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Improving public policy making for economic growth and poverty reduction

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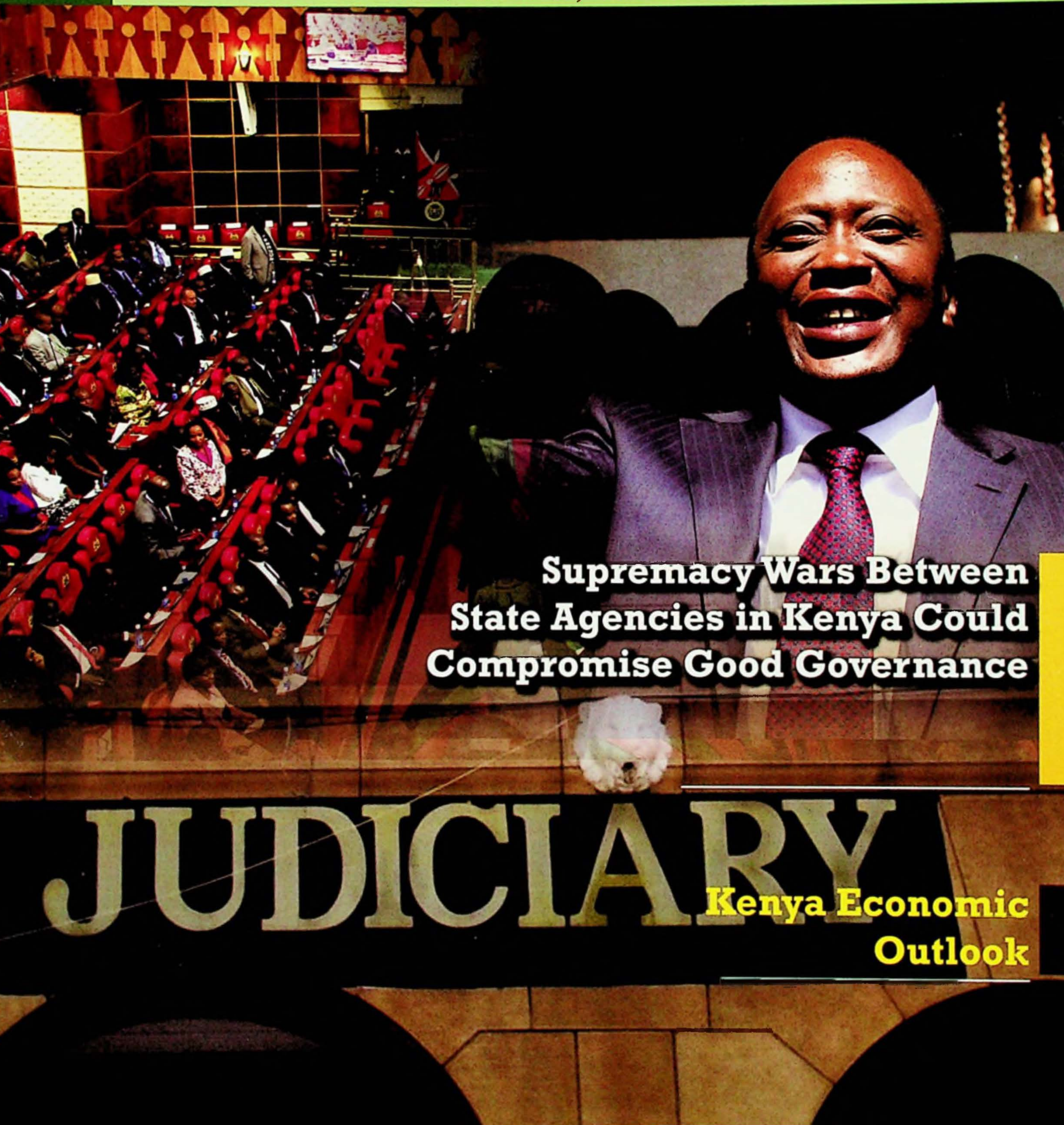

Supremacy Wars Between State Agencies in Kenya Could Compromise Good Governance

Kenya Economic Outlook

KIPPRA **IN PICTORIAL**

1. KIPPRA's Acting Programmes Coordinator, Prof. Joseph Kieyah (inset), addresses participants at a roundtable to review registration of property in Kenya.
2. Nancy Laibuni (inset) makes a presentation at a Monitoring and Analyzing Food and Agricultural Policies (MAFAP) workshop.
3. Knowledge Management and Communications staff during a team-building retreat.
4. Dr Augustus Muluvi (inset) addressing participants at an IMF Africa Regional Economic Outlook forum.
5. Hon. Prof. Ruth Oniang'o addresses KIPPRA staff at a party to celebrate the institute's naming as the leading think tank in Sub-Saharan Africa.
6. Social Sector Division roundtable discussion with stakeholders

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Vision

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

Mission

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

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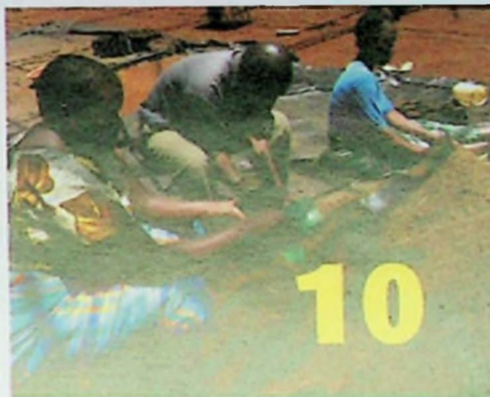


Editorial

The adoption of the new Constitution in 2010 was dream come true for many Kenyans, as it heralded a new era and a promising future for the country. However, five years on and many challenges facing its implementation are threatening to delay the long-awaited fruits.

Among the key impediments to the implementation process is the conflict of interests and supremacy wars between government institutions that ought to promote good governance and the rule of law.

Although the Constitution stipulates that the institutions have a collective and complimentary mandate to serve Kenya, a lot of time and resources are still spent on determining who wields more power. The lead article discusses these conflicts and what these institutions must do to ensure they work in harmony to deliver their mandate.

The economic outlook points out the steady growth Kenya has witnessed in the recent past but highlights some of the challenges that have slowed the pace of growth. Insecurity is one of them, mainly affecting the tourism sector, which is a key contributor to economic growth. To address the challenge, the Government has taken several measures, including deploying more resources to the security forces.

Apart from insecurity, Kenyans also have to grapple with the rising cost of living. Many families spend a significant proportion of their income on basic needs and are left with little or nothing for savings and investment. To address this, we outline specific measures targeting key drivers of the rising cost of living, such as cost of food, transport, domestic production, unemployment, insecurity and a non-conducive business environment.

While there are many emerging sectors that immensely contribute to Kenya's economy, agriculture remains a major driver and determinant of economic growth. However, given the many policies governing the sector and the adoption of a new form of government, there is a risk of policy incoherence, which can lead to disjointed development and wastage of scarce resources. The article on agriculture outlines steps to achieve policy coherence, which will ensure success in the sector.

To address food security, especially among the poor and children, one researcher discusses omena's (*Rastreneobola argentea*) immense potential, especially if modern drying techniques – drying racks – are used.

Read these and more insightful articles in this issue of the KIPPRA Policy Monitor.

Economic Outlook

By Benson Kiriga, Policy Analyst, Macroeconomics Division

The national accounts statistics were revised and rebased in late 2014, making the economy 25 per cent larger than the previous estimates. The economy registered impressive growth rates of 5.7 per cent and 5.3 per cent in 2013 and 2014, respectively. Given that Kenya's economy is on a recovery path, the performance gives an impetus for a stronger growth in the medium term. The devolved governments are now taking root, having been in operation for almost three years. They are expected to make a significant contribution to the overall economic growth. This, coupled with the earmarked infrastructure projects, institutional reforms, and stable macroeconomic conditions are expected to give a significant boost to economic growth and development.

However, internal security and some external factors still remain a major threat to Kenya's economy.

"The overall inflation level in 2014 averaged 6.8 per cent, slightly higher than 2013 at 5.7 per cent

The overall inflation rate in 2014 averaged 6.8 per cent, slightly higher than 2013 at 5.7 per cent. However, the performance for the two years is quite an improvement compared to 2012, which had an average rate of 9.6 per cent. The price stability can be attributed to prudent monetary policy during the period, and favourable oil prices in the international markets particularly in 2014.

Taking into account continued stable macroeconomic conditions and prudent economic policies, the projected growth for the economy is expected to be at 6.2 per cent, 6.5 per cent, and 6.8 per cent in 2015, 2016 and 2017, respectively. There are also expectations that the international environment will be favourable, that there will be continued implementation of capital projects and that political capital will continue yielding desirable economic results.

Consumption by households is expected to be steady at 6.9 per cent in 2015 and 6.5 per cent in 2017 mainly due to the expected inflation levels easing to the policy level and the fair economic growth rates in the medium term. Since consumption is determined also by the disposable income to the households, the Government's efforts towards increasing employment levels will definitely have a positive impact on the levels of private consumption.

The tourism sector is performing poorly, which eventually affects the level of exports in terms of services. The current efforts of branding Kenya as a tourist destination are expected to boost tourism and thereby improve oexports. However, the volatile security situation in Kenya is a serious threat to the tourism sector. Several measures have been implemented to address the security challenge. These include increasing security personnel in the affected regions and ensuring that they are well equipped, and making heavy use of the security intelligence locally and abroad.

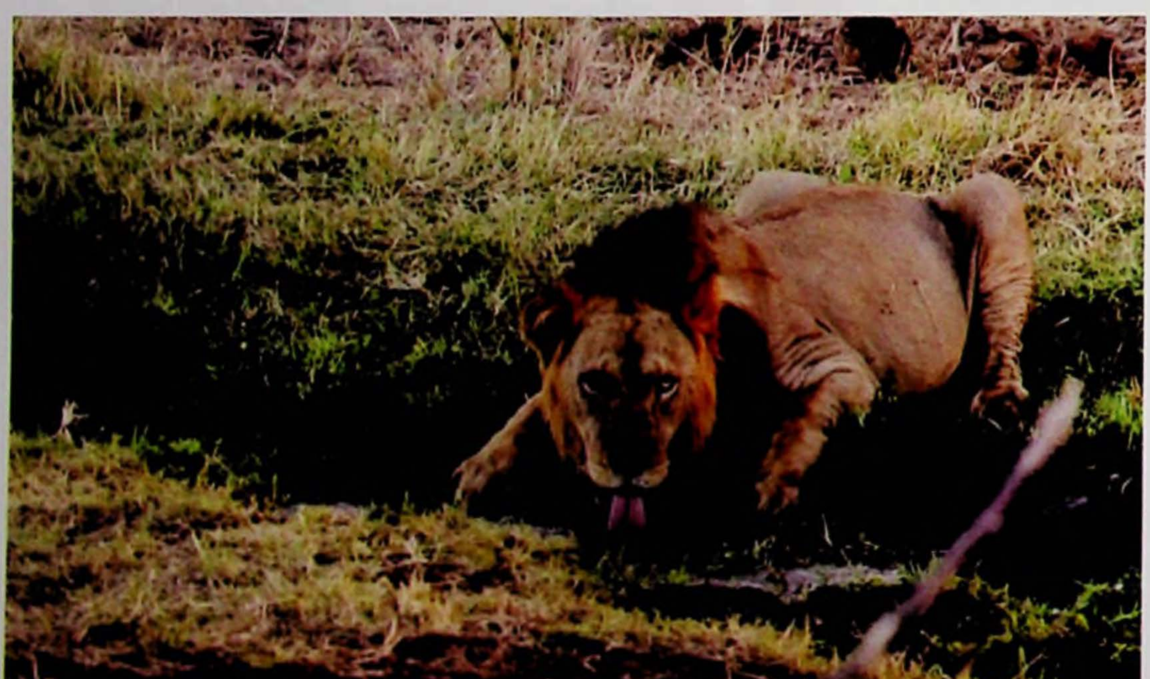
As the economy expands in the medium term, growth in imports is also expected to move in the same direction. The import volume growth will be occasioned by the need to complement domestic production, purchase of intermediate and capital goods, and purchase of oil and oil-related products.

The foreign exchange market generally remained stable in 2013 and 2014. The exchange rate of the Kenya Shilling against the US Dollar fluctuated within a narrow range of between Ksh 84.53 and Ksh 87.92 per US dollar from 2012 to 2014 respectively. However, the Shilling has in the recent past depreciated heavily against the US Dollar to levels above Ksh 100 to the US$. The Central Bank of Kenya is expected to pursue prudent monetary policy that will support price and exchange rate stability. This will enable the exchange rates to stabilize to below Ksh 100 to the US$, given that the macroeconomic conditions will also be stable in the medium term.

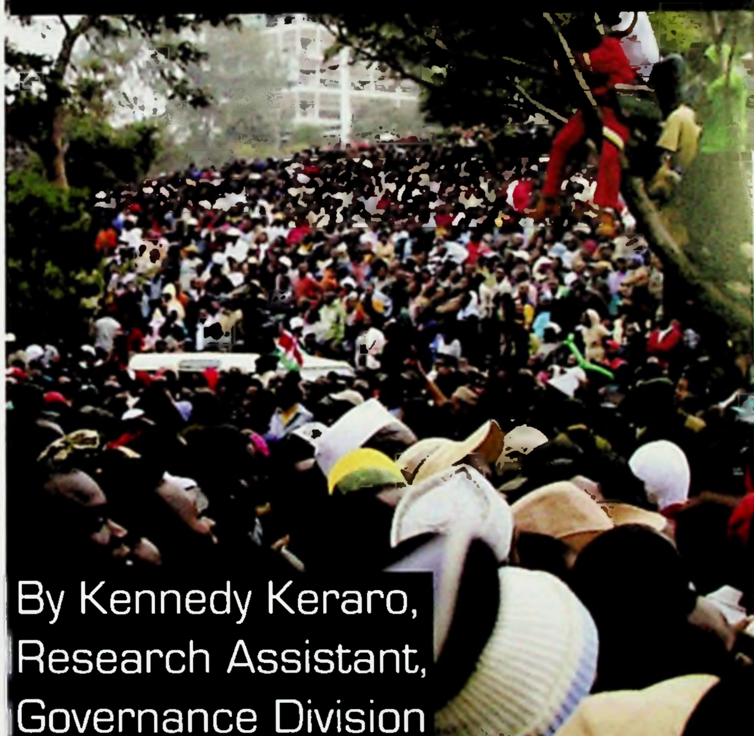
Macroeconomic projections for 2015-2017

[redacted]		2013	2014	2015	2016	2017
GDP growth	4.6	5.7	5.3	6.2	6.5	6.8
Inflation (overall)	9.6	5.7	6.8	6.1	6.0	5.1
Short-term interest rate	12.8	8.9	8.9	8.3	8.3	8.3
Private consumption	5.8	8.2	5.5	6.9	6.1	6.5
Private investment	8.0	2.5	7.9	8.1	8.3	9.5
Government consumption	7.0	5.0	2.7	2.2	5.0	5.8
Government investment	18.0	10.7	7.0	7.1	6.8	7.0
Export G&S	-0.4	-0.6	2.3	3.5	4.7	5.2
Imports G&S	5.1	0.3	9.7	5.9	5.2	6.5
Current account balance	-10.5	-10.5	-11.0	-11.2	-12.1	-12.7
Public expenditure (% GDP)	25.2	24.3	24.5	23.4	22.3	21.4
Kenya shilling per dollar	84.7	86.0	87.9	89.8	90.3	90.0

Source: KIPPRA-Treasury Macroeconomic Model (KTMM)



Supremacy Wars Between State Agencies in Kenya Compromise Good Governance



By Kennedy Keraro,
Research Assistant,
Governance Division

Good governance is compromised when either arm of government performs its functions in a way that encroaches on the mandate of the other

The optimal functioning of a government is achieved when the three arms of government (the Legislature, the Judiciary and the Executive) respect the doctrine of separation of powers. Under this doctrine, the Legislature makes the laws, the Judiciary interprets the laws and the Executive implements the laws and other government policies.

Although each arm of government is independent of the other, the three are designed such that their functions complement and check on the excesses of the other. Good governance is compromised when either arm of government performs its functions in a way that encroaches on the mandate of the other. When the other arm asserts its position and challenges the encroacher, this spurs supremacy wars and undermines institutional inter-dependence, which is critical for good governance.

The promulgation of the new Constitution in Kenya in 2010 heralded an era of strengthened institutions of governance. Chapter 8 of the Constitution creates a bi-cameral Parliament comprising the National Assembly and the Senate, each with a clear mandate. Equally, Chapter 10 provides the criteria for establishment and the functions of the Judiciary.

Recent disagreements between the two houses of parliament portray a supremacy war that is likely to compromise the inter-dependence of the Legislative arm of government, which in turn will affect good governance. On the other hand, there is tension between the Legislature and the Judiciary. The Judiciary has made decisions that have reversed or restricted the activities of Parliament and that has not gone well with Parliament.

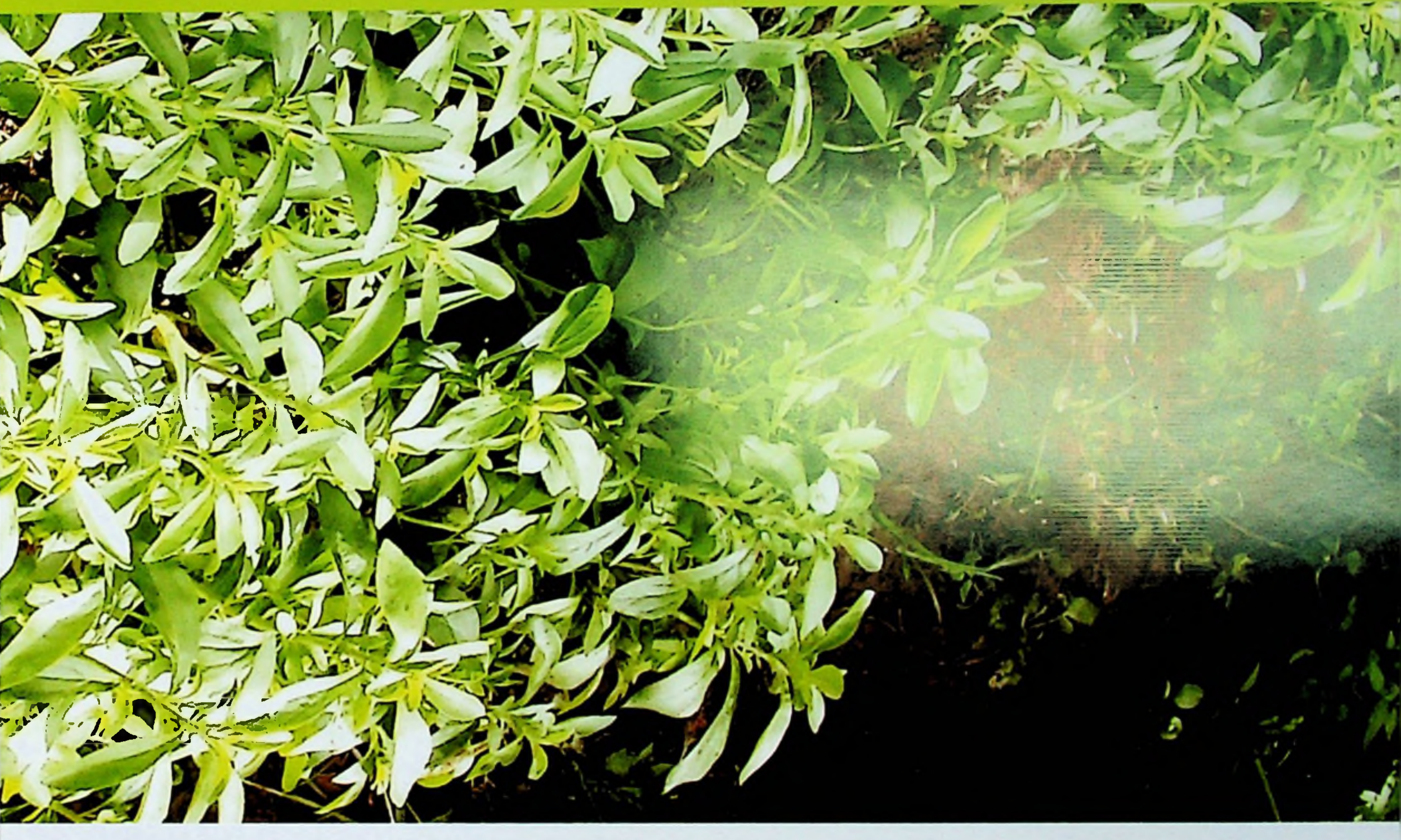
Feature

Policy Incoherence in

Could Weaken the Crucial link between

By Nancy Laibuni, Policy Analyst, Productive Sector Division

the Agricultural Sector
Strategy, Policy and Implementation

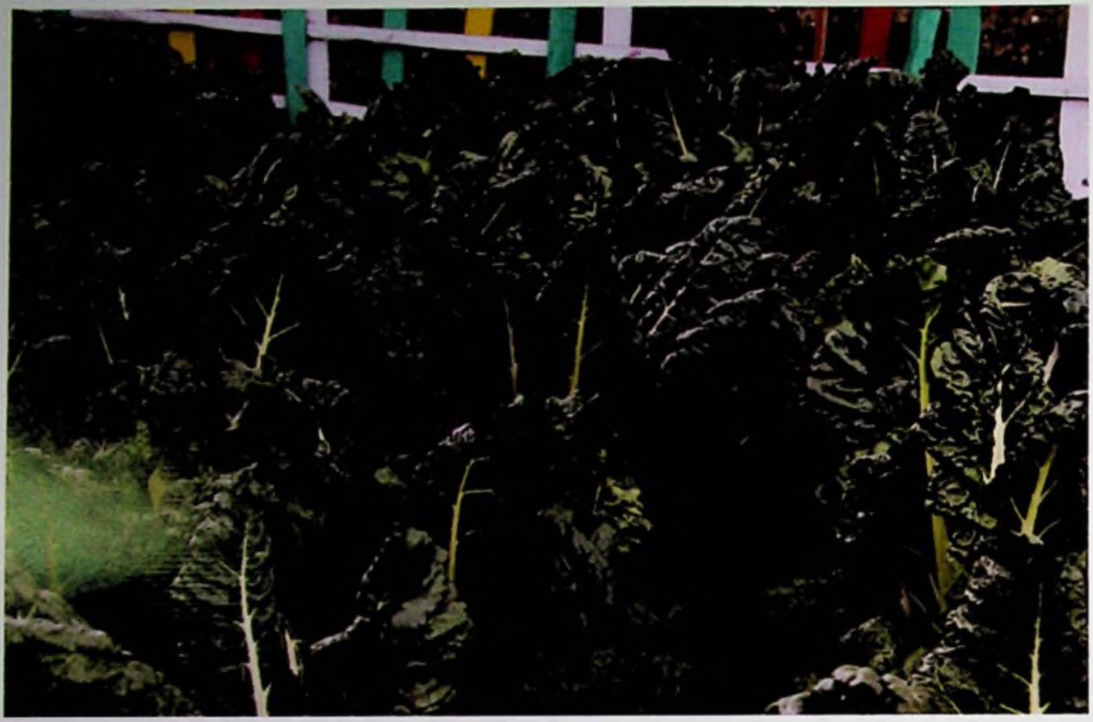


Policies and legislation are necessary to engineer socio-economic change, address development challenges and create an enabling environment for productive investments, inclusive growth, and equitable development. Just like other sectors of the economy, the agricultural sector has various policies guiding its activities. However, there are far too many policies, which may lead to incoherence and disjointed development

According to the Agricultural Sector Development Strategy (ASDS) 2010-2020, policy coherence is desirable for government because deficient coherence and stability may lead to failure to achieve the objectives set out in the Kenya Vision 2030 medium term plans. The Vision 2030 has identified four major challenges in the agricultural sector.

First, agricultural productivity is glaringly below its achievable potential due to various policy and structural constraints. Indeed, yields from various crop and livestock

Feature



enterprises have either stagnated or declined in the last two decades, since implementation of structural adjustment programmes (SAPs). For instance, fish production is below its potential, while forest cover and tree productivity have been on the decline.

Secondly, land remains largely under-exploited for agricultural and livestock production, and/or human settlement.

Thirdly, markets continue to function inefficiently, constrained by limited storage capacity, lack of post-harvest services, and poor access to input markets.

Lastly, there is little or no value addition, especially for the export commodities, meaning that Kenya continues to export semi-processed and low-value produce. The limited ability to add value to agricultural produce, coupled with high production costs, make the country's exports less competitive in the global market and limits the possibilities to explore new markets.

The ASDS, drawn from the Vision 2030, gives direction to public and private players in addressing the above and many other development challenges facing the sector, and in responding to opportunities and challenges at the national, regional and global levels. It serves as the national policy document for the agricultural sector.

The vision of the agricultural sector is: ***'A food-secure and prosperous nation',*** and the overall development and growth of the sector is anchored in two strategic thrusts:

(i) Increasing productivity, commercialization and competitiveness of agricultural commodities and enterprises; and

(ii) Developing and managing key factors of production (that is land, labour, capital – including technology and credit).

These targets are broad and would require the participation of other sectors of the economy in order to achieve them. Therefore, ASDS outlines the following interventions to fast-track growth in the sector:

- Review and harmonize the legal, regulatory and institutional frameworks
- Restructure and privatize core functions of parastatals and sector ministries
- Improve the delivery of research, extension and advisory services
- Improve access to quality inputs and financial services
- Improve access to both domestic and external markets
- Formulate food security and nutrition policies and programmes

ASDS 2010-2020 establishes clear strategic and logically coherent directions for the sector. It aims at establishing a modern, productive, commercially-oriented and competitive agricultural sector, which relies on sound development and management of key factors of production. It involves a holistic view of the sector, including linking sectoral objectives to intervention priorities, thus providing guidelines for development and management of production factors such as water, land, development of arid areas, environmental management, and forests. The ASDS provides a framework for planning and coordinating sector investments, and for monitoring and evaluation of achievements. It provides the national framework for domesticating the Comprehensive Africa Agriculture Development Programme (CAADP).

However, the ASDS has some limitations. Although it refers to the Kenya Vision 2030, it is not integrated with the Vision 2030 medium term plan

Zebu cattle, which are mainly for beef production. There is need to add value to agricultural exports to make them competitive.

and medium term expenditure framework budgeting process. Thus, it does not effectively ensure aligned resource allocation for its objectives. The ASDS alludes to application of a sector-wide approach to the development of the sector, but does not provide direction concerning establishment of mechanisms for coordination of sector programmes. This has weakened the crucial link between strategy, policy and implementation.

Apart from the ASDS, the Constitution of Kenya (2010) has spelt out the roles of both the national and county government in agriculture. Part 1 of section 29 of the Fourth Schedule of the Constitution outlines the role of the national government as formulation of agricultural policy and assisting the county governments on agricultural matters. Part 2 outlines the functions and powers of the county to include crop and animal husbandry, management of livestock sale yards, county abattoirs, plant and animal disease control, and fisheries. The other chapters of the Constitution that are relevant include Chapter Four – the Bill of Rights – that addresses issues to do with access to information, freedom of association, equality and freedom from discrimination, labour relations, economic and social rights environment as well as protection of rights to property. Chapter Five on land and environment, and both part one and two in their entirety, have significant implications on the sector's activities.

The Constitution makes fundamental changes to management of land as a resource. The imperative of this is that a review of all policy, legal and institutional instruments will be required to ensure compliance and conformity of land management interventions with the Constitution in support of Vision 2030 objectives.

The devolved system of government has been in place for a short time, and thus most of the implementation structures at the county level are now underway. Some changes have been initialized to allow for smooth transition, namely: the merger of Ministries of Agriculture, Livestock and Fisheries that has created a unified extension service. Since the departments are interrelated, service delivery is envisioned to become more effective because of inter-departmental cooperation. During this transition period, in late 2011 and early 2013, the ministry realized four Acts of Parliament (Agricultural, Fisheries and Food Authority (AFFA) Act, Crops Act, Kenya Agricultural and Livestock Research Act, and KEPHIS Act). The overall aim of these legislations is to create a more business-oriented and efficient sector to boost food security interventions.

Kenya can borrow from the Organization for Economic Co-operation and Development (OECD) countries where there have been efforts to achieve policy coherence for development of the EU member states.

The following phases should be followed to enable coherence in the sector:

Phase One: Setting and organizing policy objectives and determining which one takes priority in the event of incompatibility. The building block for this phase of the cycle is that of political commitment and policy statements that translate commitment to action plans.

Phase Two: Coordinating policy and its implementation. This involves working out how policies and their implementation can be modified to maximize synergies and minimize incoherence. The building block for this phase of the cycle is that of policy coordination mechanisms that can resolve conflicts or inconsistencies between policies.

Phase Three: Monitoring, analysis and reporting. This involves collecting and analyzing evidence about the impacts of policies and reporting to parliament and the public. This is essential for evidence-based policy making, learning and accountability.

Impact of Post-harvest Losses in Omena on Food Security, Nutrition and Employment

By Mathew Muma, Policy Analyst, Productive Sector Division

Omena, the local name for an indigenous fish in Lake Victoria, and which has a scientific name *Rastreneobola argentea* has great potential to contribute to food security in the Lake Victoria region and to overall Kenya's economic growth. According to the Mbita/Suba Sub-Counties Annual Fisheries Report 2014, the estimated amount of Omena caught in 2014 was 63,993 tonnes. The fish is rich in proteins and mineral nutrients and can easily help the poor meet their food security needs since it is cheaper than the Nile perch, which is mainly exported. There is also a large domestic and regional market for the fish, and communities around the lake depend on it for their livelihood.

However, there are several challenges to Omena exploitation due to inappropriate processing through sun drying on the ground, on rocks, grasses, and sand. Unhygienic packaging, storage and transportation conditions also reduce normal airflow in stored Omena. The combination of heavy microbial contamination by sand, soil, debris and insects mainly at primary processing in the beaches, and the harsh environments and storage conditions lead to Omena biodegradation throughout the value chain. The challenges result into substantial physical, quality and economic post-harvest losses to Omena at the primary processing stage, especially among small-scale

The combination of heavy microbial contamination by sand, soil, debris and insects at primary processing in the beaches, and the harsh environments and storage conditions lead to Omena biodegradation throughout the value chain

processors. Thus, domestic food security cannot be adequately met with Omena, especially among the riparian communities.

Much of Omena is used for human consumption and animal feed processing. Despite this immense potential, a large quantity of about 5,000-11,000 tonnes of dried Omena is rejected and wasted. The value of the loss ranges from Ksh 1.424-2.848 billion annually. The loss is equivalent to annual full time job losses for 9,400 fishermen, 18,800 small scale processors, 3,100 wholesalers and 31,000 retailers. There are currently no interventions or standards to address the situation.

The priority action required to address the post-harvest losses in Omena is to make available appropriate drying technology. Other technologies have been tried in East Africa, such as the drying rack which is most recommended by many practitioners. Drying racks are made of wire mesh raised on stands. The racks are used for sun drying the fish and can be covered below and on top against ground and rain water, respectively.

Apart from being cheaper, drying racks also reduce drying time since air passes above and below the product. They also reduce post-harvest losses from rain and ground water, and produce a cleaner and higher quality product because pests and dirt are kept away. Drying racks can reduce post-harvest losses by at least a half. This means that 6-15 tonnes of the total post-harvest losses can be avoided and be available for human or animal consumption. The increased supply of the product can be used to enhance the supply of various foods, pharmaceutical, nutraceuticals and other value added products of Omena.

An increased supply of Omena can greatly contribute to the achievement of the food security and nutrition policy, due to lower prices that would greatly benefit the poor who mostly depend on the fish. Since most of the fish is used to manufacture animal feeds, an increase in its supply would also reduce the cost of feeding animals, which would translate to more profits for farmers. Also, an increase in the supply of Omena would translate to a greater demand for its by-products.

One important use of Omena is in food fortifications. Due to its rich source of proteins, vitamins and minerals, the sun-dried product is usually ground into a powder, which can stand alone as a product or is mixed with other foods for preparation of special meals, soups and stews, among others. Ground Omena can also be used to make porridge. Since the fish is rich in amino acids, vitamins and minerals, it can be used for food fortifications, especially for infants of the poor suffering from malnutrition. By-products of Omena can be further researched for their functional properties and be commercialized and sold in supermarkets, just like in Uganda where it is sold as baby food.

Omena is rich in proteins and anti-oxidants (vitamins) that possess valuable life functions. Extracts from Omena can, therefore, be used to enrich food systems, pharmaceutical and nutraceutical products. In addition, a greater supply of the fish can allow the extraction and processing of other by-products such as cosmetics, lubricants, varnishes, soap and margarine. These products have a greater value than the raw commodity.

In order to prevent post-harvest losses of Omena and increase the quality of the product along the value chain as well as the demand for the product, universities, county and national governments, Kenya Bureau of Standards, and the food industry should work together to develop standards for human and animal feeds. They should also conduct pilot demonstrations of racks for sun drying Omena among small fish processors and value chain stakeholders, and facilitate Omena processors access to affordable credit. Omena product differentiation and development for diverse market segments should be initiated. Moreover, processors, wholesalers, and retailers should be educated on standards and practices for Omena production, processing and utilization. The public should also be educated on the nutrition value of the fish and its by-products. Lastly, Omena should be developed into different products that can be used to increase the quality of other foods as fortified food, soup, porridge and stew.

When this is achieved, an effective and efficient value chain can be established to satisfy the various needs and preferences of the consumers. The current level of post-harvest losses in Omena is affecting the attainment of food security in the riparian community, government taxes, and the potential for growth of the value chain from a commodity-based to a technologically advanced one.

By John M. Omiti, Executive Director, and Gilbert Nyalienya, Research Assistant

Can We Tame the Rising Cost of Living in Kenya?

Kenyans are experiencing a soaring rise in the cost of living, which is affecting the overall quality of life. The key drivers of the cost of living include cost of food, housing, and transport, unemployment and insecurity. These raise the cost of domestic production and prices for essential goods and services beyond the reach of many people, and create a non-conducive environment to support macroeconomic stability for growth, welfare and overall competitiveness. Many families, particularly in rural areas, are spending a significant proportion of their income on basic needs such as food, leaving most households with little or nothing for savings and investment. This poses a serious challenge to social and economic development.

Initiatives to tame the rising cost of living, such as tax cut on fuel; wage adjustment; price control on essential goods such as maize flour, sugar, oil products; and creation of employment opportunities particularly for the youth and women have achieved some measure of success. However, the cost of living is still rising. Moreover, the Kenya shilling has further depreciated against major world currencies, and inflation is still beyond the desired 5% target. The inability to tame the rising cost of living is partly due to inherent inefficiencies in enforcement of wage adjustment, raising productivity in informal and key economic sectors, tackling wide-spread unemployment and income inequality. This requires a multi-pronged policy approach targeting the main drivers of the cost of living.

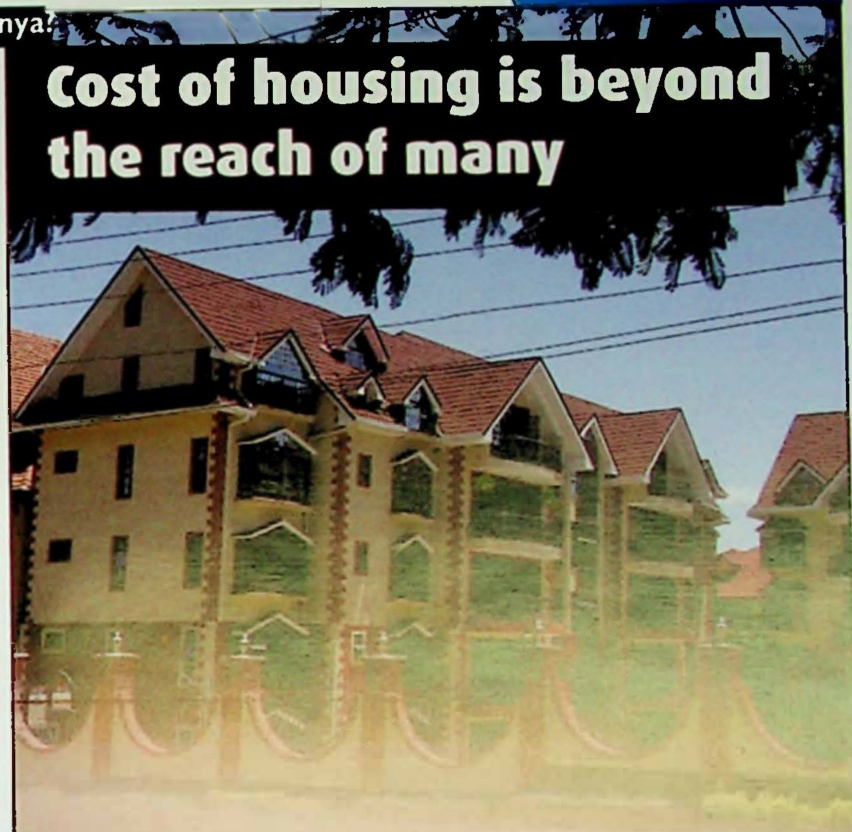
Can We Tame the Rising Cost of Living in Kenya?

Attaining food security

Food and nutrition insecurity is a major development challenge due to perennial food shortages attributed to unpredictable weather, decreasing farm sizes, population growth, inappropriate farming methods, food losses and wastage as well as inaccessible markets. The cost of production for popular food crops such as maize, beans, tomatoes, onions and sukuma wiki has increased by about 25% over the last five years. This accounts for about 23% rise in market prices of these cereals and vegetables, making them inaccessible to many families. It is no wonder that Kenya's Global Hunger Index for 2014 stood at 16.5 out of the possible 40, indicating that the hunger situation remains serious.

Recurrent food and micronutrient deficiency predispose people to malnutrition and disease, limiting their economic potential. There is need to increase and diversify food production by embracing smart agricultural practices that sustainably increase productivity, and improve farm yields and household income for stronger and more resilient communities. There is also need to integrate indigenous food crop farming into modern farming practices. This would cushion against recurrent vulnerabilities occasioned by increased weather extremes, disease and pests. Rural households need to be supported to boost food production and reduce expenditure on food items. Enhancing on-farm storage, increasing agro-processing and improving distribution channels will also enhance access to markets and reduce high post-harvest losses.

Cost of housing is beyond the reach of many



In an average estate in towns such as Nairobi, Mombasa, Kisumu, Nakuru, the rent for single rooms and one bedroom unit has increased by over 40 per cent over the last five years

In an average estate in major towns such as Nairobi, Mombasa, Kisumu, Nakuru and Eldoret, the rent for single rooms and one bedroom unit has increased by over 40 per cent over the last five years. According to Shelter Afrique report of 2011, the overall annual housing shortage was estimated between 150,000 and 200,000 units in urban areas and 300,000 units for rural areas. Similarly, a recent report by the Ministry of Lands, Housing and Urban Development estimates the housing gap at 200,000 units. This deficit is due to the cost of land, building materials, labour, interest on capital and to some extent extensive approval procedures.

Public and private investments have focused on high and middle income groups, while home loans, housing schemes and mortgage facilities are relatively inaccessible to many low income people. This forces the majority of people to depend on rented accommodation, while many more are pushed to the sprawling informal settlements associated with inadequate services. Promoting micro-financing, enhancing adoption of low-cost modern building materials, activating rent dispute resolution mechanisms, creating land banks and planned increase of housing units would ease the challenge of housing

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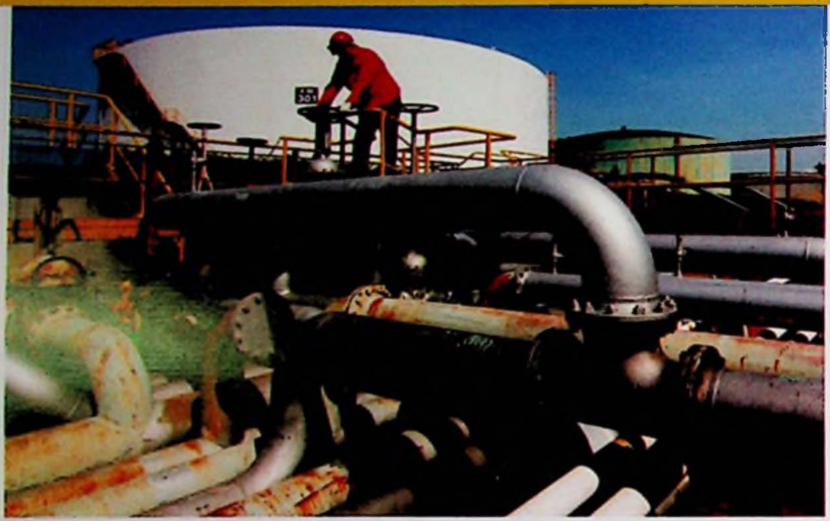
Can We Tame the Rising Cost of Living in Kenya

Sharing benefits of reduced oil and energy prices: A market access strategy for small enterprises



The decline in crude oil prices by about 40% per barrel in the international market led to a significant reduction in prices of petrol, diesel and paraffin in the local market. This was envisaged to reduce the import bill, inflation and interest rates, and transport costs thereby lowering the cost of most basic items. The downward trend in oil prices may, however, hamper current and future investments in oil exploration, wane hopes for employment opportunities and anticipated oil-driven growth. There is need to consistently persuade manufacturers and investors to embrace national values and share benefits of reduced cost of energy by lowering the cost of basic food items, public transport fares and other fossil fuel products to leverage financial burden for many households.

Enhancing access to quality healthcare services

The World Bank Report of 2014 shows that the Government, private sector and donors have increased expenditure in the health sector to about US$ 50 per capita over the last five years, in an effort to attain universal health coverage. However, access to quality and affordable healthcare services is still a challenge to many people. This is mainly due to inherent inefficiencies, rising cases of non-communicable diseases with huge burden to families, inadequate personnel and equipment for diagnosis and treatment and the rising cost of healthcare services.

Evidently, individuals contribute about 42% of the health sector finances, which represents a high out-of-pocket expenditure on healthcare services in a lower middle class economy. Private and faith-based health facilities have varying charges for consultation, diagnosis and treatment. Most health facilities raised their charges for healthcare services across board while leading private hospitals raised consultation charges at an average of about 25% over the last four years. Consequently, insurers raised premiums for medical cover, pushing the cost of healthcare beyond the reach of many people. As a result, some people opt for self-medication partly to avoid healthcare expenditure, which may not be safe or effective. Moreover, disease and deaths associated with poverty continue to form a significant share of overall burden in the health sector.

Progressive investment in public health financing would limit donor dependency and out-of-pocket expenditure. At the same time, providing incentives to healthcare providers and promoting community health insurance schemes, enhancing efficiency in the supply of essential medicines and equipment and greater cooperation between neighbouring counties would improve public healthcare outputs. There is also the need to address employee absenteeism, fix knowledge-practice gaps and synergy between national and county governments. This would enhance the quality of healthcare services in public facilities and uptake of services and improve overall health outcomes.

Can We Tame the Rising Cost of Living in Kenya

Reducing the cost of education

The rising cost of schooling, particularly post-primary education, impedes anticipated progress and growth in the education sector. Parents and guardians are spending a significant proportion of their income on educational expenses such as school fees. As a result, most families struggle to meet basic needs such as food and shelter. This also limits resources available for savings and investment critical for supporting development initiatives at household levels. Secondary and tertiary education is critical; it forms the basis for skills and talent development and attainment of overall national development goals. The overall cost of post-primary education is high, locking-out many brilliant pupils from humble backgrounds. Tremendous progress has been made in facilitating access to primary and to some extent secondary education. Primary enrolment has almost hit the universal target mainly due to the free primary and compulsory basic education while secondary enrolments have increased by 39.5% mainly due to the subsidized secondary education plan. The government's effort to reduce secondary school fees and other levies would ease educational burden to many families, improve welfare, enhance access to education, and reduce wastage within the sector. Proactive interventions are, however, required to address the high cost of tertiary education, and non-compliance to school fees and other educational expense guidelines.

The overall cost of post-primary education is high, locking-out many brilliant pupils from humble backgrounds

Solution to the high dependency burden

Kenya's population bulge has occurred against a backdrop of limited employment opportunities, resulting in a large number of people depending on the few who are employed to make a living. Dependency ratio stands at 76.8%, with rural areas experiencing higher dependency burdens. This poses a serious challenge to economic development as the small working population is over-burdened.

Providing an enabling environment to address high unemployment by engaging youthful energies and skill in manufacturing, agriculture, construction, retail trade, tourism, information communication and technology, sports and entertainment industry would increase the country's productivity and enhance participation in economically meaningful activities.

Party to celebrate KIPPRA's achievement and award YPS

"The faces in front of me are very tough. I will never forget that day. I thought I was adequately prepared but I must admit I was challenged. I wish I had gone back to pursue PhD to be on the same footing," said Gakuo

KIPPRA Board Vice Chairperson Emma Mwongeli (third from left) cuts a cake with the help of former KIPPRA Young Professionals.

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) fraternity held a party on 29 May 2015 to mark the graduation of the 2013 and 2014 Young Professionals and to celebrate the Institute's ranking as the leading think tank in Sub-Saharan Africa.

The Young Professionals were awarded certificates by KIPPRA's Board Vice Chairperson Emma Mwongeli, who later read the board Chairman's message.

KIPPRA's Young Professionals Programme is a capacity building programme targeting officers in the public and private sectors. Every year, the Institute recruits ten to twelve officers from the government and private sector for a year's training in public policy analysis and formulation through a hands-on approach. According to KIPPRA's acting Executive Director, Dr Dickson Khainga, the programme has been quite a success, training over 100 professionals who often get promoted to senior positions in government and the private sector.

Another highlight of the evening was the speech of the Principal Secretary in the State Department of Planning, Eng. Peter Mangiti, which was delivered by Chief Economist, Timothy Gakuo. Before reading the speech, Mr Gakuo shared his experience as a discussant at KIPPRA.

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However, the most engaging speaker of the evening was Hon. Prof. Ruth Oniang'o who shared her education, leadership and mentorship experiences in many countries. Prof. Oniang'o, who holds the distinction of being Kenya's first professor of nutrition, said her experience as a Member of Parliament between 2003 and 2007 taught her how to tactfully fight for women's rights in a male-dominated House.

"Bring up a child who can speak for him/herself. Nervousness does not get you anywhere and only what is said is written. If you don't speak, no one will know you were there," said Prof. Ruth Oniang'o, giving an example of her counterpart who did not say anything during their five years in Parliament, meaning her name was not in the Hansard, and hence no proof that she was ever a parliamentarian.

To emphasize the importance of confidence and letting your voice be heard, Prof. Oniang'o shared her experience studying in the U.S. She said although she excelled in her academics, she was not awarded the best marks because she was very quiet and did not participate in class.

"I always scored As in all subjects. That was the first time I got a B and it was because I never opened my mouth. Since then, I have never stopped talking," said the professor amid cheers and laughter.

Prof. Oniang'o also encouraged everyone to embrace technology and publish reputable papers. "If I Google you and don't find you, you are not worth your title as a professional," she said.

She also urged young people to learn at least one foreign language, especially a United Nations one, and to study with the view of creating employment for themselves and others.

Pakistani officials visit KIPPRA

Dr Dickson Khainga (second from right) receives a gift from the visitors

A Pakistani delegation led by the Pakistan High Commissioner to Kenya, H.E. Rafiuzzaman Siddiqu, visited the Kenya Institute for Public Policy Research and Analysis (KIPPRA) on 21 May 2015. The team of 17 senior officers from universities and the public and private sector held discussions with the management at the Institute. The purpose of their visit was to learn the role of KIPPRA in national development.

The acting Executive Director, Dr Dickson Khainga, made a presentation on KIPPRA's mandate and core functions, after which the guests sought specific clarifications on the various roles of the Institute.

Among the things they wanted to know included how the Institute maintains its autonomy and yet receives financial support from government. In response to this, Dr Khainga explained that KIPRPA had put in place structures to ensure quality and objective evidence-based public policy research is carried out in accordance with the Institute's mission.

The officials also wanted to know how KIPPRA had adapted to the devolved system of governance at national and county levels. In response Dr Khainga explained that although KIPPRA did not have the capacity to engage in policy research in all counties, it was involved in capacity building through trainings of various county officials. The guests were briefed on various research conducted by the Institute on issues that affect counties, such as taming the rising public wage bill and implications of various taxes imposed by county governments on businesses in Kenya.

The team also wanted to know the extent to which KIPPRA was involved in regional trade issues. In response, the head of Trade and Foreign Policy Division, Dr Augustus Muluvi, indicated that KIPPRA had conducted a number of studies on the dynamics of trade in the East African Community and the COMMESA region.

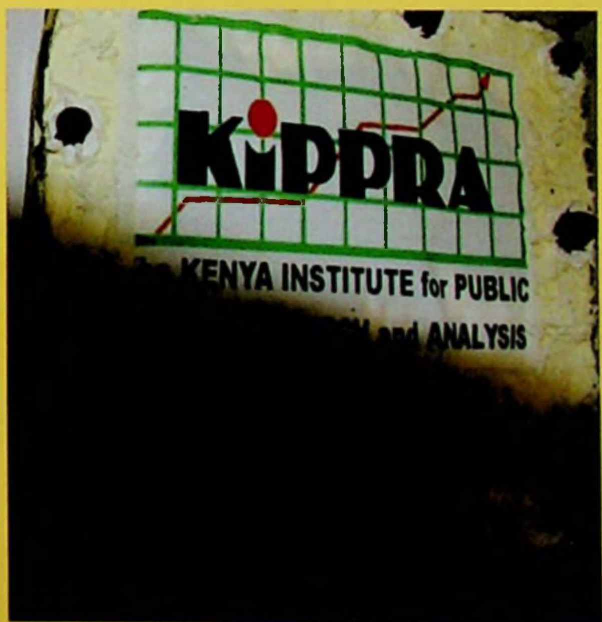
The group was also keen to know what KIPPRA was doing regarding security threats affecting the country, especially in regard to the Al Shabaab attacks. In response, they were informed that the wave of insecurity was an emerging phenomenon, and is the focus in the on-going research projects.

KIPPRA Ranked Top Think Tank in Sub-Saharan Africa

A global report ranked Kenya Institute for Public Policy Research and Analysis (KIPPRA) top think tank in Sub-Saharan Africa in its 2014 survey.

The 2014 Global Go-To Think Tank Index Report, which was launched in Addis Ababa on 4 February 2015, ranked Imani Centre for Policy and Education of Ghana and the South African Institute of International Affairs second and third in Sub-Saharan Africa, respectively.

"The ranking indicates that the Institute is making a mark in public policy research and analysis. KIPPRA will continue gearing its efforts towards being the leading Institute in public policy research and analysis; an international centre of excellence," says KIPPRA's Executive Director, Dr John Omiti.



A cake to celebrate the commendable achievement.

Among the prominent research activities that led to KIPPRA's favourable ranking include: 'A Comparative Study on Public-Private Sector Wage Differentials in Kenya', commissioned by the Salaries and Remuneration Commission to provide information on the state and magnitude of the private-public sector wage differentials, and 'The Status of Social Cohesion in Kenya' report, where KIPPRA computed a Social Cohesion Index for Kenya and documented the status of social cohesion.

The Global Go-To Think Tank Index report is based on the perception (opinion) of 20,000 people from across the world, with the focus of improving the quality of think tanks. The report is compiled annually by the Think Tanks and Civil Societies Programme at the University of Pennsylvania to acknowledge the important contributions and emerging global trends of think tanks worldwide.

KIPPRA Plants Trees and Donates Books in Two Machakos Schools

FROM RIGHT: Machakos County Executive Member for Environment, Kioko Waluka and Dr Dickson Khainga (KIPPRA) present books to Katoloni Secondary School

KIPPRA held a tree planting event at Katoloni Secondary School in Machakos County on 7 April 2015. Over 200 seedlings were planted around the school compound and another 200 given to the neighbouring Mumbuni Girls High School.

Among the guests at the function was Machakos County Executive Committee Member for Environment, Kioko Waluka, and representatives from the Kenya Forest Service, Red Cross and Youth Link. The KIPPRA team was led by the Acting Programmes Coordinator, Dr Dickson Khainga.

Speaking during the event, Dr Khainga said the tree planting initiative was in support of the government's efforts to achieve at least 10% tree cover as per the Constitution's requirements.

"Kenya's tree cover had fallen to 3 per cent but through government and other initiatives, it has now risen to 6.99%," he said.

Mr Waluka thanked KIPPRA for choosing Machakos County, adding that the initiative would go a long way in conserving the environment and increasing tree cover in the county. He also promised more collaboration between his county and the Institute in future.

The event, which was organized by KIPPRA's Environment, HIV/AIDS Health and Safety Committee, also included a presentation of textbooks worth Ksh 30,000 to the two schools.

Katoloni Secondary School Principal, Wilson Wambua, thanked KIPPRA, saying the trees would ensure the students enjoyed a cooler and favourable learning environment. He also said the books would enrich the school library and in turn contribute to better academic performance.

Mr John Nyangena, the chairman of the HIV/AIDS Health and Safety Committee, took the opportunity to educate the students on how to be safe from HIV infection.

KIPPRA staff listen to a presentation by an official from the National Council for Persons with Disabilities

Creating an Enabling Environment for People Living with Disability

For many years, Kenyans living with disability were discriminated against and could not access basic amenities and services. The subject of disability was shrouded in mystery and those living with disability were shunned, stigmatized and left to struggle on their own.

However, following the enactment of the Persons with Disabilities Act No. 14 of 2003, and more recently the passing of a new Constitution, the situation is changing. Many Kenyans are now beginning to understand the needs of those living with various disabilities, and organizations are adopting new approaches and structures to provide a level playing field.

It is in this regard that KIPPRA staff participated in a disability mainstreaming discussion on 27 March 2015, which was facilitated by the National Council for Persons with Disabilities.

The session, which was held in the KIPPRA boardroom, began with the definition of disability and the process it takes for one to be declared a person with disability. This generated a lot of questions and debate, as some participants felt the definition was not inclusive enough and the processes needed more stringent legislation to ensure all those living with disability get their rights. It was pointed out that about 2 million Kenyans lived with disability.

To further understand disability, the discussion delved into approaches towards disability. They included the era of gods when those with disability were secluded and stigmatized; the charity model where those with disability were assumed to deserve pity; the medical model, which viewed those with disability as sick and requiring medical attention; the social model, which viewed the society as having barriers and limitations towards those with disability; and the human rights approach, which focused on the rights of those with disability.

The types of disabilities such as physical, mental, visual impairment, hearing impairment, albinism, cerebral palsy, autism, deaf, blind, epilepsy and slow learning among others, were highlighted. Participants also learnt disability etiquette, which included tips on how well to interact with persons with disability, the accepted words to use when addressing those with disability or issues related to those with disability. The session also highlighted myths about disability, including the thought that it is as a result of witchcraft and that those with disability have a sixth sense.

News and Events

Running with the First Lady to End Maternal Mortality

Some of KIPPRA staff who participated in the marathon. ABOVE: The First Lady on the track.

KIPPRA staff were among thousands of Kenyans who participated in the second edition of the First Lady's Half Marathon that took place on 8 March 2015 at the Nyayo National Stadium.

The First Lady, Margaret Kenyatta, led participants in the race aimed at raising funds to buy mobile clinics in all the 47 counties in Kenya. The marathon is part of the First Lady's Beyond Zero campaign whose mission is to reduce maternal and early childhood deaths.

The race comprised four categories: wheel chair and tri-cycle race, which started at 6:30 a.m.; half marathon (21km), which began at 7:00 a.m.; the 10km race, which kicked off at 7:45 a.m.; and 2km champions race, which began at 9:00 a.m. Seventeen (17) KIPPRA staff members participated in the 10km race.

The marathon was a star-studded affair, attracting dignitaries from the political, sports, corporate and many other spheres. Among the participants of the 21km race were the Deputy President, William Ruto, and his wife Rachel; Supreme Court Judge, Njoki Ndung'u; Cabinet Secretaries, James Macharia and Hassan Wario; World and Olympic 3,000m steeple chase star, Ezekiel Kemboi; former world marathon record holder, Catherine Ndereba; and former world half marathon champion, Lonah Kiplagat.

The First Lady received a rousing welcome as she entered the stadium and headed to the finish line where President Uhuru Kenyatta was waiting to receive her. Later, not even the President was left behind as the entire stadium

The marathon was a star-studded affair, attracting dignitaries from the political, sports, corporate and many other spheres

broke into jubilation and dancing, while singing along to favourite local tunes.

Given that the marathon coincided with the International Women's Day celebrated the same day, men, including the President and the Deputy President, sat patiently and listened to women leaders address the participants.

In her speech, the First Lady noted that although thousands of events are held worldwide on 8 March to mark International Women's Day and celebrate women's achievements, approximately 800 women still die daily from preventable causes related to pregnancy and childbirth, 99% from developing countries.

"We are halfway through our journey, as we need to raise additional funds to purchase more clinics so that each of our 47 counties has a mobile clinic to service the healthcare needs of our mothers and children," she said.

The First Lady thanked participants for their generous contributions towards the Beyond Zero initiative.

KIPPRA Staff at State House to Celebrate Ministry of Devolution and Planning Feat

KIPPRA staff participated in a procession to State House to celebrate the naming of Huduma Kenya as the 2015 winner of the Africa Association for Public Administration and Management (AAPAM) gold medal on Innovative Management in Africa.

The procession held on 6 March 2015 was organized by the Ministry of Devolution and Planning and saw participants walk from the Nairobi City Centre, through Kenyatta Avenue to State House where they were addressed by the Devolution and Planning Cabinet Secretary, Anne Waiguru, and President Uhuru Kenyatta.

The Cabinet Secretary thanked the President and all Kenyans for supporting the Huduma Kenya initiative, which is aimed at addressing critical challenges prevalent in the Kenyan public service and renewing confidence and trust in the public service by citizens.

After giving a brief background of AAPAM and the criteria that led to Huduma Kenya being crowned winner, Ms Waiguru presented the medal to the President.

Stakeholders Forum Critiques Public Participation Proposals

KIPPRA recently participated in a forum to validate public participation guidelines developed by the World Bank, Department of Devolution and National Planning, and other stakeholders. The workshop was held at the Kenya School of Government, Nairobi.

The workshop enabled stakeholders critique the public participation proposals before the final draft is formulated. It was the maiden validation workshop and others will be rolled out to the counties.

The workshop enabled stakeholders critique the public participation proposals before the final draft is formulated

Transition Authority, Commission for the Implementation of the Constitution, Judiciary, World Bank, Kenya School of Government, Members of the County Assemblies (MCAs), County Executive Committee (CEC) members, Kenya Alliance for Residents Associations, Institute for Social Accountability, and International Budget Partnership Kenya were among the other participants.

It emerged from the meeting that implementing devolution was generally a trial and error process, as experts, politicians and county officers seek to find alternatives that offer the best returns. Another notable observation was that many CEC members and MCAs were not aware of what public participation entailed. Given that they are the key drivers in the devolution process, there is need for their capacities to be developed before the process can be effectively implemented.

The workshop resolved that the Department of Devolution would widen the scope of its partners, since devolution was not only new but required concerted and creative approaches.


Some of the practical lessons during the training

First Aid and Fire Marshal Training

Trainees got to know about the four components of fire – fuel, heat, oxygen and chemical reaction

A section of KIPPRA staff underwent a three-day first aid and fire marshal training within the Institute's premises.

During the training that took place from 17-19 February 2015, participants got detailed and practical lessons on incident management in case of an accident. This included opening the airways of casualties and ensuring that they are breathing, and conducting cardiopulmonary resuscitation (CPR). Trainees also learnt about different accidents and injuries such as burns and scalds, wounds and bleeding, poisoning, bites and stings, and musculoskeletal injuries as well as how to effectively manage them. Each lesson was accompanied by a practical session where trainees applied the acquired knowledge.

The second phase involved learning fire safety techniques and how to manage fire accidents. The trainees got to know about the four essential components of fire – fuel, heat, oxygen and chemical reaction. They also learnt about the types of fires and the suitable extinguishers to manage each of them.

The training emphasized the need for employees to know their organizations' Emergency Action Plan (EAP) and safety measures. These would give guidelines on what to do in case of a fire outbreak. The session ended with a demonstration of how to put off a fire, including the right way to use an extinguisher.

The training was conducted by Emergency Response Trainers.

SELECTED ONGOING / COMPLETED KIPPRA RESEARCH, 2014-2015

Macroeconomics

1. An input output table for Kenya for 2009 and its application to development planning
2. Business environment and productivity relationship in Kenya
3. Current account deficit dynamics in Kenya
4. Diaspora and labour protection
5. Fiscal reaction function
6. Green jobs
7. Has Kenya's growth been inclusive
8. Implications of uncertainty of macroeconomic policy on capital flight
9. Macroeconomic policy uncertainty and capital flight in Kenya
10. Procurement capacity building levy
11. The optimal currency area: East African Monetary Union
12. US - Africa relations: Eastern Africa and the Horn position

Productive Sector

1. An assessment of tourism source markets for Kenya: Constant market share approach
2. Analysis of public expenditures in support of food and agriculture in Kenya, 2006-2012
3. Climate financing in Kenya: Status, challenges and policy implications
4. Co-management in natural resources in Kenya: An empirical analysis
5. Transforming the livestock sector in Kenya: Implication for the beef industry
6. Equitable benefits sharing from the mining sector
7. Factors affecting youth participation in cattle and sheep and goats production in the arid and semi-arid lands in Kenya
8. Food security, climate change and trade nexus
9. Kenya green economy strategy and implementation plan
10. Scoping study on climate change, agricultural trade and food security in Kenya
11. Smallholder livestock production systems in Africa: The way forward
12. Tana River delta strategic environmental assessment/land use plan
13. The socio-economic status of ecotourism development in Kenya

Social Sector

1. Count revenue baseline survey
2. Effects of youth unemployment on demographic dividend
3. Financing healthcare in Kenya
5. Inequalities in health care service delivery in Kenya
6. Management of Kenya's ethnic diversity
7. Measuring social cohesion index: A methodological note
8. Status of social cohesion
9. The Youth Enterprise Development Fund
10. Understanding determinants of trust in Kenya
11. Vulnerability in primary education in Kenya
12. Youth employment activities and urban poverty in Kenya
13. Evolution of inequalities in Kenya

Infrastructure and Economic Services

1. Enhancing energy access in Kenya
2. Efficiency in water service provision in Kenya
3. The effect of renewable energy development on carbon dioxide emission reduction
4. Enhancing private sector investment in road infrastructure development in Kenya
5. Review of metropolitan planning and development in Kenya
6. Review of ICT policies in Kenya
7. Formulation of urban transport and travel demand models in Kenya
8. Assessment of Kenya's road crash data surveillance systems
9. Review of government laptop project
10. Analysis of Public Private Partnerships (PPP) for road infrastructure development in Kenya
11. An approach to verify, identify and prioritize IDS alerts

Private Sector Development

1. Analysis of manufacturing sector market structure in Kenya
2. Appraisal of counterfeiting in Kenya
3. Consumer protection and competition on Kenya
4. Determinants of small and medium manufacturing firms access to finance in Kenya
5. Effects of informality on manufacturing SMEs access to finance in Kenya
6. Financing constraints amongst SMEs manufacturing firms in Kenya
7. Government domestic borrowing and private sector credit
8. Improving the supply of long term finance in Kenya
9. Interface between intellectual property rights and competition in Kenya
10. Market structure, efficiency and performance of insurance industry in Kenya
11. Monetary policy in Kenya
12. Review of manufacturing sector incentives in Kenya
13. The role of innovation in the manufacturing sector

Trade and Foreign Policy

1. Analysis of possible territorial disputes between Kenya and her neighbours
2. County government taxes and its implications on trade in Kenya
3. How Africa can achieve its Agenda 2063 through effective bi-multilateral relationships
4. Implication of Economic Partnership agreements (EPAs) on Kenya
5. Is East African Community ready to enter into a Monetary Union?
6. Political dimension of trade reforms
7. Prospects of bi-multilateral diplomacy: A case of Turkey in Kenya
8. Situational and competitiveness analysis of the textile and apparel industry in Kenya
9. Supply response of Kenya's exports to price and non-price factors
10. The multidimensional effects of distance, overlapping membership and Kenya's bilateral trade with COMESA-EAC-SADC countries
11. Trade integration and business cycle synchronization in the East African community
12. US-Africa relations with focus on East Africa and the Horn

Governance

1. Alternative dispute resolution mechanisms: Lessons from Rwanda for the judiciary
2. Managing conflicts through an inclusive political process in Kenya: A case study of Mandera County
3. Enhancing security in Kenya: Factors that promote coordination between private and public security
4. Factors impeding political participation and representation of women in Kenya
5. Impact of institutions: Business environment and productivity relationship in Kenya
6. Police reforms to enhance security in Kenya
7. Scoping paper on Kenyan manufacturing

ABOUT **KIPPRA**

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

KIPPRA acknowledges generous support from the Government of Kenya (GoK), the African Capacity Building Foundation (ACBF), and the Think Tank Initiative (TTI) of IDRC.

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

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

HARAMBEE

THE AFRICAN CAPACITY BUILDING FOUNDATION

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SYSTEM CERTIFICATION ISO 9001 SGS

UKAS MANAGEMENT SYSTEMS 005

ISO 9001:2008 CERTIFIED