

PUBLIC SECTOR TRANSFORMATION

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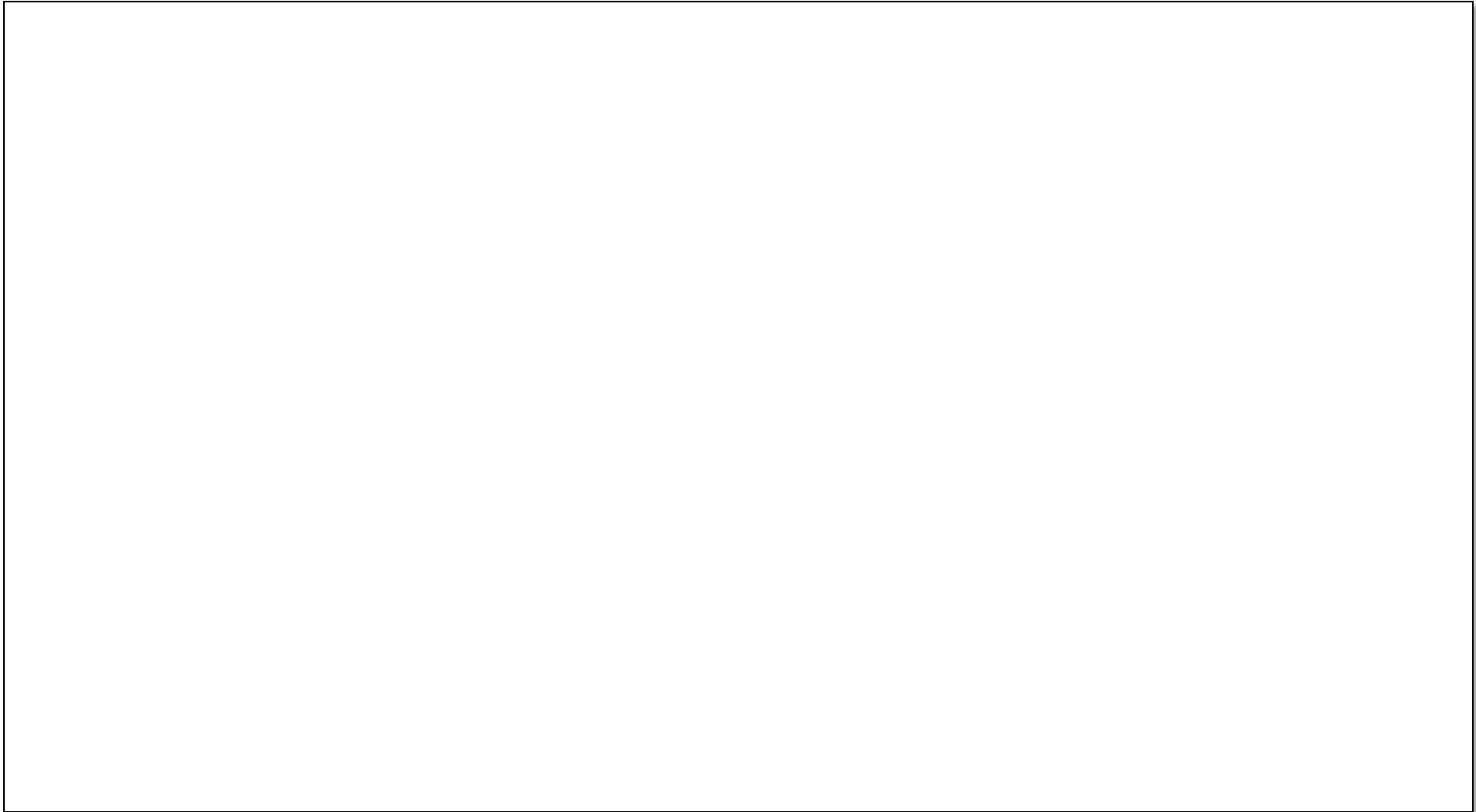
30 May 2018

1) 2017 KEY ECONOMIC INDICATORS FOR KENYA:

Population = 50 million (2017); 70 m (2030); Increase= 1.25 million/ year
Fertility Rate = 4.5%; Median Age =18.9; Aged 60+ = 4%;
Land Area = 569,140 km².

- ❑ GDP (Nominal) = US\$ 80 billion (2017 IMF # 68 / 191).
- ❑ GDP (Purchasing Power Parity) = Int \$ 164 billion (IMF #74 / 190).
- ❑ GDP (Nominal) Per Capita= US\$ 1,702 (2017 IMF #143/187).
- ❑ GDP (PPP) Per Capita = Int\$ 3,496 (2017 IMF #149 / 187).
- ❑ GDP Growth = 7% (2007), 1.5% (2008), 2.6% (2009), 5.6% (2010), 4.4% (2011), 4.6%(2012); 4.6% (2013); 5.3% (2014); 5.4% (2015); 4.7% (2016); 5.0% (2017).
- ❑ Labour Force= 19.322 m (2017 WB); Unemployment Rate (ILO)= 42%= 8.115 m
- ❑ # Enter Job Market yearly= 1 m; Formal jobs= 50,000; Informal jobs= 450,000.
- ❑ Newly unemployed = 0.5 mil each year. Next 12 years = 6 m new unemployed.
- ❑ # Unemployed by 2030 = 8.115 m + 6 m = 14.115 m new jobs needed.
- ***Kenya Vision 2030 Goal for GDP Per Capita = US\$ 3,600 by 2030 => US\$1,702 -> US\$3,600.
To have GDP Per Capita of US\$3,600, GDP (2030) = US\$3,600 x 70 m = US\$252 billion.
- GDP US\$ 80 bil (2017) → GDP US\$ 252 bil (2030) => GDP must grow 3.15 times.
- ❑ NEED average Real GDP Growth of 10% (x1.1) for next 12 years = US\$251 billion (2030).

3 KEY GLOBAL RANKINGS OF KENYA IMPACTED BY KENYA'S PUBLIC SECTOR



3) KENYA'S EASE OF DOING BUSINESS RANKING (WORLD BANK REPORT BASED ON 10 FACTORS)

https://en.wikipedia.org/wiki/Ease_of_doing_business_index (190

Countries)

<u>COUNTRY</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
KENYA	80*	92*	108*	136	129	121	109	98	95	82	72
UGANDA	122	115	122	150	132	120	123	122	112	111	118
TANZANIA	137	132	139	131	145	134	127	128	131	127	130
BURUNDI	164	157	152	152	140	159	169	181	176	177	174
RWANDA	41*	56*	62	46*	32*	52	45*	58*	67*	139	150
ETHIOPIA	161	159	146	132	125	127	111	104	107	116	102
D.R.CONGO	182*	184	184	184	183	181	178	175*	182	181	178
SUDAN	170	168	159	160	149	143	135	154	154	147	143
S. SUDAN	187	186	187	186	186	n/a	n/a	n/a	n/a	n/a	n/a
NIGERIA	145*	169	169	170	147	131	133	137	125	118	108
GHANA	120	108	114	70	67	64	63	67	92	87	87
S. AFRICA	82	74	73	43	41	39	35	34	34	32	35

2018 Top 10 Countries: 1) New Zealand 2) Singapore 3) Denmark 4) South Korea 5) Hong Kong 6) U.S.A. 7) U.K.
8) Norway 9) Georgia 10) Sweden.

4) KENYA'S BUSINESS ENVIRONMENT :

EASE OF DOING BUSINESS RANKINGS

(2018 WORLD BANK REPORT BASED ON 10 FACTORS)

http://en.wikipedia.org/wiki/Ease_of_doing_business_index

- 1) Starting a Business.
 - 2) Dealing with Construction Permits.
 - 3) Getting Electricity.
 - 4) Registering Property.
 - 5) Getting Credit.
 - 6) Protecting Investors.
 - 7) Paying Taxes.
 - 8) Trading Across Borders.
 - 9) Enforcing Contracts.
 - 10) Resolving Insolvency.
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2018 GLOBAL COMPETITIVENESS INDEX (GCI) 137 Countries (World Economic Forum Report Based on 12 Factors)

http://www3.weforum.org/docs/CSI/2012-3/GCR_Rankings_2017-18.pdf1

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>COUNTRY</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
KENYA	99	93	98	106	102	106	96	90	99	96*	91*
UGANDA	120	128	108	118	121	123	129	122	115	113*	114
TANZANIA	104	113	100	113	120	120	125	121	120	116*	113*
BURUNDI	130	132	133	137	140	144	146	139*	136*	135*	129*
RWANDA	>133	>133	>133	80*	70*	63*	66	62*	58*	52*	58
ETHIOPIA	123	121	118	119	106	121	127	118*	109*	109	108*
D.R. CONGO	>133	>133	>133	>139	>142	>144	>148	>144	>140	129	126*
SUDAN	>133	>133	>133	>139	>142	>144	>148	>144	>140	>138	>137
S. SUDAN	>133	>133	>133	>139	>142	>144	>148	>144	>140	>138	>137
NIGERIA	83	94	99	127	127	115	120	127	124	127	125*
GHANA	-	102	114	114	114	103	114	111	119	114*	111*
SOUTH AFRICA	40	44	45	54	50	52	53	56	49	47	61

2017-2018 TOP 10 Countries: 1) Switzerland 2) USA 3) Singapore 4) Netherlands
Germany 6) Hong Kong 7) Sweden 8) UK 9) Japan 10) Finland

5)

2017 - 2018 GLOBAL COMPETITIVENESS INDEX (GCI) (World Economic Forum Report Based on 12 Factors)

http://www3.weforum.org/docs/CSI/2017-18/GCR_Rankings_2017-18.pdf

- ❑ 1) **Institutions**: Legal and administrative framework to do business.
- ❑ 2) **Infrastructure**: Extensive and efficient physical infrastructure.
- ❑ 3) **Macroeconomic Environment**: Stable. Low external debts, low inflation.
- ❑ 4) **Health & Primary Education**: Workers' health, good basic education.
- ❑ 5) **Higher Education & Training**: To move up the value chain.
- ❑ 6) **Goods Market Efficiency**: Producing goods demanded by market.
- ❑ 7) **Labor Market Efficiency**: Flexibility to shift workers speedily.
- ❑ 8) **Financial Market Development**: Sound & well-functioning financial institutions.
- ❑ 9) **Technological Readiness**: Agility to adopt existing technologies.
- ❑ 10) **Market Size**: International markets helps economies of scale.
- ❑ 11) **Business Sophistication**: Business networks & operations, extensive SMEs support.
- ❑ 12) **Innovation**: Technological innovation increasing efficiency and productivity.

PERCEPTIONS INDEX (CPI) BY TRANSPARENCY INTERNATIONAL

<http://cpi.transparency.org/cpi2017/results/> **180**

COUNTRIES

<u>COUNTRY</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
KENYA	150	147	146	154	154	139*	136*	145	139*	145	143*
UGANDA	111	126	130	127	143	130	140	142	139	151	151
TANZANIA	94	102	126	116	100	102	111	119	117*	116*	103*
BURUNDI	131	158	168	170	172	165	157	159	150	159	157
RWANDA*	111	102*	89*	66*	49*	50	49*	55	44*	50	48*
ETHIOPIA*	138	126	120	116	120	113	111	110	103	108	107
D.R. CONGO	168	171	162	164	168	160	154	154	147	156	161
SUDAN	172	173	176	172	177	173	174	173	165	170	175
SOUTH SUDAN	n/a	n/a	n/a	n/a	n/a	n/a	173	171	163	175	179
NIGERIA	147	121	130	134	143	139	144	136	136	136	148
GHANA	69	67	69	62*	69	64*	63*	61*	56*	70	81
SOUTH AFRICA	43	54	55	54	64	69	72	67	61	64	71

□ **2017 TOP 12 Countries:** 1) New Zealand 2) Denmark 3) Finland 3) Norway 3) Switzerland
6) Singapore 6) Sweden 8) Canada 8) Luxembourg 8) Netherlands 8) UK 12) Germany.

8) IN 2017, POTENTIAL FOR INCREASE IN ECONOMIC GROWTH AND PRODUCTIVITY:

<u>Country</u>	<u>Population</u> (in million)	<u>Land</u> <u>Area (km2)</u>	<u>GDP (N)</u> (US\$ Billion)	<u>GDP (N) Per</u> <u>Capita (US \$)</u>
SINGAPORE	5.7	710	US\$ 324 bil	US\$ 57,713
KENYA	49.7	569,140	US\$ 80 bil	US\$ 1,702
UGANDA	42.9	199,810	US\$ 26.3 bil	US\$ 699
TANZANIA	57.3	885,800	US\$ 51.7 bil	US\$ 1,034
BURUNDI	10.9	25,680	US\$ 3.4 bil	US\$ 312
RWANDA	12.2	24,670	US\$ 8.9 bil	US\$ 772
ETHIOPIA	105.0	1,104,300	US\$ 81.0 bil	US\$ 873
D.R. CONGO	81.3	2,267,050	US\$ 41.4 bil	US\$ 478
SUDAN	40.5	1,765,048	US\$ 58.2 bil	US\$ 1,428
SOUTH SUDAN	12.6	610,952	US\$ 2.9 bil	US\$ 228
NIGERIA	190.9	910,770	US\$ 376.3 bil	US\$ 1,994
GHANA	28.8	227,540	US\$ 47.0 bil	US\$ 1,663
SOUTH AFRICA	56.7	1,213,090	US\$ 349.3 bil	US\$ 6,180

9) INDUSTRIALIZATION & JOB CREATION - SOLVING KENYA'S #1 ECONOMIC PROBLEM: **UNEMPLOYMENT**

KENYA POPULATION = 50 million (2017); 70 million (by 2030).

Labour Force = 19.322 m (2017); Unemployment Rate = 42% = 8.115 m.

Every year 1 million join the Job Market; Joined Formal Sector = 50,000;
Joined Informal Sector = 450,000 => 500,000 new jobless every year.

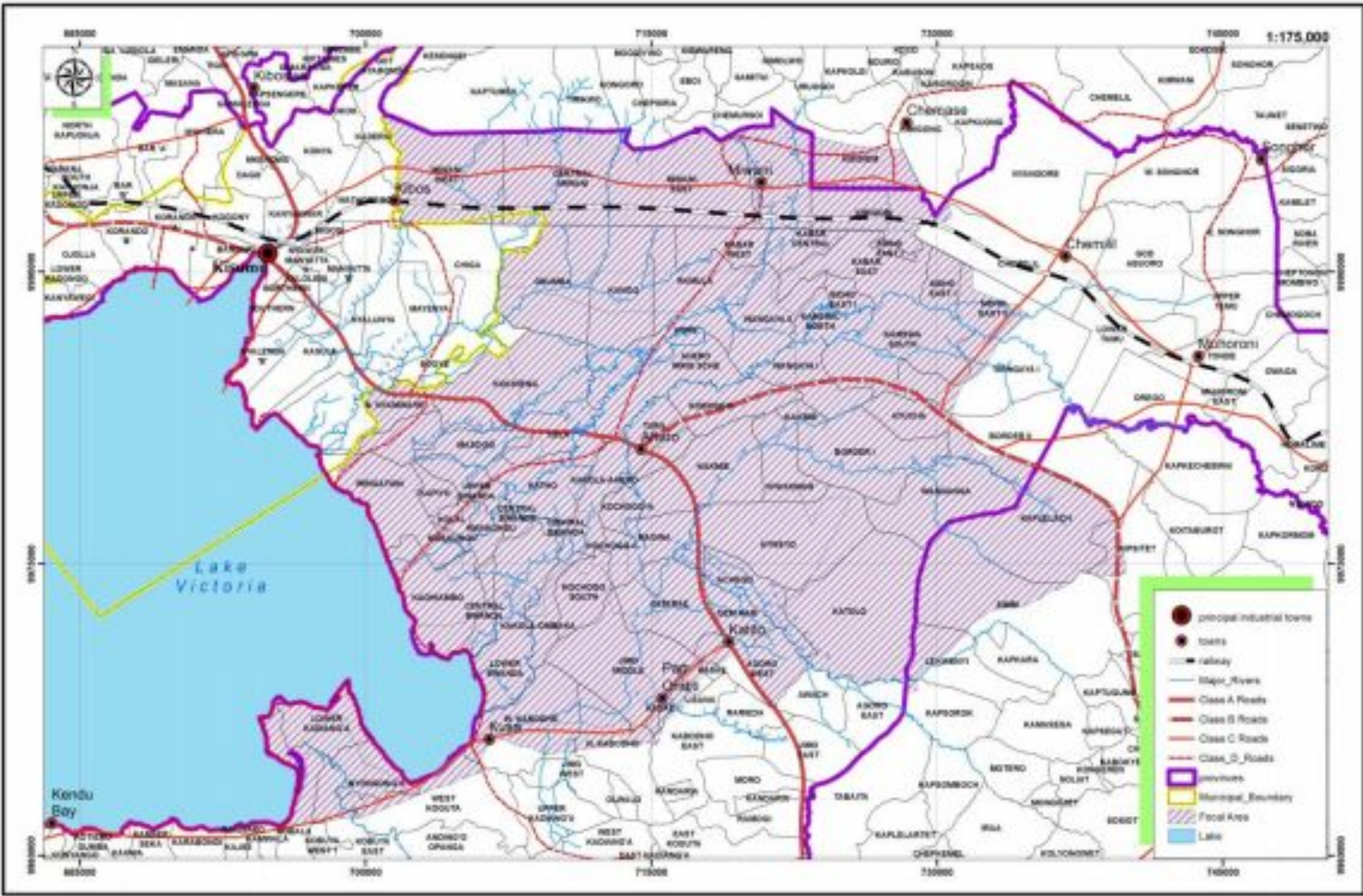
In 12 years = 6 m new jobless will join the present 8.115 m Unemployed.

By 2030, need to create jobs for = $8.115\text{ m} + 6\text{ m} = \underline{14.115\text{ m}}$ new jobs.

Kenya must industrialize with value-added industries.

SOLUTION: Create 15 million new jobs by 2030 through 3 Special Economic Zones (SEZs) – large, fully integrated, export-oriented, carefully master-planned industrial cities besides a body of international waters, with quality, modern, physical and social infrastructure and affordable and sustainable public housing: 2,000 km² Greater Mombasa SEZ (9 million new jobs), 700 km² Lamu SEZ (3 m new jobs) and 700 km² Kisumu SEZ (3 m new jobs).

PROPOSED KISUMU SEZ – 700 sq km



COUNTRIES THAT USE THE SEZ STRATEGY

COUNTRIES	1963 GDP(N) PER <u>CAPITA</u>	1980 GDP PER <u>CAPITA</u>	2017 GDP PER <u>CAPITA</u>
KENYA	US\$ 104	US\$ 641	US\$ 1,702
CHINA	74	312	8,643
MEXICO	401	3,345	9,304
SINGAPORE	472	5,003	57,713

10) AFFORDABLE & SUSTAINABLE PUBLIC HOUSING - SOLVING KENYA'S #1 SOCIAL PROBLEM: **POVERTY**

- a) Population = 50 m (2017); 70 m (2030).
- b) Poor, Low & Lower Middle Income => 90% of Pop (2030) = 63 m people need quality, affordable homes @ 1:6 = 10.5 m homes.
- c) Economic Multiplier Effect of Housing = 7 to 9 times.
- d) Wealth Re-distribution Strategy without creating dependency.
- e) Home Ownership Scheme provides citizen a stake in the Nation.
- f) Public Housing allows for Social Integration and cohesion.
- g) A comprehensive Social Security System needed., e.g. CPF Board.
- h) A Housing Development Board (HDB) needed.

SOLUTION: Wealth Creation through affordable and sustainable Public Housing Home Ownership Scheme for 63 m citizens => 10.5 million homes by 2030. (1 home : 6 persons).



11) THE BIG 4 TOP PRESIDENTIAL PRIORITIES

1) MANUFACTURING

- Value-added Manufacturing**
- Massive job creation through SEZ**

2) FOOD SECURITY

3) HEALTH CARE

4) PUBLIC HOUSING

- Affordable and sustainable**
 - Quality homes & wealth creation**
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12) CURRENT MULTI-BILLION SCANDALS INVOLVING THE PUBLIC SECTOR REPORTED IN THE NEWSPAPERS

1) ELECTRIC POWER

- charging of industrial / commercial rates to consumers

2) MAIZE

- Kenyan farmers not able to sell their maize to Board

3) FERTILIZER

- Kenyan farmers forced to buy fertilizer at high price

4) FORESTRY

- a 10 Kes seedling became a 20,000 Kes.

5) NATIONAL YOUTH

- how did Kes 9 billion

6) MOMBASA PORT

- massive delays in cargo clearance because of high level corruption
-

13) PUBLIC SECTOR TRANSFORMATION NEEDED

- 1) BUILD LEADERS OF INTEGRITY**
 - not corrupt, do not take bribes**
 - 2) EFFECTIVE SERVICE**
 - doing what is right, no negligence**
 - 3) EFFICIENT SERVICE**
 - adopt eGov best practices**
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THANK YOU

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