greenhouse gas emissions.

²**Precision agriculture**, satellite farming or site-specific crop management is a farming management concept based on observing, measuring and responding to inter and intra-field variability in crops.

³**Conservation Agriculture** is a farming system that promotes maintenance of a permanent soil cover, minimum soil disturbance (i.e. no tillage), and diversification of plant species. It enhances biodiversity and natural biological processes above and below the ground surface, which contribute to increased water and nutrient use efficiency and to improved and sustained crop production.





A tea plantation | Photo courtesy

to large sized companies have automated almost all their operations.

In conclusion, the agriculture sector can provide the much-needed jobs for the youth if the youth are provided with an enabling environment to put to good use their energy, entrepreneurial talent, and innovative ideas. The involvement of the youth in the labour market is critical for equity and broad-based economic growth because they represent more than half of the available labour force. It is therefore critical to support the youth in skills development, facilitate job matching, improve access to physical resource such as land, laboratories, ICT, etc and increase access to affordable finance.





Role of Engineering Initiatives in Creating Jobs and Transforming Lives in Kenya

Dr Humphrey Njogu

Engineering is one of the oldest professions known to resolve social and economic challenges. Over the years, engineers are constantly discovering how to improve lives by creating new solutions that connect science to life in unexpected and forward-thinking ways. The solutions range from research to real-world applications that overcome constraints imposed by economic, social, cultural and environmental consideration and thus significantly transform lives. Engineering initiatives therefore drive long-term economic growth, productivity and improvement in living standards. In developing countries, the contribution of engineering may not be significant, but there are marked examples of how engineering has transformed lives by raising incomes and driving employment opportunities as evidently seen in Kenya.

In recognizing the role of engineering to support growth and development, Kenya has developed national development plans such as the Vision 2030 and its Medium Term Plans and the “Big Four” agenda taking into account the role of engineering. Kenya plans to transform its

economy into a knowledge-based economy that will largely be driven by engineering and its innovations. Indeed, Kenya has developed an enabling legal and policy environment that supports the role of engineering. This has brought establishment of local and regional engineering initiatives into the country. Some of the existing laws include the Engineers Act No. 43 of 2011 (Engineers Registration Act Cap 530) that has established the Engineers Board of Kenya to regulate the activities and conduct of registered engineers in the country. Similarly, the Engineering Technology Act 2016 makes provision for the regulation, practice and standards of engineering technologists and technicians, and for connected purposes.

Other laws critical for enhancing the role of engineering include the Science and Technology Act Cap. 250 of the Laws of Kenya that establishes the Kenya Industrial Research and Development Institute to undertake multidisciplinary research and development in industrial and allied technologies. The Science, Technology and Innovation Act 2013 establishes National



Commission for Science, Technology and Innovations. Similarly, the county governments too have formulated laws to guide engineering activities within their counties.

In the past, engineering has been applied to create employment and drive growth in Kenya. For instance, in the 1980s and 1990s, the then Kenya Posts and Telecommunications Corporation (KPTC) was the sole provider of both postal and telecommunication services and was manufacturing telephone handsets for local and export markets including the USA. Similarly, Kenya had a vibrant textile industry. Engineering is transforming the informal sector which employs the largest number of Kenyans. Currently, five in six wage earning employees are in the informal sector. There are several engineering initiatives that clearly demonstrate the potential of engineering in job creation and transforming lives.

Konza Technopolis is one of the national flagship engineering initiatives being implemented in Kenya. The initiative offers a strategic opportunity to invest in the growth of the ICT sector in Kenya and the country's overall economy. When completed, Konza Technopolis will offer job opportunities in its world-class technology hub that will be home to leading companies in education, life sciences, telecom, and Business Process Outsourcing (BPO). Commercial space for these uses will be complemented by diverse residential neighbourhoods, hotels, a variety of retail offerings, community facilities, and other public amenities. So far, local engineers and artisans are involved in the horizontal development of the project. Mega infrastructure including establishment of Kenya Advanced Institute of Science and Technology (Kenya-KAIST) to foster elite human resources in engineering are underway. With establishment of Konza Technocity, Kenya could potentially create more than 200,000 technology-related jobs and make the country a model for other African countries in technological solutions.

Space related initiatives have a huge potential to contribute towards job creation and economic growth. Globally, the space sector is increasingly becoming a critical enabler for other sectors and is growing by 6 per cent. In Europe, the space sector employs more than 250,000 people. In recognition of the critical role of space, Kenya has established Kenya Space Agency

to coordinate, promote and regulate space activities. The Agency is spearheading three critical engineering projects under the Medium Term Plan III: Establishment of Centre for Microsatellite Technology Development that will undertake advanced research in the areas of satellitetechnologydevelopment, manufacturing, launch and operation; Implementation of Square Kilometre Array (SKA) that involves building of a radio telescope with a node in Kenya as a research facility for astrophysics, engineering and information technology to generate space data; and Establishment of optical astronomical observatory for undertaking advanced research, training and outreach in basic space science. The implementation of these projects will create jobs for local engineers and business opportunities for local firms to design, develop, launch and maintain space facilities. Space sector too will open up opportunities for SMEs to develop products based on space data.

“ According to Kenya Economic Survey 2019, nine million individuals are expected to enter the labour force in a decade between 2015 and 2025 ”

The Automotive industry in Kenya is primarily involved in the assembly, retail and distribution of motor vehicles. Currently, several motor vehicle dealers operate in the country as assemblers and retailers. The effort to build Kenya's first car began in 1986 under the Nyayo Car project. This saw establishment of Nyayo Motor Corporation or what is now known as Numerical Machining Complex (NMC) Limited which was to do mass-production of cars. NMC currently offers mechanical and engineering services to the agricultural, industrial and automotive sectors in the East Africa market. NMC is equipped with Computer Controlled (CNC) machines, a

foundry with a modern disamatic sand-moulding machine, heat treatment and Computer Aided Design. It is yet to assemble all the lines that were expected and therefore the ongoing production does not use the full potential of the complex. There is huge potential for producing tools and spare parts that are highly required in the automotive, aerospace and construction sectors.

The construction sector is largely driven by engineering and its solutions. The sector has recorded a high number of jobs particularly due to huge infrastructural projects recently undertaken by the government such as the Standard Gauge Railway (SGR) Phase II. Similarly, construction of road infrastructure such as Thika Super Highway not only creates jobs but also spurs growth, particularly for SMEs. Every construction project requires to have in place different types of engineers such as civil, mechanical, electrical engineers and artisans to play unique roles in the construction of infrastructure. The Economic Survey (2019) indicates that the sector has steadily generated employment opportunities as illustrated by improvement in index of employment of 220 in 2014 to 284 in 2018. In addition, engineering is expected to play a critical role in actualizing the “Big 4” agenda and in particular affordable housing. Engineers are expected to provide the means to actualize development of affordable housing by offering appropriate building technologies that reduce the cost of building and thus allowing the low-income earners afford the housing facilities. Research consistently shows that developing affordable housing creates jobs, both during construction and through new consumer spending after the homes have been occupied. Affordable housing programmes bring housing costs below market rates, which in turn increase the money available for purchasing goods and services and can spur private-market investment locally.

Innovation and production systems are becoming increasingly interdependent and thus opening up new opportunities for engineers. Beyond the traditional sectors such as agriculture, it is essential to harness the engineering innovations and entrepreneurship that has emerged. There are amazing examples of how software engineering-based innovations have successfully transformed business processes, and improved quality of life for

millions of Kenyans. For instance, M-Pesa is a software engineering product that has created over 500,000 direct jobs and has put Kenya as a leading technology hub globally. Similarly, hail innovations for transport sector arising from software engineering such as Uber have disrupted and overhauled the taxi industry, thereby creating thousands of jobs locally.

Despite the potential benefits arising from engineering on improving the accessibility, efficiency and effectiveness on services and products, a large segment of Kenyans still experience numerous social and economic challenges. For instance, millions of people are poor and lack basic services such as food, housing, water, sanitation and health care. In addition, job creation is an immense global challenge and Kenya has recorded high levels of unemployment rates. According to the Kenya Economic Survey 2019, nine (9) million individuals are expected to enter the labour force in a decade between 2015 and 2025, further pushing up the country’s unemployment rate which stood at 9.3 per cent in 2018.

The current economy presents challenges and opportunities for engineering. Engineering as a human endeavour is facing numerous additional challenges of its own, including poorly equipped training institutions, poorly attracting and retaining broader cross-sections of the youth, particularly women; poor enforcement of engineering codes and standards; and low preference of local engineers and lack of comprehensive statistics that clearly identify the number and categories of engineers in Kenya. It is estimated that 2.5 million new engineers and technicians will be needed in Sub-Saharan Africa alone if the region is to develop and grow.

To ensure that the development agenda including the “Big 4” plan is realized, there is need to embrace the catalytic role of engineers in development. Creating more effective partnerships between engineering bodies and government for resolving the challenges that local engineers face is critical to ensure sustainable economic growth in the country. This would also entail creating favourable policies for local engineers that ensure *Buy Kenya Build Kenya* concept. Securing the expected local engineering skills is necessary too to translate good ideas into solutions for supporting government development agenda.





Acts of Parliament

The Appropriation Act, No. 10 of 2019 came into force on 1st July 2019. The Act authorizes the issue of a sum of money out of the Consolidated Fund and its application towards the service of the year ending on 30th June, 2020 and to appropriate that sum and a sum voted on account by the National Assembly for certain public services and purposes.

The Warehouse Receipt System Act, No. 8 of 2019 came into force on 2nd July 2019. This Act provides a legal framework for the development and regulation of a warehouse receipt system for agricultural commodities and the establishment of the Warehouse Receipt System Council.

The Insurance (Amendment) Act, No. 11 of 2019 came into force on 23rd July 2019. This Act amends the Insurance Act (Cap 487) by providing *inter alia* for advance payment of premiums; power of authority to settle disputes; and offences on

insurance fraud.

The Physical and Land Use Planning Act, No. 13 of 2019 came into force on 22nd July 2019. The Act repeals the Physical Planning Act, 1996 and makes provision for the planning, use, regulation and development of land. The National Physical and Land Use Planning Consultative Forum is established, which has the key function of promoting effective coordination and integration of physical and land use development planning and sector planning. Other institutions that have a role to play in land-use planning include the National Land Commission, the Cabinet Secretary for Land Use Planning, and Director-General of Physical and Land Use Planning. Each county must have a County Physical and Land Use Planning Consultative Forum that is meant to provide a forum for consultation on County and Inter-County Physical and Land Use Development Plans. Part IV contains provisions on development control, and county governments have the power to enforce breaches of development planning. It also provides the process to be undertaken to acquire a development permit. The application and decision for these permits is done by the county executive committees and can be appealed to the County Physical and Land Use Planning Liaison Committee. According to section 63, a county executive committee member may levy a development fee against an applicant for development permission. Part VI establishes the National Physical and Land Use Planning Liaison Committee, and the County Physical and Land Use Planning Liaison Committee. The former is mandated to advise the Cabinet Secretary on broad physical and land use planning policies, strategies and standards while the latter is required to advise the County Executive Committee Member on broad physical and land use planning policies, strategies and standards, and hear land-use planning appeals.

The Irrigation Act, No. 14 of 2019 came into force on 2nd August 2019. It repeals the Irrigation Act Cap. 347 and its objectives are to provide for the development, management and regulation of irrigation to support sustainable food security and socio-economic development in Kenya.

The Act has also replaced the National Irrigation Board with the National Irrigation Authority. The functions of the National Irrigation Authority are to develop and improve irrigation infrastructure for national or public schemes; provide irrigation support services to private medium and smallholder schemes, in consultation and cooperation with county governments and other stakeholders; and provide technical advisory services to irrigation schemes in design, construction supervision, administration, operation and maintenance under appropriate modalities, including agency contracts.

The Statistics (Amendment) Act, No. 16 of 2019 came into force on 15th August 2019 and it amends the Statistics Act, 2006 by expanding the scope of functions of the Kenya National Bureau of Statistics (KNBS). It also empowers KNBS to apply electronic means to collect its data by sending a form to be completed by the individual through electronic means, in addition to interviewing or by leaving at or posting to the individual's last known address a form with a notice requiring the form to be completed and returned. It further expands the scope of offences for misuse of data collected by KNBS to include the following offences: redistributing or selling material of KNBS without written authority from the Director-General; using data from KNBS for investigation of specific individuals or organizations or for any other purpose other than statistical purposes; and creating links among datasets provided by KNBS or among data from KNBS and other datasets with a view to identifying individuals or organizations. It also increases the penalty for offences from one hundred thousand to five hundred thousand or to imprisonment for a term not exceeding twelve months or to both.

The Land Value (Amendment) Act, No. 15 of 2019 came into force on 16th August 2019 and has amended various sections of the Land Act, the Land Registration Act and the Prevention, Protection and Assistance to Internally Displaced Persons and Affected Communities Act. The Act aims at standardizing the value of land in Kenya for the primary purpose of enhancing efficiency and expediting the compulsory land acquisition process. Previously, the National Land Commission (NLC) was required to compensate a landowner prior to taking possession of the land. However, the Act now allows the NLC to take possession of the land and pay compensation at a later date within a reasonable amount of time (not later than one year). The Act also establishes the Land Acquisition Tribunal (the Tribunal) which shall hear disputes related to the compulsory land acquisition process and in determining such disputes, confirm, vary or quash the decision of the NLC. Previously, disputes were referred to the Environment and Land Court (ELC). However, following the passing of this Act, the Tribunal has first jurisdiction to hear such disputes with the ELC exercising appellate jurisdiction.

Additionally, the Act also provides that where the NLC has taken possession of the land, no order stopping any development of the land may be issued by any court if public funds have already been committed to its development. In essence, this provision bars the Court from granting stay orders, including interim injunctions, once a government project is underway.

The Act also provides that valuation of land for purposes of compensation shall be based on the Land Value Index. In calculating the Land Value Index, the declared value of the land for purposes of payment of rates, rents or stamp duty shall be taken into account in addition to other factors provided in the Act, such as increase in the value of the land due to improvements made on it. However, an increase in value will be disregarded if the improvements are carried out after the publication of a gazette notice that sets out the government's intention to acquire the land compulsorily.

Apart from monetary compensation, the Act has introduced new forms of compensation including: allocation of an alternative parcel of land of equivalent value and comparable geographical location and land use to the land compulsorily acquired; issuance of government bond; grant or transfer of development rights as may be prescribed; equity shares in a

government-owned entity; and any other lawful compensation. An owner whose land has been compulsorily acquired shall elect the form of compensation.

The Division of Revenue Act, No. 18 of 2019 came into force on 17th September 2019. The Act allocates Ksh 378.1 billion to county governments for 2019/2020, of which Ksh 316.5 (84%) is the equitable share of revenue raised nationally, while Ksh 61.6 billion (16%) comprises conditional allocations to counties.

The Copyright (Amendment) Act, No. 20 of 2019 came into force on 2nd October 2019. The principal objective of this Act is to amend the Copyright Act, 2001. The amendment seeks to align the Copyright Act, 2001 with the technological developments that continue to affect the exploitation and protection of copyright works. The amendments will ensure that authors of Copyright works get value for their property in the digital environment.



National Assembly Bills

The Finance Bill, 2019 was gazetted for introduction to the National Assembly on 1st July 2019. The Bill seeks to amend the following laws:

- *The Privileges and Immunities Act (Cap. 179)* The Bill seeks to amend the Fourth Schedule to the Act to exempt goods and services imported or locally purchased by privileged organizations for their official use from taxes.
- *The Capital Market Act (Cap. 485)* The Bill seeks to amend the Act to provide for financial penalties imposed by the Authority to be considered as civil debts with the Capital Markets Authority mandated to recover them in line with provisions for

the recovery of decretal sums. The amendment is intended to enhance enforcement and recovery of financial penalties imposed by the Authority.

- *The Banking Act (Cap. 488)* The Bill seeks to amend the Act by repealing section 33B to remove the caps on interest charged on loans. This is aimed at encouraging banks to provide credit to Small and Medium Enterprises (SMEs).
- *The Retirements Benefits Act (No. 3 of 1997)* The Bill proposes to activate the benefits



and other accrued income of members of retirement benefits schemes who cannot be traced and that were rendered redundant with the enactment of the Unclaimed Financial Assets Act, 2011. The 'amendment also intends to provide time limit in which approved issuers shall transfer scheme funds in guaranteed funds to 1 year to protect the interests of members by reducing the exposure to low returns over an extended transfer period.

- *The Employment Act (No. 11 of 2008)*: The Bill seeks to introduce the definition of “basic salary” to guide on the base amount for computing the levy payable to the National Housing Development Fund. The amendment also seeks to delete the definition of “employee’s earnings”, words which have not been used in the Act.
- *The Accountants Act (No. 15 of 2008)*: The Bill proposes to remove the requirement for students to register with the Institute of Certified Public Accountants of Kenya before qualifying as accountants.
- *The Proceeds of Crime and Anti-Money Laundering Act (No. 9 of 2009)*: The Bill seeks to designate lawyers, notaries and other independent legal professionals as amongst reporting entities to whom Anti-Money Laundering/Combating Financing of Terrorism obligations shall apply.

The Competition (Amendment) Bill, No. 49 of 2019 was gazetted for introduction to the National Assembly on 1st July 2019. The Bill seeks to amend the Act to facilitate investigations with a view to mitigating abuse of bargaining or buyer power which adversely affects the economy and empowers the Competition Authority to investigate and take action against such conduct.

The Land (Amendment) Bill, No. 54 of 2019 was gazetted for introduction into the National Assembly on 4th July 2019. The principal object of the Bill is to amend the Land Act (No. 6 of 2012) to provide that where public land has been allocated to a public body or public institution by the National Land Commission for a public purpose or where land set aside by persons or land buying companies for a public purpose, the Registrar of Lands under the Land Registration Act, 2012 shall issue a certificate of title in the name of the public body, public institution or the relevant ministry as the case may be.

The Banking (Amendment) Bill, No. 55 of 2019 was gazetted for introduction into the National Assembly on 5th July 2019. The principal object of this Bill is to amend the Banking Act (Cap. 488) to clarify any vague, ambiguous, imprecise and indefinite words contained in Section 33B. The amendment firstly seeks to remove any ambiguity in section 33B (1) by clarifying that interest rate under reference is to be computed or applied on an annual basis. Secondly, the amendment seeks to clarify what a credit facility is by replacing the term “credit facility” with the word “loan” which is a more suitable and comprehensive term for purposes of section 33B (1) of the Banking Act.

The Parliamentary Pensions (Amendment) (No. 3) Bill, No. 57 of 2019 was gazetted for introduction into the National Assembly on 9th July 2019. The principal object of this Bill is to amend the Parliamentary Pensions Act, Cap. 196 to bring it into conformity with the provisions of the Constitution of Kenya, 2010 and provide for the Act to apply to Members of both Houses



of Parliament. The Bill further seeks to bring Cap 196 into conformity with the directions of the Salaries and Remuneration Commission as regards the retirement benefits due to Members of Parliament. The Salaries and Remuneration Commission is established under Article 230 of the Constitution and is empowered under Article 230(4) to set and regularly review the remuneration and benefits of all State Officers.

The National Government Constituencies Development Fund (Amendment) Bill, No. 58 of 2019 was gazetted for introduction into the National Assembly on 12th July 2019. The Principal object of the Bill is to amend the National Government Constituencies Development Fund Act, 2015 to provide for the adjustment of the ceiling of the fund to reflect an equitable sharing of the Fund amongst the constituencies.

The Kenya Information and Communication (Amendment) Bill, No. 61 of 2019 was gazetted for introduction into the National Assembly on 24th July 2019. The objective of this Bill is to amend the Kenya Information and Communications Act to provide for regulation of use of social media platforms. Clause 3 seeks to introduce a new Part to the Act on regulation of social media platforms. The new part will introduce new sections to the Act on licensing of social media platforms, sharing of information by a licensed person, creates obligations to social media users, registration of bloggers and seeks to give responsibility to the Communications Authority to develop a bloggers code of conduct in consultation with bloggers.

The Refugees Bill, No. 62 of 2019 was gazetted for introduction into the National Assembly on 26th July 2019. The principal object of the Bill is to provide for the recognition, protection and management of refugees, to give effect to the 1951 United Nations Convention Relating to the Status of Refugees, the 1967 Protocol Relating to the Status of Refugees and the 1969 OAU Convention Governing the Specific Aspects of Refugee Problems in Africa.

The Public Fundraising Appeals Bill, No. 66 of 2019 was gazetted for introduction to the National Assembly on 17th September 2019. This Bill seeks to regulate public collections or harambees or public fundraising appeals. The Public Collections Act, Chapter 106, Laws of Kenya, regulates collections of money and property from the public. This Act was assented to in 1960. The Act has several limitations, namely: (1) It is not aligned to the Constitution and there are a number of law reform issues that the Act needs to address, including reference to Provincial Administration and former administrative structures such as divisions, districts and provinces; (2) It does not bring within its ambit the devolved structures in public collections or public fundraising appeals as envisaged under the Constitution. Substantively, the Act does not address a number of issues, namely: It does not regulate public collections for charitable and religious purposes; and it does not provide proper safeguards to curb corruption that arises in voluntary collections. The proposed Bill therefore seeks to repeal the Public Collections Act and in its place have a more robust legal architecture in addressing pertinent issues in public collections.





Senate Bills

The Registration of Persons (Amendment) Bill, No. 14 of 2019 was gazetted for introduction to the Senate on 26th July 2019. The Bill seeks to amend the Registration of Persons Act, (Cap. 107) and the Births and Deaths Registration Act, (Cap. 149) in order to make provision for the registration of persons born with both male and female reproductive organs. This will ensure that the registration of such intersex persons reflects their unique gender.

The Kenyan Sign Language Bill, No. 15 of 2019 was gazetted for introduction to the Senate on 26th July 2019. The principal objective of this Bill is to give effect to Article 7(3)(b) of the Constitution of

Kenya on the promotion and development of the use of sign language. The Bill provides for the inclusion of sign language in education curriculum and use of sign language in legal proceedings. The Constitution of Kenya contemplates that public institutions shall put in place facilities to ensure the inclusion of deaf persons and persons who are hard of hearing in their processes.

The Alternative Dispute Resolution Bill, No. 19 of 2019 was gazetted for introduction to the Senate on 14th August 2019. The principal object of the Bill is to put in place a legal framework for the settlement of certain civil disputes by conciliation, mediation and traditional dispute resolution.

The Lifestyle Audit Bill, No. 20 of 2019 was gazetted for introduction to the Senate on 6th September 2019. The principal purpose of the Bill is to provide a legal framework for lifestyle audit. The Bill, therefore, seeks to provide a framework for the— (a) lifestyle audit process; (b) standards of professional conduct when carrying out lifestyle audit; (c) bodies to be involved in lifestyle audit; (d) unexplained wealth; (e) amendment of section 30 of Public Officer Ethics Act to make the declarations of the income, assets and liabilities public; (f) referral of matters to the Director of Public Prosecutions; and (g) procedure in carrying out lifestyle audit on state and public officers. Part II of the Bill provides for amnesty for corruption cases under deferred prosecution agreement with the Director of Public Prosecutions.





Export Promotion Council and Brand Kenya merged

The Export Promotion Council (EPC) and Brand Kenya Board (BKB) have merged to form a new agency known as The Kenya Export Promotion and Branding Agency (KEPROBA). The merger was approved by the Cabinet on 18th October 2018. KEPROBA was established via a Legal Notice No. 110 of 9th August 2019, which also revoked the existence of EPC and BKB. The agency's main task will be to help Kenyan companies and self-help groups to identify foreign markets and ensure that their products meet the internationally set standards. Moreover, KEPROBA will

be a one-stop shop for all trade promotion and branding activities covering local, regional and international engagements to eliminate duplication and create a uniform image of the country. The new agency is also expected to establish a brand for Kenya that will position the country optimally in terms of investment, credit worthiness, tourism and international relations. The establishment of this agency is in line with the Integrated National Exports development and promotion Strategy (NEDPS) and is a convergent point between public and private sector organizations.



Operationalization of Kenya Mortgage Refinancing Company

The Central Bank of Kenya through Legal Notice No. 134 of 2nd August 2019 gazetted rules to guide operations of mortgage refinancing firms. This paved way for licensing of the Kenya Mortgage Refinancing Company (KMRC). The legal gap had meant that KMRC could not operate and denied the firm access to startup capital pledged by multilateral development institutions. With the gazette, KMRC will operate under the capitalization rules guiding operations of

banks that require a minimum core capital of Ksh 1 billion. The firm is allowed to issue bonds, notes and other financial instruments to raise funds to execute its objectives, with further cash coming from returns emanating from investments in government debt securities and guarantee funds. The KMRC is an important component of the "Big Four" agenda on affordable housing. It will support the agenda by providing secure, long-term funding to mortgage lenders, thereby increasing the availability and affordability of mortgage loans to Kenyans.



Crude oil export

H.E. President Uhuru Kenyatta flagged off Kenya's first crude oil export consignment on 26th August 2019 at the port of Mombasa. The consignment comprising 200,000 barrels of crude oil valued at Ksh 1.2 billion had been stored at the Kenya Petroleum Refineries Ltd storage facilities in Changamwe, Mombasa, having been transported by road from Turkana County. This consignment is the first under the Early Oil Pilot Scheme (EOPS) and trucking of oil under the scheme is set to continue for the next 18-24 months. One aim of the EOPS is to test supply logistics and help determine the commodity's price-point in the global market. Under the

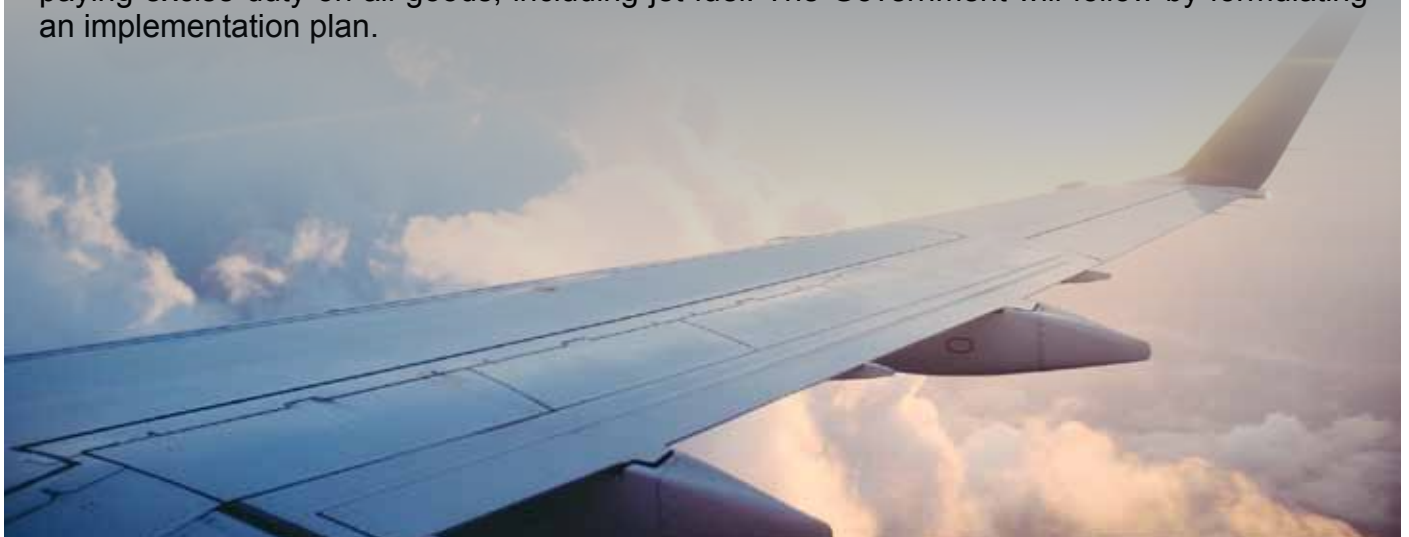
Scheme, Oil movement will be by road for about two years ahead of the construction of an 865-kilometre crude oil pipeline that will allow commercial shipments.



Nationalization of Kenya Airways

Nationalization of Kenya Airways gained momentum on 23rd July 2019 when National Assembly unanimously voted to approve the recommendation by the Transport Committee for the formation of an umbrella Aviation Holding Company to run Kenya's aviation sector. The move could, among other thing, relieve the airline from debts. The recommended holding company would have four subsidiaries comprising the Kenya Airports Authority (KAA), Kenya Airways (KQ), the Jomo Kenyatta International Airport (JKIA) and a centralised Aviation Services College, which will run independently. The committee in its report also recommended the holding

company be given tax concessions for a period to be determined and that it be exempted from paying excise duty on all goods, including jet fuel. The Government will follow by formulating an implementation plan.



The Second Phase of Mau Restoration Exercise

The Government has embarked on the second phase of evictions, aimed at evicting over 10,000 illegal settlers from the Mau Complex. In 1954, the entire 427,000 hectare Mau Complex was gazetted as a forest reserve. However, between 1973 and 1986, 14,278 hectares of Maasai Mau forest were destroyed through human settlement, an act that is deemed to be illegal. In order to protect the water tower, the government implemented the second phase of Mau restoration exercise in August, 2019. This follows the first phase of the eviction in July 2018 that saw about 7,700 people evicted from the forest land and over 12,000 acres of the forest reclaimed. The Rift Valley Regional Commissioner noted that a multi sectoral team had already received the go ahead from the Ministry of Environment and Forestry to erect an electric fence within the block and start reforestation programmes in September.



Foreign Remittances

Foreign currency deposits held in Kenyan banks crossed the 600 billion mark for the first time in 2018/2019 financial year to Ksh 620.5 billion. The month of June recorded the highest monthly remittance at Ksh 30.4 billion. This spike in remittances is attributed to diaspora remittances, horticultural exports and a lower import bill. The growth in foreign remittances and a decline in imports has led to the narrowing of the current account deficit to 4.2 per cent of GDP in 2019 compared to 5.2 per cent of GDP in 2018. The rise to above Ksh 600 billion also coincided with the amnesty period (initial deadline was 30th June 2018 but was extended to 30th June 2019). Treasury had extended to Kenyans who have stashed wealth abroad to return it home without facing prosecution or tax as per the Economic Crimes Act or money laundering laws.



End of Demonetization Exercise



The demonetization exercise was successfully completed on September 30. The withdrawal of the older series Ksh 1,000 notes by the Central Bank of Kenya (CBK) was aimed at addressing the concern of illicit financial flows, and the emerging risk of counterfeits. According to the CBK, out of a total of 217,047,000 on 1st June, only Ksh 209,661,000 pieces were received. As a result, 7,386,000 pieces valued at Ksh 7.3 billion were rendered worthless.

Forthcoming KIPPRA Publications



Taxing mobile phone financial transactions

A study by the Brookings Institution in August 2019 shows that taxation on mobile phone airtime and financial transactions may not expand the tax base significantly but, rather, may reverse the gains on retail electronic payments and financial inclusion. The study reports a 26 percent increase in the tax burden on mobile phone-based transactions and operators in at least 12 countries in Sub-Saharan Africa. The study notes that this may discourage the use of mobile phone-based transactions by low income earners, incentivizing them to revert to cash transactions to evade taxes and so less tax revenue. Kenya's Finance Act 2018 raised the excise tax on mobile phone-based financial transactions by 2 per cent to 12 per cent. The report further indicates a high economic cost of the mobile money taxing compared to the less than one per cent of total tax revenue raised from mobile money taxing, and a further increase in the excise tax rate generates less tax revenue.

Kenya get AU's approval for UN Security Council seat

The African Union endorsed Kenya for the United Nations Security Council (UNSC) non-permanent seat on 21st August 2019 after Nairobi defeated Djibouti with 37 votes against 13. The continental approval is significant as Kenya becomes Africa's sole candidate for the race to win the UNSC seat for 2021-2022. Kenya's candidacy will be subjected to the UN General Assembly vote in June 2020. A country needs a two-thirds vote of the General Assembly members to win the non-permanent seat of the UNSC. The UNSC has five permanent members (China, France, Russia, United Kingdom and United States) and ten non-permanent members, five of which are elected each year by the UN General Assembly for a two-year term. Geographical representation of the UNSC non-permanent seats are as follows; African Group (3), Asia-Pacific (2), Latin America and Caribbean (2), Western European and Others (2) and Eastern European Group (1). Traditionally, one of the seats assigned to either African Group or Asia-Pacific Group is filled by a country from the Arab world. A win for Kenya at the UN General Assembly next year will be crucial as Nairobi will be expected to play role of the UNSC in the maintenance of international peace and security. Previously, Kenya held the UNSC non-permanent seat in 1973-1974 and 1997-1998.

Kenya leads the world in geothermal utilization

Kenya was ranked as the global leader in the use of its geothermal resources to generate energy by the UN Industrial Development Organization (UNIDO) and 8th globally in geothermal resource potential. This is after the Kenya Electricity Generating Company (KenGen) on 30th July 2019 completed testing of the first unit of the Olkaria V project, which attained its full design output of 82.7 megawatts. It subsequently injected 79 megawatts to the national grid raising the total amount of installed geothermal power capacity by KenGen to 612 megawatts. Kenya has geothermal resources in Olkaria by KenGen and Menengai by Geothermal Development Corporation (GDC) which have been utilized to inject 800 megawatts of power to the national grid against an estimated potential of 10,000 megawatts.

Japan hosts TICAD7 in Yokohama

The 7th Tokyo International Conference on African Development (TICAD7) was held in Yokohama, Japan on 28th – 30th August 2019. President Uhuru Kenyatta was among over

thirty (30) African Heads of State and Government who graced the three-day conference. During the conference, African leaders made a common call for increased public-private partnership (PPP) between African and Japanese enterprises as the preferred model of delivering sustainable development in Africa. In his opening remarks, Japanese Prime Minister Shinzo Abe announced an initiative dubbed New Approach for Security and Stability in Africa (NAPSA) that aims to strengthen judicial and law enforcement systems in Africa. The capacity building initiative has already admitted police officers, public prosecutors and judges from 39 African countries. The Japanese leader also announced a pledge by Tokyo to support the roll out of Universal Health Coverage (UHC) programme in Africa. On the sidelines of the meeting, President Kenyatta and PM Abe led their respective delegations in bilateral talks that focused on the ongoing roll out of UHC in Kenya and the development of a Special Economic Zone (SEZ) in Dongo Kundu, Mombasa. TICAD was initiated by Japan in 1993 and is co-hosted by the United Nations, United Nations Development Programme (UNDP), World Bank and African Union Commission (AUC). Initially, it was held every five years till TICAD V (2013), and is now being held every three years since TICAD VI (2016). It is convened alternately in Japan and Africa since TICAD VI that was held in Nairobi.

France hosts 45th G7 summit

The 45th G7 summit was held in Biarritz, Aquitaine, France from 24th–26th August 2019. Five objectives of the summit proposed by France include fighting inequality of opportunity, promotion of gender equality, access to education and high-quality health services; reducing environmental inequality by protecting the planet through climate finance, and a fair ecological transition, preserving biodiversity and the oceans; strengthening the social dimension of globalization through more fair and equitable trade, tax and development policies; taking action for peace against security threats and terrorism which weaken the foundations of societies; and tapping into the opportunities created by digital technology and artificial intelligence (AI). Issues that were highlighted in the communique included commitment to settle trade disputes more swiftly and to eliminate unfair trade practices; ensuring that Iran does not acquire nuclear weapons and the need to foster peace and stability in Middle East region; and support for a truce in Libya that will lead to a long-term cease fire. The G7 comprises Canada, France, Germany, Italy, Japan, United Kingdom and United States. The European Union is a permanent participant in all the summits since 1981. African leaders who attended this year's summit included Presidents Cyril Ramaphosa (South Africa), Paul Kagame (Rwanda), Macky Sall (Senegal), Abdel Fattah Al-Sisi (Egypt), and Roch Marc Christian Kabore (Burkina Fasso).

12th Commonwealth Women's Affairs Ministers Meeting

The 12th Commonwealth Women's Affairs Ministers Meeting was held in Kenya from 16th to 20th September 2019. The meeting themed 'From Commitment to Action: Accelerating Gender Equality and Women's Empowerment for Sustainable Development' was guided by various objectives. These include: turning the words and aspirations expressed by leaders at 2018 Commonwealth Heads of Government meeting into more leadership positions for women in private and public sectors; advocating for more political engagement at all levels; more economic and entrepreneurial opportunities, and more strides toward creating a world where gender equality is truly a reality. The meeting also provided the platform for the Commonwealth to reflect on what has worked and what needs to be accelerated to reduce gender, race, and

other inequalities. During the meeting, Dr Natalia Kanem, the Executive Director for United Nations Population Fund (UNPF) acknowledged that access to education and to sexual and reproductive health services and information, and removing the stigma surrounding sex and sexual health are crucial aspects of promoting gender equality and empowering women to make fundamental decisions about their bodies and lives. In her remarks, she further noted that removing the barriers that keep women and girls behind will pave way for prosperous Nations, given that Nations in which women and young people are drivers of inclusive development can flourish without any limit to their potential.

74th session of the United Nations General Assembly (UNGA 74)

The 74th session of the United Nations General Assembly (UNGA 74), themed “Galvanizing multilateral efforts for poverty eradication, quality education, climate action, and inclusion”, started on 17th September 2019 in New York city. President Uhuru Kenyatta was among other Heads of States and Governments who attended the session. The objectives of the session include high-level events (Climate Summit, Financing for Development) and a review of the Small Island Developing States (SIDS) Accelerated Modalities of Action (SAMOA) Pathway. During the session, H.E. Uhuru Kenyatta in his speech acknowledged the need to support the population, especially the youth to be productively engaged, to shape the future through accelerated implementation of the SDGs. In addition, he noted the importance of sustainable resource management models to help restore balance in the ecosystem. He urged the leaders present during the session to implement and scale up affordable solutions that would aid the Nations to leapfrog to sustainable and more resilient economies that reduce green-house emissions and push global warming below 1.5 degrees celsius. In financing SDGs, Climate Action and the critical needs of the population, the president noted that an estimated amount of US\$ 2.5 to 3 trillion is needed annually. Towards that end, he urged the leaders to focus on innovative financing models that reorient private capital, create new instruments and modalities that strengthen regulatory framework to de-risk investments.



CURRENT KIPPRA RESEARCH PROJECTS

Baseline survey on access to agricultural finance by women in Kenya

KIPPRA, in collaboration with Agricultural Finance Corporation (AFC), is undertaking a National Baseline Survey aimed at understanding access to agricultural finance by women in Kenya. The survey emanates from recognition of the important role played by women in Kenya's agriculture sector and their vital role in ensuring family food security. The survey will be guided by various objectives, among them to establish the status of access to agricultural finance by women in the country, to assess the level of awareness of different agri-finance channels among women, and evaluating the needs, constraints, priorities and the level of satisfaction in agri-financing among women in Kenya. The baseline data will facilitate monitoring impact and transformational development for women funded projects under Women Affirmative Access Window (WAAW), and the finalization of the Women Economic Empowerment Draft Strategy by the State Department of Gender Affairs (SDGA). The ultimate output will inform the government's development agenda of increased agricultural productivity, boosting food and nutrition security.

Cost of Hunger in Africa (COHA) Study

KIPPRA in collaboration with the National Treasury and Planning, the Ministry of Health, and the Ministry of Education, supported by UNICEF and WFP are undertaking a study on the cost of hunger in Kenya. The study follows a series of training sessions supported by the National Treasury and the World Food Programme. The study is expected to provide a measure of the effects of child under-nutrition on health, education, and labour productivity, respectively. In an expected analysis of various scenario, the study will estimate the cost of achieving the objectives spelt out in the SDGs on elimination of hunger. The report is scheduled to be completed and launched by the end of September 2019 and will be useful in leveraging support for appropriate investments in nutrition, especially for children, and will provide further research/policy evidence for food security which is one of the four components of the "Big 4" agenda.

KIPPRA and AERC project on growth poverty and redistribution

KIPPRA supported by the African Economic Research Consortium (AERC) is undertaking a study on whether the level minimum basket adequately informs the scope of the government poverty reduction strategies. The study looks at the components of the poverty line minimum basket in informing the interventions undertaken by the government to understand the challenges and opportunities in appropriately focusing the mix of interventions to effectively address poverty in Kenya. This is also an attempt to finding out how identified indicators of measuring basic deprivation sufficiently inform policy makers in coming up with interventions that address deprivations adequately, thus ensuring there are no neglected pockets of poverty. The report is scheduled to be complete by the end of 2019 and will inform government's programmes in reducing poverty in the country.

KIPPRA EVENTS



KIPPRA undertakes training on public policy making process for stakeholders

Between 16th and 20th September 2019, KIPPRA conducted a Public Policy Making Process (PPMP) training course for NGOs Coordination Board in Nyeri. The course aims to enhance skills, knowledge and understanding of how public policies are designed and influenced. A total of 22 participants were trained, including the NGO Coordination Board, UNDP, and Amkeni Wakenya. The capacity building programme was undertaken with support from UNDP. Participants appreciated that training was necessary at the county level to improve public policy making. The KIPPRA PPMP course is undertaken by KIPPRA staff. It is targeted at policy makers, policy analysts (in both national government, county governments, private sector and civil society), bureaucrats and citizens.

KIPPRA establishing a digital public policy repository to enhance policy making

On the 13th September 2019, KIPPRA held a stakeholder roundtable meeting on the KIPPRA Public Policy Repository (PPR). The purpose of the meeting was to highlight the scope of the PPR, benefits of it, get recommendations from stakeholders and address any legal issues and linkages. The KIPPRA PPR aims to provide an open access platform to collect, store, index and disseminate policy-related publications to both internal and external customers. The PPR will contribute to KIPPRA's function of developing capacities for policy formulation, implementation and evaluation within National and County governments. It will also serve as a reservoir of knowledge on public policy in contributing to the achievement of national development goals. Thus, KIPPRA seeks to create and maintain a digital public policy repository that reflects its mission and values. The PPR will cover the National and County government policy documents, and selected documents from KIPPRA research publications, Ministries, Departments and Agencies (MDA), Non-Governmental Organizations (NGOs), institutions of higher learning and other links to selected repositories. The KIPPRA digital PPR is an online archive, and not a publisher.

KIPPRA co-hosts workshop to launch study on “Africa’s youth employment and structural transformation through industries without smokestacks”

On 6th September 2019, KIPPRA in collaboration with the African Economic Research Consortium (AERC) and the Brookings Africa Growth Initiative hosted a workshop on “Addressing Africa’s youth employment and structural transformation through industries without smokestacks”. The purpose of the workshop was to present the final version of the framework papers, share preliminary results on the South Africa case study, and kick-off other country case studies – including Kenya, Uganda, Senegal, Ghana and Rwanda. Industries without smokestacks include tourism, horticulture, agro-processing, and transit trade. It was noted that youths are the key impetus to driving Africa to the next level through engagement and skills development. It was also noted that there were some commonalities between countries of focus in the study. Key upcoming activities outlined for the project include: a workshop to discuss findings and dissemination of outputs and the initiation of the book project in 2021.

KIPPRA hosts a policy seminar on grading China’s belt and road

On 20th August 2019, KIPPRA hosted a policy seminar on Grading China’s Belt and Road Initiative. Daniel Kliman from Center for a New American Security (CNAS) made a presentation based on a report on China’s infrastructure investments. Also, in attendance was Emily Fertik from the US



KIPPRA EVENTS

Embassy in Kenya. Participants were informed that The Belt and Road Initiative (BRI) was launched in 2013 and its vision was to promote a world connected by Chinese funded infrastructure. The main motive of the initiative was to advance China's geo-political idea and increase their sphere of influence in the world. The report highlighted the challenges experienced in different recipient countries of Chinese infrastructure. The challenges were viewed as strategic assets for China in advancing its agenda in the world. The presented noted that if countries asked the right questions before engaging in projects, they would benefit mutually. The full report can be accessed on this link: <https://t.co/7V3Fh9zz3m?amp=1>

KIPPRA conducts training on children, youth, PWDs and women sensitive planning and budgeting with support of UNICEF

KIPPRA conducted training on children, youth, people with disabilities (PWDs) and women-sensitive planning and budgeting in Nakuru and Kisumu from 11-16 August 2019. The broad objective of the capacity building was to equip participants with skills to influence the planning and budgetary process and policies on children, youth, PWDs, women and nutrition in order to foster sustainable development. The training was conducted in collaboration with ministries, departments and agencies of the government and UNICEF and UN-Women. It targeted sector county directors from the following key departments at the county level: County Finance and Planning; Education and Youth Development; Technical Training; Health and Nutrition; Water Sanitation and Hygiene (WASH); Children; Women; Persons with Disabilities (PWDs), Social Protection and the Office of Controller of Budget. During the workshops, participants were taken through the budget analysis guidelines and data templates, and the county budget briefs outlines. Participants assisted also in data collation for each of the counties for all the selected sectors. Participants were drawn from Nakuru, Uasin Gishu, Elgeyo Marakwet, Nandi, Bomet, Baringo, Kericho, West Pokot, Turkana and Narok counties while the Kisumu one was attended by officers from Kisumu, Vihiga, Siaya, Homa Bay, Kakamega, Migori, Bungoma, Kisii, Busia, Nyamira and Trans Nzoia counties.

KIPPRA hosts Mount Kenya University students for mentorship

On 26th July 2019, KIPPRA hosted Mount Kenya University Economics Club members. The visit was hosted under the KIPPRA Mentorship Programme for University (KMPUs), which is designed to mentor the next generation of leaders and harness the link between academia and public policy making to promote national development. KMPUs sensitizes students about the skills required in the labour market and how they can contribute to the development of the nation. Through the presentations made by various KIPPRA staff, the students got a better understanding of the Institute's functions and its role in Kenya's public policy process and how this contributes to development. The students also got to learn about the KIPPRA Young Professionals (YP) programme and what it takes to enroll in the one-year training programme. They also got a chance to learn more about the National Values and Principles of Governance, and the country's development agenda – the Vision 2030 and the "Big Four" agenda.

MOMENTS ON CAMERA



A participant giving feedback at the PPR meeting



A section of the MKU training during the visit to KIPPRA



A stakeholder listens to the presentation at the workshop on Industries without Smokestacks



AGI Director during his presentation at the Smokestacks Workshop



Daniel Kliman from the CNAS pays a courtesy call to the Executive Director, KIPPRA



MOMENTS ON CAMERA



Executive Director, AERC during the Industries without Smokestacks workshop



MKU students receive a parting gift at the end of the visit



MOMENTS ON CAMERA



Secretary Youth Affairs during the workshop on Industries without Smokestacks



Presentation of the training continues in Kisumu



Group photo of the participants in Kisumu



MOMENTS ON CAMERA



Training session in Kisumu



Stakeholders at the roundtable meeting on the KIPPRA Public Policy Repository (PPR)

MOMENTS ON CAMERA



Stakeholders during the workshop on Africa's youth employment and structural transformation



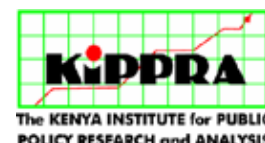
Daniel Kliman from the CNAS presents his paper on Grading Chinas Belt and Road to KIPPRA

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 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. 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 policy issues you would like KIPPRA to prioritize.



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