

The

Mandate Foresight for Kenya 2022

Edited by James Shikwati

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Where a Free Human Mind is the Ultimate Capital

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INTER REGION ECONOMIC NETWORK

Inter Region Economic Network,
Nyaku House Mezannine Floor,
Argwings Kodhek Rd, Hurlingham
P.O.Box 135 -00100 Nairobi, Kenya
Tel: 254 20 2731497
Fax: 254-20 2723258
Email: info@irenkenya.com

Table of Contents

Acknowledgement	2
Introduction	3
Objectives	4
Managing Victory	5
Unity of the Country Kenya	7
The Management System	8
Promises & Resources	10
Building Trust	12
Youth and Micro Small & Medium Sized Enterprises	14
Debt Load	16
The Long Term	20
Service Delivery Unit	22
The Mandate Foresight Participants	24

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— **Mr. James Shikwati**, Founder, Inter Region Economic Network (IREN Kenya)
Nairobi, August 1, 2022

Introduction

The World is in upheaval; the multilateral system is fragile and power relations are shifting. Amidst these turning points are the great expectations by Kenyans for a leader who will fix the economic challenges bedeviling them.

The Mandate Foresight for Kenya 2022 offers insights for the administration that will be in place after the hot and grueling political campaign. The reality room awaits this administration to craft short-run measures to manage public expectations and build the foundation for long-term measures.

The publication captures insights from volunteer Kenyan Thought Leaders that met on July 28, 2022, to reflect on the immense socio-economic challenges likely to hit the incoming administration.

Objectives

- To propose key points on managing victory
- To provide key strategic domestic economic insights on how to navigate impact of global economic turmoil
- To propose the most immediate and important tasks to cushion the country's economy

MANAGING VICTORY



1



Repurpose the campaign team for complex tasks ahead
“The World is more complex from the inside looking out than from the outside looking in.

2



Avoid the Hubris Trap: Defeating a political competitor is not equal to the challenges of managing and leading a country.

3



Anticipate Risks: Cultivate a strong “staying power” for the well being of all based on data and evidence-based decision making.

4



Innovate around the political omnibus ecosystem: Political partners expect rewards that they can take away (e.g., cabinet slots, jobs and government contracts). Craft a shared responsibility based on partner driving philosophy to bring in value to the Presidency’s Agenda of Transformation.

Unity of the Country Kenya

Gesture by reaching out to Political Competitors



The Management System



The Management System

Hit the Ground Running: Kenya has a reputation of crafting wonderful plans that rarely get implemented.

The Kibaki administration is hailed as a success story on implementation and managing performance. Chapter 4 of the Economic Recovery Strategy (ERS) was about Reforms Leading to Transformation and a focus on achieving results. Various tools such as the Performance Contracts, the Rapid Results Initiative, all within Results- Based Management approach brought high level of delivery culture in the Public Service.

30.00

Per Ltr

20.00

Per 2kgs



Promises and Resources

The public expects the Cost of Living to Drop on August 10, 2022

- **Affirmative Action Funds unlikely to drive Economic Renewal. What campaign and manifesto promises must be fulfilled? Which ones must be re-stated afresh? Scale down on social promises.**
- **Transition the Economy from Government Economy (that incentivizes appetite for government contracts and corrupted deals) to Private Sector-led Economy to catalyze access to credit for Small and Medium Sized Enterprises**
- **Attract Foreign Direct Investment and Kenyan Investors who left to neighboring countries due to punitive business environment.**
- **Promote the Made in Kenya at village level to reduce cost of living via activation of local foods on the menu and offering cheaper energy possibilities to re-ignite indigenous manufacturing and productivity at Industrial Level.**
- **Revive the Stock Market to get the private sector back to business**
- **Engage the youth in Problem-Solving to attract youth and educators in the Presidency's Transformation Agenda**

Building Trust



Building Trust in the Kenyan Business Environment

- Restore the Fractured Government Financial Management Architecture to activate accountability in public service
- Revive the National Economic and Social Advisory Council to assist all agencies to align to the Presidency's Transformation Agenda and The Kenya Vision 2030
- Make evidence-based Multi-Disciplinary Decision making to avoid Silo Mentality
- Revisit Taxes and Subsidies from outgoing administration

Youth and Micro Small & Medium Sized Enterprises



Youth and Micro Small & Medium Sized Enterprises

Move from **Collateral Financing to Cashflow Financing** models. A robust review of the banking regulations to allow for this because majority of those seeking funding are **youth with no collateral**

Disaggregate the public **Financial Management Policy** especially on taxation based on SME profiles or revenues. (E.g the new VAT regulations, **MSMEs are in a tight fix**. Any costs to be incurred should be steered around MSMEs revenues).



Debt Load



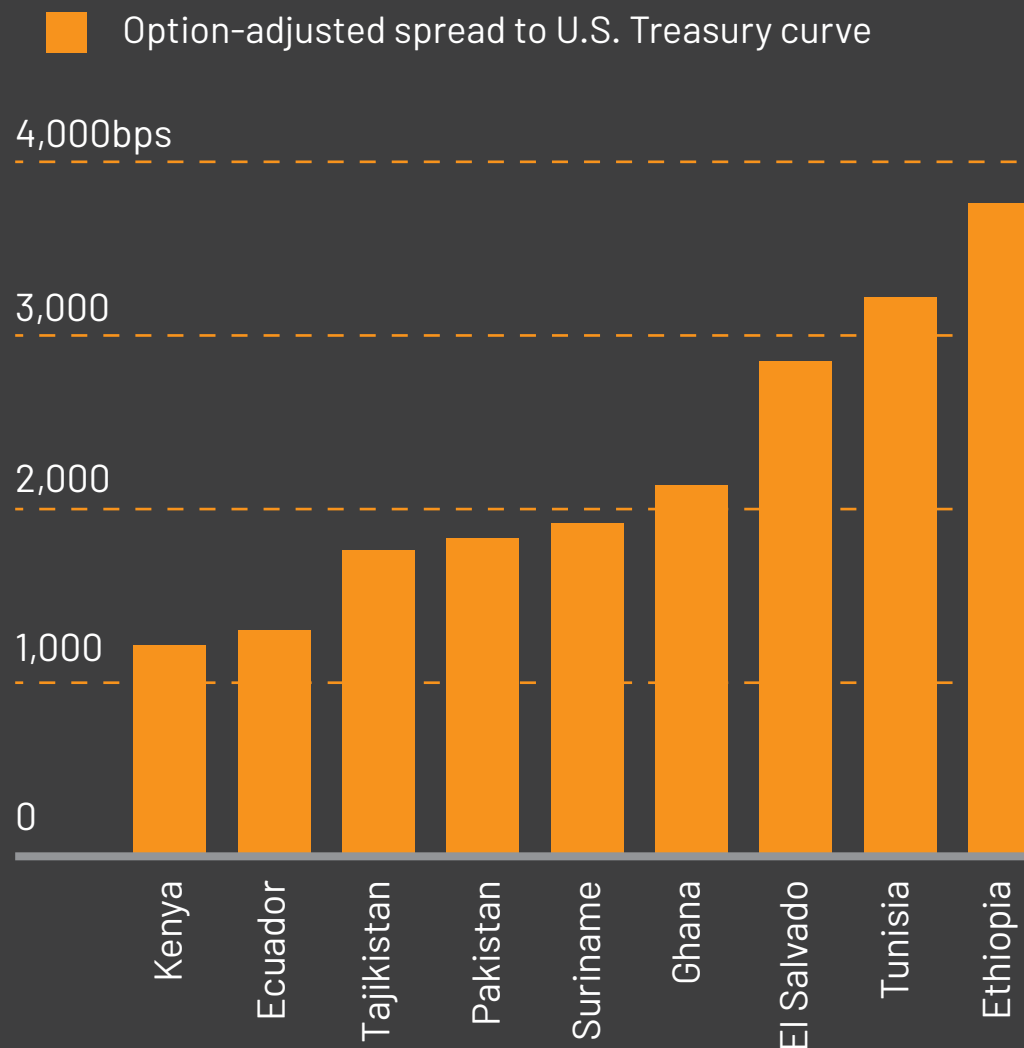
The Debt Load

Consider a special **Strategy Team** on managing the Debt Load. The empty **Money Bag** is the most immediate challenge for the incoming Administration due to the Debt Load. Servicing and addressing this is a sine qua non for any **Fiscal Program**.

Manage the lynchpin issue of the currently shattered International Markets that have created a \$2.5b a year shortfall in the Fiscus.

21 countries are currently at risk of **Sovereign Debt Default** according to Bloomberg Intelligence.

More emerging nation bonds enter distressed category as risks rise



Source - Bloomberg



Foreign Policy

Foreign Policy

Transition Kenya from being a regional anchor by Default to a Regional Anchor by Design and Strategy

Purpose Foreign Policy to sharpen its Navigation Tools in a world where the Multilateral System is Fragile, power relations are shifting, and geopolitics is gaining an adversarial currency and zero-sum game orientation.

The Long Term

The Long Term

Commission

Commission a Strategy to address the current Socio-Economic Challenges based on party Manifesto and aligned to Kenya Vision 2030.

Reduce

Increase the efficiency of the local markets to enable the SMEs to integrate into the African Continental Free Trade Area (AfCFTA) and reduce reliance on imports.

Leverage

Leverage on technologies to simplify trade processes and create enabling policy environment for digital trade.

Strengthen

Strengthen county and national government implementation capacity to enable budgeted expenditure to be incurred.

Improve

Improve economic governance using performance-based approaches.

Service Delivery Unit

Activate the Delivery Units



**Public Service
Transformation
Secretariat**



**Efficiency
Monitoring
Unit**



**Performance
Contracting
Unit**



**Presidential
Delivery
Unit**

The Mandate Foresight Participants

Hon. Dr. Mukhisa Kituyi: Immediate Former Secretary-General UNCTAD and Former Cabinet Minister in the Kibaki Administration

Mr. Emmanuel Lubembe: Expert in Transformational Leadership and served as a member of the Prime Minister's Round Table Group

Prof. Macharia Munene: Historian, Associate Fellow at the HORN in Diplomacy, Geopolitics and Foreign Relations

Ms. Angela Ambitho: Founder and CEO Infotrak Research and Consulting

Dr. Rose Karimi: Supply Chain Analytics Expert working with Cooperative Enterprises

Mr. Aly-Khan Satchu: Founder and CEO of Investment Advisory Firm and RICH Management Ltd

Ms. Linda Onyango: CEO SME Support Centre

Mr. Michael Musau: Investment Manager at ALTERFIN

Mr. Jared Nyakundi: OLSEN Consultants

Mr. James Shikwati: Founder Director IREN Kenya and Convenor The Mandate Foresight Forum

The Global Hub is the Friedrich Naumann Foundation for Freedom's center of excellence for development cooperation. Based in Nairobi, the Hub works with partners from the Global South to develop innovative approaches to development policy and feeds them into the political discourse.

The Inter Region Economic Network (IREN Kenya): IREN Kenya is a leading independent African Think Tank that promotes ideas and strategies geared towards catalysing prosperity in Africa through research, publications, events, consultancy and engaging Small and Medium Sized Enterprises.



FRIEDRICH NAUMANN
FOUNDATION For Freedom.



Inter Region Economic Network (IREN) Kenya,
Nyaku House, Mezzanine Floor
Argwings Kodhek Road, Hurlingham
P.O. Box 135-00100, Nairobi, Kenya.
Tel: +254 20 2731497



@IRENKenya



IREN Kenya



+254 798 802 820



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