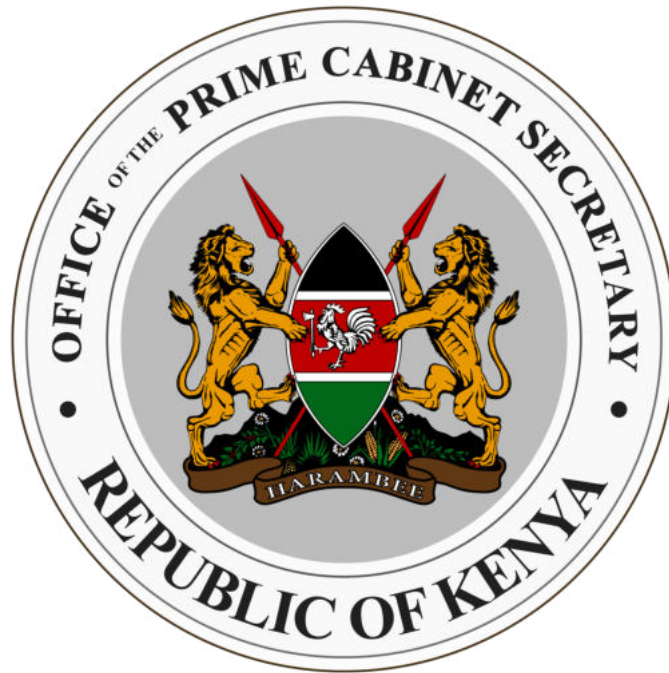




EXECUTIVE OFFICE OF
THE PRESIDENT

OFFICE OF THE PRIME CABINET SECRETARY

SPEECH BY H.E. HON. DR MUSALIA MUDAVADI, EGH., THE PRIME CABINET SECRETARY OF THE REPUBLIC OF KENYA DURING THE HIGH-LEVEL DIALOGUE ON THE IMPLEMENTATION OF THE HOLISTIC PRODUCTIVE CAPACITIES DEVELOPMENT PROGRAMME FOR KENYA



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RADISSON BLU, UPPER HILL, NAIROBI, KENYA.

WEDNESDAY AUGUST 16, 2023;





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Ms. Rebeca Grynsper, Secretary General, UNCTAD;

Mr. Kenneth Mwige, Director General, Vision 2030 Delivery Secretariat;

Distinguished Participants;

Good Afternoon, Ladies and Gentlemen;

Programme and Public Participation

1. It is with great pleasure that I join you in this high-level dialogue. A holistic Programme for building productive capacities, export diversification and fostering structural transformation (HPCDP); is a policy focus the Government of Kenya gives priority to. It is therefore no accident that the programme has been an all-inclusive deliberation that has carried on board all relevant stakeholders. Indeed, Mr. Kenneth Mwige, Director General of Kenya's Vision 2030 Delivery Secretariat, has enumerated the various





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consultations between UNCTAD and Kenyan stakeholders that provided inputs in the development of the Programme.

2. All-inclusive processes of public participation in all spheres of policy formulation and implementation IN Kenya is a requirement of the Constitution, and compliance with it is what the Government is extremely keen to observe and promote. Consequently, Government wants to legally institutionalise Public Participation. My Office is working on a draft Bill to this effect.

Kenya in global trade and development agenda

3. I am also grateful for the substantive statement of the Secretary-General of UNCTAD, Ms. Rebeca Grynspan. I am encouraged by her recognition of my country's role in shaping the global trade and development agenda since the 1970s. Her exposition of Kenya's development prospects and our potential for inclusive growth and transformation, despite multiple challenges and episodes of external shocks, is sincerely appreciated. I am optimistic that with the support of development partners and global institutions such as UNCTAD, Kenya will soon reclaim the lead in harnessing





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her development potential and influencing the global trade and development agenda as was in the 1970s decade.

Ladies and Gentlemen;

Globalisation and Disparities

4. The **concept of productive capacities** helps explain the disparities in accruing benefits of globalization between countries and regions in the past few decades. Indeed, the share of International Trade and Global Foreign Direct Investment (FDI) flows while accounting for the rise of China and the South-Eastern Asian economies, and most importantly in lifting of millions out of poverty, also reveals the disadvantages of globalization and interdependence. On leaside globalisation, Africa's small share in international trade and global FDI flows is testimony to the inability to plug into the global and regional value chains.

AfCFTA Market Impact on Kenya

5. However, in response to globalisation, we are making strides in African regional integration, notably the launch of the





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AfCFTA on March 21, 2018 in Kigali, Rwanda. AfCFTA is a game changer with an integrated market of over 1.2 billion people, growing to 2.5 billion by 2050, and with an estimated GDP of \$2.6 trillion. For the Kenyan economy, AfCFTA provides vast opportunities for export diversification, industrialization and structural transformation. We are honoured that at the July 2022 9th Session of the AfCFTA Council of Ministers, Kenya was selected as one of the initial pilot countries to start trading under the AfCFTA. Investors and business should take cue that the decision enhances Kenya's position as an AfCFTA anchor state in expanding regional and continental economic integration. Our clarion call is; "Invest Now".

BeTA and HPCDP

6. It is also important to recognise that the launch of the Holistic Productive Capacities Development Programme (HPCDP) for Kenya dovetails into policies and structural reforms articulated by the national Bottom-Up Economic Transformation Agenda (BeTA), whose main objective is to improve the livelihoods and welfare of Kenyans. BeTA was developed against the backdrop of paradoxes; failures of





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past and present development policies; and strategies. These hiccups contributed to current development hitches, and vulnerability of the country to recurring internal and external shocks and crises, making sustainable livelihoods elusive.

7. BeTA is a product of a rethink of the policies of the past and aspires to change the course if Kenya is to be “a globally competitive and prosperous country with a high quality of life to all its citizens in a clean and secure environment by 2030”; the Country’s commitments to the African Union Agenda 2063; and the United Nations Sustainable Development Goals (SDGs). This why it is important to acknowledge that the Holistic programme seeks to address the National Productive Capacities Gap Assessment (NPCGA) identified through the support of UNCTAD.

8. Indeed, the NPCGA provide valuable insights about binding constraints that exist in our productive capacities and will address the “reverse structural transformation” observed in Kenya’s recent development trajectory, where the agricultural sector continues to dominate Kenya’s GDP





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relative to the manufacturing sector. NPCGA support for BeTA is particularly welcome in fostering productive capacities and structural economic transformation through a paradigm shift in trade and development policy formulation that places a premium on creating the most jobs “at the bottom of the economic pyramid”.

9. Furthermore, I appreciate NPCGA priority to improve linkages between academia, industry and Government for policy coordination on human capital and skills formation towards productive capacities and structural economic transformation in Kenya. The role envisaged for the Programme in introducing the Productivity Capacities Index (PCI) methodology to our institutions of higher learning will lead to a cadre of experts on statistical and technical underpinnings of the PCI methodology. Such support should lead to sustainable capacity that will facilitate the formulation of data-driven, evidence-based and holistic development policies.

10. We, therefore, look forward to concurrently delivering on BeTA priority sectors as a result of the similarity between the





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Holistic Programme's five-pillar priority areas of Economic diversification, industrialisation, and value addition; Infrastructure (including energy) and natural environment; ICT for digitalization and transformation; Private sector; and Skills formation and improved policy coordination.

Kenya Government Commitment

11. **Madam Secretary General of UNCTAD;** let me assure you that in embracing NPCGA, we are extremely purposeful and strategic. We are committed to the effective implementation of the five programme pillars in conjunction with our BeTA priority areas so as to operationalise Kenya's potential in agriculture, the blue economy, manufacturing; and the production and export of knowledge and technology-intensive goods and services. It is our motivation that eventually, mainstreaming productive capacities to achieve structural transformation is a necessary condition for boosting the capacity of Kenya to respond to and recover from crises, and advance inclusive and sustainable development.





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12. You are assured of the Government of Kenya's commitment to advocating the Holistic Productive Capacities Development Programme as the key to our country's convergence and catch-up with advanced developing countries, in both incomes and technologies. Following this high-level dialogue, My Office in consultation with line ministries, will take the required convergence steps, including mobilizing support necessary for the implementation of the holistic programme.

13. We therefore look forward to the rollout and implementation of the Holistic Programme with the immediate tasks ahead being the setting up of The Programme's institutional, financial, and operational framework. I therefore urge all bilateral and multilateral development partners to align their country programmes with the priorities of BeTA as a constituent of NPCGA, so as to create synergies in the spirit of delivering as one for the people of Kenya.

ASANTENI SANA

H.E. HON. DR MUSALIA MUDAVADI, EGH,





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