

Improving public policy making for economic growth and poverty reduction

Implications of GDP Rebasing on Skills and Professional Development

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In September 2014, the Kenya National Bureau of Statistics (KNBS) announced that the Kenya economy is 25.3% larger than it had earlier been estimated. The 2013 GDP was estimated at Ksh 4.76 trillion. This means that Kenya's economy is now ranked 9th in Africa, and is among the top ten African economies. The other top performing economies in Africa are Nigeria, South Africa, Egypt, Algeria, Angola, Morocco, Libya and Sudan. The new estimates put Kenya among the (lower) middle income nations, with a GDP per capita of Ksh 111,330. The key sectors that contributed to economic expansion were real estate, Information Communication Technology (ICT), agriculture, and manufacturing.

However, the overall education sector contribution as a percentage of GDP shrunk from 9.8% in 2009 to 8.2% in 2013. The human health and social work activities recorded a recovery of 2.0% in 2013 while the professional, scientific and technical activities contributed 1.1% of the total economic output.

This situation can be attributed to the fact that only 23% of the population has attained secondary education and above. The increase in GDP and GDP per capita does not necessarily mean that Kenyans are better off. Moreover, it says nothing as to whether labour market challenges facing the country (unemployment and underemployment) have been eliminated. But it means that Kenya will need to do much more in order to stimulate the development of skills that will enable the country meet the skills demand of an expanding economy.

A majority of the population are still stuck at low levels of education and training achievement. On average, 25% of the population aged 15-64 years has no education; 52% have only primary education. The effects of low education attainment are also observed in the labour market, with only 32.7% of workers in formal wage sector having attained secondary education and above. To address this challenge, there should be an enabling environment and mechanisms to provide opportunities to all eligible population seeking to pursue quality education at all levels irrespective of their socio-economic status. Most, importantly,

the cost of education should be addressed. It should be of priority to expand infrastructure and service delivery in marginalized areas, urban slums, and in pockets of poverty, while improving efficiency in utilization of available human and capital resources. It is also important to address the problem of unsatisfactory literacy and numeracy achievement levels, and to increase prospects of primary education leavers accessing secondary education and, thereafter, accessing tertiary education and productive participation in the economy.

The emerging sectors of the economy, especially the extractive industry, also come with new skills demands. Transforming the country into an industrialized middle income economy, and attainment of the 10% GDP growth rate as envisaged in the Kenya Vision 2030 demand that the country repositions itself in order to meet the skills demands that come along with the middle income status.

The improved economic status might also imply improved foreign direct investments. As

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more international firms reposition themselves in Kenya, there is likely to be more demand for professional and high technology skills. The value of the country's imports is also higher than value of exports, given the low technology exports. Kenya's exports are mainly primary in nature and are concentrated in a few agricultural products, while the country imports a large proportion of capital inputs.

Thus, the country requires a long-term human development framework, sound human resource planning, culture and attitude change, and visible opportunities for personnel and professional growth in order to address deficits in professional skills in the country. There is need to:

- Develop well-rounded graduates with entrepreneurial skills and societal responsibility;
- Focus on quality of teaching resources and processes, including planning, research, problem solving and evaluation to ensure improved quality of education, and appropriate professional skills development;
- Focus on demands of the labour market in order to promote professionalism, knowledge and technical skills needed in the various sectors of the economy; and
- Develop new market-relevant programmes with redefined curriculum, which is problem-solving, life-skills and technology-oriented.

Revitalizing technical education and training (both in technical training institutions and universities) could help reposition the country as a critical

avenue for human resource development. Training programmes in this regard should be tailored towards ensuring appropriate contribution to the economy and improved access to tertiary education. Creating and promoting an enabling environment for public-private partnerships for enhancing investment in deepening technical skills development in higher education could promote critical productive interaction between academia and private sector, and specific industries and public institutions in all fields.

On tertiary education, there is need to:

- Develop new forms of high technology and professional development education delivery;
- Identify new sources of funding;
- Promote quality and equity;
- Address issues of disparities, inequalities, despair and deficits in both skill and values; and
- Target those who are excluded after initial entry, those at risk of dropout, and the majority of those who are excluded from any form of post-primary education.

Finally, competitive remuneration and benefits for professional services is also critical. In addition to solid talent development and continuous skills nurturing and recruitment processes, Kenyan firms require rational, non-bureaucratic performance management frameworks. This would ensure appropriate placement after skilled personnel exit their establishments, competitive remuneration and clear specialist talent development.

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KIPPRA Policy Briefs are aimed at a wide dissemination of the Institute's policy research findings. The findings are expected to stimulate discussion and also build capacity in the public policy making process in Kenya.

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