

POSITION PAPER ON THE KENYA VISION 2030 IMPLEMENTATION

“The Quest for Inclusive Growth”

For and on Behalf of Friedrich Ebert Stiftung

August, 2013.

ABSTRACT

In the recent years, developing economies especially in Africa have recorded remarkable improvement in economic performance. Despite the improved performance, most countries have continued to grapple with the challenges of high poverty levels and widening inequalities. The realization that economic growth alone is insufficient to attain human development in turn led to a shift in growth paradigm to inclusive growth. This study analyzes the progress of *Kenya Vision 2030* first Medium Term Plan (2008-2012) & second Medium Term Plan (2013-2017) in the context of inclusive growth. Thereafter, provides key policy recommendations for policymakers and practitioners.

The study utilizes both primary and secondary data. It mainly adopts content analysis and key informant interviews to collect data. The study employs content analysis and thematic analysis techniques to analyze the data.

The study concludes that progress had been achieved in realization of the Kenya Vision 2030 goals through the Medium Term Plan (MTP1) (2008-2012) despite inability to meet most of the MTP 1 annual targets. Secondly, inclusive growth was not achieved despite progress recorded. The economic growth remained very low to generate sufficient productive employment to address the high unemployment rates in the country. The distribution of the benefits of growth realized was inequitable across age, gender, regions, urban and rural areas, and access by disadvantaged groups. Finally, the study concludes that most of the data available was largely insufficient to monitor inclusive growth. Most data failed to show the distribution of access to the growth across different groups and regions in the country. Data on the quality of the growth accessed was limited.

The study recommends: improvement in savings and investments to ensure high and sustained economic growth; investment in labour intensive sectors to provide productive employment; formalization of economic opportunities in the informal sector and enhanced graduation of informal sector businesses; expansion and enhancement of access to economic infrastructure across the county; review of education and training curriculum to enhance relevance; expand and ensure sustainability of high quality social services; enhance equality of opportunities and finally, improvement in quality of monitoring data to measure inclusive growth.

1.0 INTRODUCTION

In the recent years, developing economies especially in Africa have recorded remarkable improvement in economic performance. Growth rates in most countries are at 5.5% per annum up from 3.6% while the proportion of people below a dollar per day dropped from 47% to 43% between 2000-2005 (AfDB, 2012). Despite the improved performance, most countries continue to grapple with the challenges of high poverty levels and widening inequalities (Haan and Thorat, 2013; Joshi, 2013; AfDB, 2012). Kenya has not been an exception (SID, 2010). The realization that economic growth alone is insufficient to attain human development in turn necessitated debates to rethink growth models. Consequently, this led to a shift in growth paradigm such as inclusive growth.

1.1 Concept of Inclusive Growth

The concept of inclusive growth has recently been integrated into development literature and policymaking (Ranieri and Ramos, 2013). According to Chigunta, the concept has gained dominance globally as a response to high poverty levels and rising inequalities despite rapid growth. Haan and Thorat (2013) also observe that the concept emerged as a result of increased rate of growth accompanied by resurgence of inequalities.

Despite the ascendancy, the definition of inclusive growth has remained elusive (Ranieri and Ramos, 2013). According to Ianchivichina and Lundstorm (2009) inclusive growth has been used interchangeably with such terms as ‘broad-based growth’, ‘shared growth’, and ‘pro-poor’ growth. Conceptualization of inclusive growth as both a process and as an outcome (Haan and Thorat, 2013) has also yielded different definitions. However, several attempts have been made towards defining the concept.

1.2 Toward a Definition

IDRC defines inclusive growth as growth that improves the poor’s access to expanding economic opportunities and reduces inequality. Ali and Son (2007: 12) refers to inclusive growth as ‘growth that not only creates new economic opportunities but also one that ensures equal access to the opportunities created in all segments of the society, particularly the poor.’ AfDB (2012) refers to inclusive growth as ‘economic growth that results in a wider access to sustainable socio-economic opportunities for a broader number of people, regions and countries,

while protecting the vulnerable, all being done in an environment of fairness, equal justice and political plurality. Implied in these definitions therefore is that inclusive growth entails both creating opportunities for all to participate in the growth process and ensuring that everyone benefits from the growth.

Inclusive growth is therefore distinct from pro-poor growth despite close relationship. According to Ranieri and Ramos (2013), inclusive growth seeks to benefit all people of the society including the poor and the non-poor alike. Pro-poor growth on the other hand focuses on benefitting people below the poverty line. Further, they observe that while pro-poor growth is limited to income outcomes, inclusive growth includes income outcomes and the manner in which the growth takes place. As Ianchivichina and Lundstorm (2009) observe, a rapid pace of growth that is broad-based across sectors and inclusive of the labour force results to substantial poverty reduction. According to AfDB (2012) the broad-based sectors include productive employment and protection of the disadvantaged and marginalized groups from adverse shocks. Productive employment has therefore been recognized as the main instrument to reach inclusive growth.

1.3 Must Growth Be Inclusive?

Cited in Asian Development Bank (2011b), Zhuang identifies three key policy pillars of inclusive growth but observes that the pillars must be supported by good governance and strong institutions. The first pillar is high, efficient, and sustained growth to create productive jobs and economic opportunity. Although high economic growth is not sufficient for inclusive growth, Zhuang argues that it remains necessary as it creates resources for the government to invest in social services like education, health, infrastructure and social protection that are essential in achieving equality of opportunities through the other two policy pillars.

The second policy pillar is social inclusion. The pillar ensures that all the sections of the population including those disadvantaged by their circumstance have equal opportunities. This entails enhancing the human capacities especially for the marginalized and the disadvantaged sections of the society through provision and access to education, health services for all and infrastructure to ensure access to these services.

The third pillar is social safety nets. This pillar is required to protect the chronically poor and to mitigate the risks and vulnerabilities associated with transitory livelihood shocks caused by such shocks as ill health or economic crisis. This pillar particularly targets the chronically poor groups that cannot participate in or benefit from the growth due to circumstances beyond their control.

Pertinent to this study are seven key indicators that were selected for detailed analysis. These included: Economic growth rates, productive employment; access to education and training; access to affordable healthcare; access to economic infrastructure; gender and youth empowerment; and social protection for vulnerable groups.

2.0 RESEARCH OBJECTIVES

The study had two main objectives:

- To analyze the progress of *Kenya Vision 2030* first Medium Term Plan (2008-2012) and second Medium Term Plan (2013-2017) in the context of inclusive growth.
- To provide key policy recommendations for policymakers and practitioners.

3.0 CONCEPTUAL FRAMEWORK

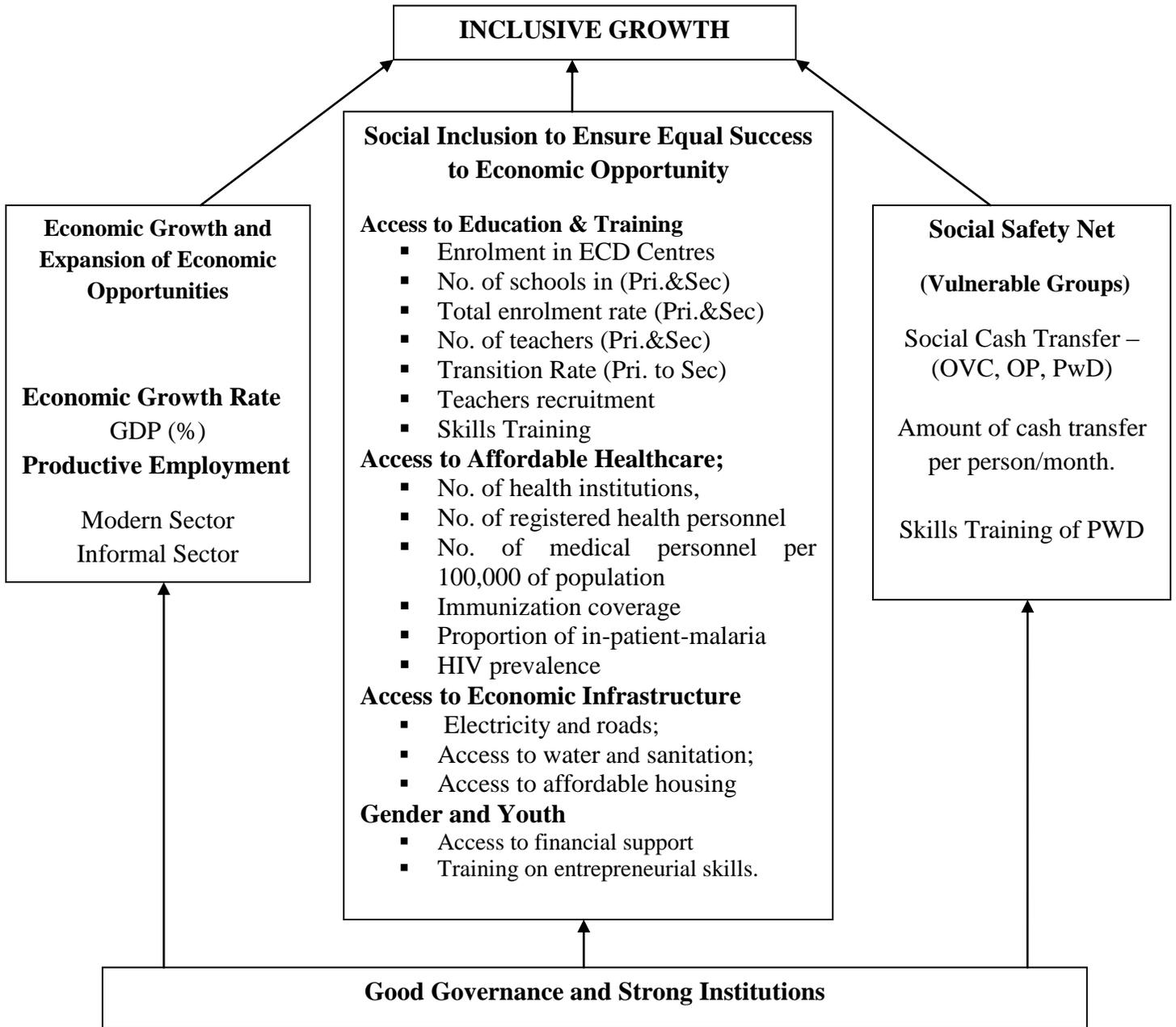
This study adopted Zhuang (2010) framework for analysis of key indicators that would lead to inclusive growth. Under the first policy pillar on economic growth and expansion of economic opportunities, the study audits the country's economic growth rate and the number of productive jobs created during the MTP 1 implementation period.

Under the second policy pillar on social inclusion to ensure equal success to economic opportunity, the study audits progress in enhancing human capacities. In access to education and training, the study audits the number of schools (Primary and secondary); total enrolment rate in Early Childhood Development (ECD) centres, primary and secondary schools; number of teachers in primary and secondary schools; transition rate from primary to secondary, recruitment of teachers; and skills training. In healthcare access, the study audits development of healthcare infrastructure including the number of health institutions, the number of registered health personnel; number of medical personnel per 100,000 of population; proportion of malaria in-patient, HIV prevalence and full immunization coverage.

On access to economic opportunities, the study audits new electricity connections, improvement in roads infrastructure, improvements in access to water and sanitation services, access to affordable housing and financial services. Regarding empowerment of women, youth; the study audits the number of youths and women access to financial support and skills training.

Finally, with regard to improvement in social protection, the study audits the number people on cash transfers particularly Orphans and Vulnerable Children (OVC), the Older Persons (OP) and Persons with Disability (PwD). The study audits the amount disbursed per person per month and skills training for persons with disability.

Figure 1: Conceptual Framework



NB: Conceptualization adapted from Zhuang (2010).

4.0 METHODOLOGY

The study mainly adopted content analysis through desk review of relevant literature and in-depth interviews with key informants to collect the information. The study collected both primary and secondary data. The study used content analysis and thematic analysis techniques to analyze the information obtained.

5.0 DISCUSSION OF FINDINGS

5.1 ECONOMIC GROWTH

The MTP 1 (2008-2012) targeted GDP growth sustained at 10% annually by 2012. This is compared to 7 % in 2007. Over the period of MTP 1 implementation, findings show that economic growth dropped from 7.0% growth in 2007 to 4.6% in 2012 as shown in *Table 5.1*. The growth realized could not be sustained through the implementation period due to several factors.

Table 5.1: Kenya Economic Growth Rate 2007 – 2012.

Year	2007	2009	2010	2011	2012
GDP (%)	7.0	2.7	5.8	4.4	4.6

Source: **Author**

High, efficient and sustained growth is a necessary condition for inclusive growth (AsDB, 2011). It enables the creation of sufficient levels of productive jobs and expands economic opportunities for all. The rate and pattern of growth reported during the MTP 1 implementation period presents a remote opportunity to achieve inclusive growth. The rate of growth generally remains below average compared to the set target of MTP 1. This implies a limited expansion in economic opportunities and inequality in accessing the benefits of growth.

The MTP 2 (2013-2017) recognizes the importance of a high, efficient and sustained growth. It targets to increase the GDP growth from 4.6% in 2012 to 10.1% by 2017 to be achieved through increased domestic savings and investments in all sectors including agriculture, industry and services.

5.2 PRODUCTIVE EMPLOYMENT.

The MTP 1 (2008-2012) target for employment creation was to create a total of 759,000 jobs in 2008/09. This was to increase to 787,000 in 2009/10; 823,000 in 2010/11, and 904,000 in 2011/12. *Table 5.2* shows the trend in new jobs created within the MTP 1 implementation period and the variance between targets and actual jobs created.

Table 5.2: Trends in Employment Creation within MTP 1 (2008-2012)

Year	2008/09	2009/10	2010/11	2011/12	2012* ¹	
Target	759,000	787,000	823,000	904,000		3,273,000
Actual	474,900	502,700	498,600	520,100	659,400	2,655,700

Source: Fourth Annual Progress Report (MTP 1) 2011/12

Findings show that the cumulative number of new jobs created in the economy over the period was 2,655,700. This is compared to the MTP 1 target of 3,273,000. This means that the MTP 1 target on job creation was missed by an annual average of 38.86% over the MTP 1 period. Economic Survey (2013) shows a drop in the number of jobs created in the modern sector from 74.2 thousands in 2011 to 68.0 thousands in 2012. The new jobs were created in building and construction sector, information and communication, education, and health sectors. However, 89.7% (591.4 thousands) of total employment created in 2012 (659.4 thousands) was in the informal sector. This trend is also reported in the MTP 2 where 80% of new jobs were in the informal sector.

These findings imply that majority of labour force are trapped in low productivity activities and thus excluded from the growth process. However, this indicator does not capture the more important distribution of the jobs created across gender, regions, and urban-rural spread. In addition, there is no data on whether the number of new employments was still valid by the end of the MTP 1 and how many had been lost. Equally, there is no information on what percentage of employment was productive and percentage categorized as underemployment.

¹ *Source: Economic Survey 2013 Highlights

The MTP 2 remains ambitious in employment creation and also targets a million jobs annually. It also seeks a major shift toward formal employment to increase modern sector employment from 12% in 2012 to 40% by 2017. However, out of the 5,170,000 jobs targeted between 2013 - 2017, 3,657,000 will be in the informal sector that is characterized by low productivity and underemployment. Only 1,513,000 jobs will be in the formal sector.

5.3 ACCESS TO EDUCATION AND TRAINING

As shown in *Table 5.3*, remarkable development was realized in the education sector. Enrolment in Early Childhood Development Education (ECDE) sector increased by 8.07% from 2.193 million in 2010 to 2.370 million in 2011. The proportion of girls enrolled in the ECDE increased from 49.8% in 2010 to 50.4% in 2011. According to GOK (2013), the Net Enrolment Rate (NER) increased from 40.0% in 2008 to 53.3% in 2012 against MTP 1 target of 76.6%. However, as reported in 2010/2011, the enrolment of girls was 1,092,181 compared to 1,100,890 for boys. This implies that access to growth in ECDE education was still higher for boys than that of girls despite improvement. The data however does not show distribution in access across regions in the country. The MTP 2 targets to construct and rehabilitate 46,000 ECDE centres by 2017 to improve enrolment.

Table 5.3: Progress in Education and Training

Indicator	Year	MTP Target (By 2012)	2007/8	2010/11	2011/12	2012* ²
Total Enrolment in ECD (millions)			1.691	2.193 1,092,181(g) 1,100,890(b)	2.370	
No. of pri. schools			18,063		28,567*	29,161
No. of sec. schools		560 new	4,265	7,308	7,297*	8,197
Total. Enrol. (Pri.) (million)				9.4	9.9	9.97

² *Source: Economic Survey 2013 Highlights.

Total. Enrol. (Sec) (million)	2.8	1.18	1.653	1.768	1.19
Transition. Rate (%) (Pri- Sec.)	75		72.5	73.3	
No. of teachers (pri)			173,388	174,267	176,243
No. of teachers (sec)				56,735*	59,273
Recruitment of teachers	28,000		18,028		
Pupil: Teacher Ratio			40:1	45:1	57:1
Stud: Teacher Ratio				32:1*	32:1

Source: Author

Total enrolment in Primary schools rose by 5.3% from 9.4 million in 2010 to 9.9 million in 2011. During this period, the number of girls increased by 6.5% compared to 4.2% for boys, thus narrowing the gender disparity in access to primary education. However, according to GOK (2013), out of the 9.97 millions enrolled by 2012, 5.01 million were boys and 4.96 million were girls. The trend shows that girls are still disadvantaged in accessing primary education. The data however does not capture the regional distribution of access to primary education. In 2007, regional disparities were evident with North Eastern and Nairobi having low Net Enrolment Rates (24.3% and 32.9% respectively) compared to a high of 97.8% recorded in Nyanza province (GOK, 2008).

The MTP 1 targeted to raise transition rate from primary to secondary school by 75% by the year 2012. Trends show improvement as the transition rate with an increase from 72.5% in 2010 to 73.3% in 2011. Equally, information remains limited on transition rates across gender, regions in the country and between urban and rural areas. According to GOK (2013), transition rate from primary to secondary improved from 64.1% in 2008 to 76.6% in 2012 despite disparities in the North Eastern regions.

The MTP 2 envisages reducing the disparities in enrolment and transition through educational projects such as school health and nutrition for socio-economically disadvantaged and nutritionally vulnerable children from primary schools in ASAL districts and informal settlements. The MTP 2 however does not specify the total enrolment rate targeted by 2017.

At the level of secondary schools, enrolment increased from 1.653 million in 2010 to 1.768 million in 2011. This represents a growth in enrolment of 6.9%. The proportion of girls in secondary schools declined marginally from 46.44% in 2010 to 46.33% in 2011. According to the Economic Survey (2013), the enrolment in secondary school had risen to 1.9 million in 2012 compared to the MTP 1 target of 2.2 million in secondary school enrolment by 2012. Compared to 1.18 million in 2008, this implies an increase of only 100,000 students (2.7%) in the MTP 1 implementation period. This is way below compared to the 3.7 million children of secondary school going age by 2008. Therefore, it means that millions of children of school going age are still excluded from accessing enhanced opportunities in secondary education. Information is also limited on access to and exclusion from the opportunities by gender, region, and, rural and urban divide across the MTP 1 implementation period. The MTP 2 envisages constructing 60 new secondary schools and rehabilitate 470 but does not specify total enrolment targeted by 2017.

The MTP 1 targeted to recruit 28,000 thousand teachers (21, 400 in primary and 6,600 in post-primary institutions). These were to be distributed over the first four years of the planned period with 6,000 teachers being recruited each year and the balance of 4,000 being recruited in the year 2012/2013. The total number of teachers recruited on both primary and secondary was 18, 028 by 2010/11. The total number of teachers in public primary schools increased from 173,388 in 2010 to 174,267 in 2011. This was an increment of 879 teachers. According to the Economic Survey (2013), the number of primary school teachers had increased to 176,243 by 2012. This was an addition of 1976 teachers. Approximately, 22,000 teachers had been recruited by 2012 against the MTP 1 target of 28,000. This implies a deficit of about 6,000 teachers. However, according to GOK (2013), 29,060 teachers were recruited by end of MTP 1 implementation period.

Free primary education has continued to suffer teacher shortages in schools at the expense of the quality of educational opportunities accessed. The pupil: teacher ratio remaining at 57:1 in 2011 and 2012 compared to student: teacher ratio of 32:1 over the same periods (Economic Survey, 2013). The available data however fell short of showing the distribution of the teachers recruited by gender, regions in the country, urban and rural schools across the MTP 1 implementation period.

Despite the shortage of teachers in basic education sector, the MTP 2 acknowledges training more teachers. However, the MTP does not specify the number of teachers targeted for recruitment by the end of its implementation period.

5.4 ACCESS TO AFFORDABLE HEALTHCARE.

The healthcare sector recorded some improvement. Findings show that the number of healthcare institutions increased by 12.6% from 7,111 in 2010 to 8,006 in 2011. This further increased to 8,375 in 2012 as shown in *Table 5.4*. The 2011/2012 MTP 1 target for health infrastructure was to increase completed health centres from 79 to 133. In 2011/2012, 74% of the health centres were operational, and additional 180 health centres and dispensaries were rehabilitated. However, according to GOK (2008), only 52% of Kenyans were within 5 kilometres to the health facilities. This has been observed in GOK (2013) that also acknowledges significance disparities in service availability between rural, urban and remote areas. In spite of the increase, the data available does not show access to the increased health institutions by gender, regions in the country, and urban and rural disparities.

Table 5.4: Progress in Access to Affordable Healthcare

Indicator	Year	MTP Target (By 2012)	2007/8	2010/11	2011/12	2012* ³
No. of health Inst.			6,194	7,111	8,006	8,375
No. of reg. health personnel					95, 960*	105, 369
Births attended by skilled personnel (%)		95	51	43		
No of med. Personnel/100,000					243*	259
Immunization Coverage (%)		95	73	83%	80.0*	85.0
Reducing the proportion of in-patient - malaria (%)		3		14	16	
Reducing HIV prevalence (%)		2	5.1		6.3	

Source: **Author**

³ *Source: Economic Survey 2013 Highlights.

To enhance access to basic healthcare, the MTP 2 targets to construct, upgrade and equip 100 identified health facilities to conform to the norms and standards of level 4 hospitals. It further envisages establishing 50 E-health Hubs. However, information on distribution and access across regions, by gender and age is limited.

The number of registered health personnel increased from 95,960 in 2011 to 105,369 in 2012. Consistent with this trend, the number of registered medical personnel per 100,000 populations improved from 243 in 2011 to 259 in 2012. According to GOK (2008), the health sector is hampered with inadequate and inequitable distribution of human resources for health and analyses of regional distribution within the country indicated serious disparities. The findings imply that many Kenyans do not access the required health services as a result of the shortage of health personnel. Similarly, the data falls short of showing their distribution by gender, regions within the country, and urban and rural disparities.

The MTP 2 acknowledges the inadequate human resources in the health sector and the skewed distribution of human resources for health. It seeks to re-engineer human resource for health through capacity development and motivational mechanism to enhance retention. The MTP however does not highlight on mechanisms to address the shortages nationally including the ASAL regions.

Full immunization coverage for indicator also recorded improvement. The MTP 1 targeted coverage of 95% by 2012 compared to 73% coverage in 2007. According to the Economic Survey (2013), full immunization coverage had reached 85.5% by 2012. This shows that the MTP target was missed by 15% implementation period. The data also falls short of showing coverage by gender, regions within the country including urban and rural areas. The MTP 2 targets to increase coverage to 90% by 2017.

Other indicators show that births attended by skilled health personnel declined from 51% in 2007 to 43% in 2011. The 2011/2012 MTP target was to reduce the proportion of in-patients with malaria to 12%. This target was missed as the proportion of in-patients with malaria stood at 16%. According to GOK (2013) in-patient with malaria dropped to 15% which MTP 2 targets to further reduce it to 5% by 2017.

HIV/AIDS prevalence rate reduced to 6.3% as compared to the 2011/12 MTP annual target of 6.4%, meaning that the MTP target was achieved. In spite of the achievement, regional and gender disparities have been serious with Nyanza ranked highest and North Eastern the lowest. The data available does not disaggregate on the proportion of in-patients with malaria, HIV/AIDS prevalence and proportion of those receiving ARV services by age, gender and regions within the country. According to GOK (2013) HIV/AIDS prevalence stood at 5.6% by end of MTP 1 implementation period. The MTP 2 targets to further reduce it to 4% by 2017.

5.5 ACCESS TO ECONOMIC INFRASTRUCTURE

5.5.1 New Electricity Connections.

The MTP 1 targeted a total of 1 million new connections by 2012. Cumulatively approximately 800,000 people had been connected by 2012. According to the Economic Survey (2013), the Rural Electrification programme increased new connections to 309, 287 in 2011 and 382,631 in 2012 compared to 250, 185 reported in 2010. This translates to approximately 132,446 new customers by 2012 as shown in *table 5.5*.

Table 5.5: Trends in New Electricity Connections

Year	MTP Target	2010/11	2011/12	2012* ⁴
Indicator	(By 2012)			
New connections	1 Million	250,185	309, 287*	382,631
Cumulative Total		800,000	859,102	932, 446

Source: **Author**

This finding shows that whereas progress has been made towards achieving the 1 million new connections the MTP 1 targeted (93.2%), the annual targets were hardly achieved in the implementation period. About 6.8% have not benefited from the growth in access to electricity. According to GOK (2013) new electricity connections increased from 1,060,383 customers in 2008 to 2,330,963 customers by June 2013. Installed capacity of electricity increased from 1,268 MW in 2008 to 11,606 MW in 2012. The data available does not show distribution of cumulative connections across regions within the country and in urban and rural areas.

⁴ *Source: Economic Survey 2013 Highlights.

To bridge the existing gaps, the MTP 2 targets to connect 2 million new customers by 2017. Additionally, through the Rural Electrification Programme, it seeks to electrify 6,304 public facilities including the remaining 2,600 facilities.

5.5.2 Access to Roads Infrastructure

GOK (2013) recognize an efficient, accessible and reliable infrastructure as an enabler for sustained economic growth, development and poverty reduction. During the MTP 1 period, 2,200km of road was constructed under the road expansion programme. In addition, 1,863km was rehabilitated, 2,649km place on periodic maintenance, and 236,603km on routine maintenance. The Nairobi-Thika Super Highway and the Northern Corridor Transport Improvement Project (NCTIP) were also completed and rural roads improved through the Roads 2000 Programme. Nevertheless, information remains limited on distribution and access across regions and the rural-urban divide.

The MTP 2 seeks to enhance roads infrastructure and access through construction and rehabilitation of 5,500km of roads of which 3,825km will be trunk roads and 1,675km country roads. About 1,700km for Non-Motorized Transport (NMT) will be constructed and about 800km of roads will be designed. In addition, 4,257km (national trunk) and 1,735km county roads will be periodically maintained and about 200,000km will be routinely maintained. Construction of new Lamu Port-Southern Sudan-Ethiopia Transport (LAPSSET) corridor is another major milestone to be achieved.

5.5.3 Access to Water and Sanitation.

According to GOK (2013) the 2009 Kenya Population Census 27.9% of the population access piped water, 37.2% and 29. % obtained water from sources considered unsafe while 5.9% obtained water from water vendors. The MTP 1 target under this flagship project was to expand water supplies to 15 medium size towns. By 2011/2012, expansion of water supply had been completed in 8 towns. Expansion of water supplies in the remaining towns was underway. In addition 731 boreholes were drilled and equipped during this period. This was against the MTP 1 target which was 730.

Substantial progress was also made towards actualizing the MTP 1 target of water harvesting and storage. Construction of Maruba dam and rehabilitation of Sasamua dam were completed in 2010. This boosted the total water storage capacity in the country to 180 million cubic metres. Other dams under construction included Kiserian dam, Badasa dam in Marsabit county, Chemususu dam in Baringo county, Umaa dam in Kitui county and 19 other dams that were marked for construction during the 2008-2012 MTP 1 period.

Other key milestones achieved within the MTP 1 period included the construction of 18.7km trunk sewerage line in Kapsabet and construction of 0.6km trunk sewerage line in Eldoret. Construction of various access roads, namely 7.5 km in Mavoko – Machakos, 20km in Malava – Kakamega, 7.5km in Nkoroi, 6.8km in Nossim – Kajiado, 8km in Mtwapa –Kilifi, 15km in Gatitu – Kiamwathi – Gitathini – Nyeri.

Nevertheless, evidence from earlier Annual Progress Reports (APR) shows that access to piped water and sanitation services including sewerage remained high in urban areas compared to rural areas. In 2010, 70.5% urban households had access to piped water compared to 49.2% with access to safe water. In terms of sanitation, access to sewage was 32% in urban areas compared to 8% in the rural areas.

GOK (2013) observes that development of water supplies and water distribution networks has not been matched by corresponding increase in facilities for sanitary disposal of wastewater. The MTP 2 seeks to construct 50 sand dams along seasonal rivers in ASAL areas; rehabilitate 100 water quality monitoring stations; and construct 150 rural water schemes annually and finally drill 70 boreholes and 160 small dams in ASAL regions.

On sanitation, the MTP 2 targets to expand sanitation in resort cities and selected 15 medium sized towns. However, the MTP 2 does not specify measures to expand sanitation services especially in rural areas.

5.5.3 Access to Affordable Housing

The MTP 1 target for this flagship project was to produce 200,000 housing units by 2012. By the end of 2012, 999 civil servants housing units were completed in Nairobi with 222 units still under construction. 900 units in Kibera were completed under the slum upgrading program.

Another progress realized under the flagship project was completion of the draft Housing Bill 2011 which sought to facilitate the provision of decent and affordable housing to all Kenyans. According to GOK (2008), only about 35,000 housing units (23%) are produced annually compared to 150,000 housing units required annually in urban centres. The progress made in production of housing units was therefore way below the annual targets set by MTP 1. This data shows that priority was given to civil servants than in other sectors of the population. The urban areas also seem to be given more attention than in the rural areas. The data however falls short of showing the distribution of the units across gender.

According to GOK (2013) 24% of dwelling units in urban areas had earth floor compared to 77% in rural areas. Additionally, 80% of households in rural areas are owned dwellings compared to only 30% in urban areas. Cognisant to the rapidly growing urban population, MTP 2 seeks to fill the housing gap through facilitating production of 200,000 housing units annually through Public-Private Partnerships (PPP).

5.6 GENDER AND YOUTH

In 2011/2012, a total of 297,000 women entrepreneurs were supported with funds compared to 118,068 in 2010. This was against the MTP 1 target of 170,000. The reported performance was therefore 74.71% above the MTP 1 target. As shown in *Table 5.6*, additional 11,000 women entrepreneurs were trained against the MTP 1 target of 23,000. This was however a drop compared to 13, 520 recorded in 2010. The proportion of women recruited in the public sector was 33% against the MTP 1 target of 30%.

Table 5.6: Women Empowerment

Indicator	Year	MTP 1 Target by 2012	2007/8	2010	2011
Financial Support				118,068	297,000
Entrepreneur Training				13, 520	11,000
Public Sector jobs (%)		30	30		33

Source: **Author**

Despite improvement in women empowerment, the respective MTP1 targets were not realized during the years under review. In 2007, women had 30% representation in modern sector wage but with 84% male representation compared to 16% in the top most level of the civil service (GOK, 2008). The data available does not show the distribution of access to the opportunities by regions within the country, participation by disadvantaged and marginalized groups; and rural and urban inequalities. Information is also limited on the amount of the fund disbursed, nature of training curriculum, and job entry levels.

The MTP 2 seeks to maintain affirmative action policy of 33% for women in public service and two thirds gender representation in all appointive and elective positions. It also targets to build capacity of women entrepreneurs and their institutions, facilitate marketing of products and services of women enterprises; and cooperative awareness. However, the MTP 2 does not specify the number of women entrepreneurs targeted within its implementation period.

On the youth agenda, MTP 1 target for the 2008-2012 was to establish one youth empowerment centre in every constituency. In 2011/2012, 51 centres were constructed compared to MTP 1 target of 52 centres in the year under review. As shown in *Table 5.7*, a total of 109 (51.9%) youth empowerment centres had been constructed by 2011/2012. This trend depicts a challenge in achieving the MTP 1 target of 210 centres by 2012. In addition, available data do not show access to the centres by age and gender as well as their distribution across different regions within the country.

Table 5.7: Youth Empowerment

Indicator	Year	MTP Target by 2012	2010	2011
Youth Empowerment Centre		210		109
Entrepreneur Training			2000	
Training in Industrial Skills			60,680	
Affirmative Action (%)		30		

Source: **Author**

To bridge the skills gap among the youth, estimated 60,680 youths were trained in industrial skills and additional 2,000 youths trained in BPO entrepreneurship skills in 2010. Whereas some progress has been made in this regard, majority of youth remain excluded from accessing the training opportunity. However, according to GOK (2013), as at 2012, 6.5 billion was spent to fund 141,316 youth enterprises while another 129 benefitted from incubation services. About 62,239 were trained on entrepreneurship while another 11,052 underwent pre-departure training. Within the MTP 1 implementation period the National Youth Service (NYS) recruited 25,000 youths who underwent basic paramilitary training, national building activities and vocational technical skills training. About 1,982 youth enterprises were provided with market support services while 9,370 facilitated to search for foreign jobs. In addition, 130 youth empowerment centres were constructed out of which 74 were equipped to make them operational.

GOK (2008), 80% of the unemployed were youths while 92% of the unemployed youth had no vocational or professional training. Youth unemployment and under-employment still remains a major challenge in the country. The data available also does not show distribution in access by gender and region within the country, and between the urban and rural disparities.

The MTP 2 targets to address the gaps through construction of more Youth Empowerment Centres enhance youth employment and sustainable livelihoods; and youth leadership and entrepreneurship development. However, information is limited on the specific number of the youths targeted for the growth by 2017. During the implementation period, the MTP 2 targets to upgrade the National Youth Service (NYS) with projected annual youth recruitment of more than 10,000 recruits.

5.7 VULNERABLE GROUPS

In 2011/2012, households taking care of orphans and other vulnerable children increased to 134,345. This is against the MTP 1 target of 120,000 households as shown in *Table 5.8*. By 2010, an estimated 33,000 older people received cash transfers and about 2,100 people with disability received disability grants. The monthly cash transfers per household were also increased from Kshs. 1,500 to Kshs. 2,000.

Table 5.8: Trends in Progress for Vulnerable Groups

Indicator	Year	MTP1 Target by 2012	2010	2011
CT – OVC (Households)		120,000		134,345
Older People Cash Transfer			33,000* ⁵	
Disability Grants			2,100*	
Training in PWD				370
Assistive Devices				2,342
Monthly Disbursement (Ksh.)			1,500	2,000

Source: **Author**

Mainstreaming of disability was also incorporated in the MTP 1 targets. This meant to ensure that at least 5% of all recruited personnel are persons with disabilities. In 2011/2012, 370 persons with disability were trained on technical skills and vocational training. Assisting devices were also provided to 2,342 persons with disabilities. According to GOK (2013), by the end of MTP 1 implementation period, 12,000 assistive devices were provided to people with disability and 1000 scholarships to students with disability. Additionally, 205 institutions that provide services to people with disability were funded and 1,824 Disabled Persons Organizations members trained in entrepreneurship skills. A Consolidated Social Protection Fund for orphans and vulnerable children, older persons, severely disabled persons, and urban food subsidy established.

Despite the foregoing achievements, findings show that the MTP 1 targets for women, youth and vulnerable persons for the period under review were not achieved. This implies that many vulnerable people have not been able to access the growth in opportunities for vulnerable people. The data available also fall short of showing the distribution of the opportunities by age, gender, region within the country, and urban and rural disparities.

⁵ * GOK (2012) Kenya Social Protection Sector Review Report.

In response to these gaps, MTP 2 targets to establish National Development Fund for Persons with Disability and a National Safety Net Programme. It also seeks to extend support to Persons with Albinism, disability mainstreaming, and strengthening child protection programmes.

5.8 GROWTH GAPS IN THE SECOND MEDIUM TERM PLAN (2013-2017)

The foregoing discussion, the analysis identified three main gaps in the MTP 2. The first major gap for the MTP 2 is addressing the problem of unemployment in the country. Despite achievements in job creation realized under MTP 1, unemployment in the country remains high. Additionally, majority of the jobs MTP 2 targets to create by end of the implementation period will be in the informal sector that is associated with low productivity and under-employment.

Secondly, major gaps are also reported on empowerment of the women, youth and the vulnerable groups. While a few had been reached, majority of women, youths and vulnerable groups are still disadvantaged in accessing the benefits of growth. The Women Enterprise Fund registered low uptake among women while many youths comprise majority of the unemployed. Majority of vulnerable groups have also not been reached for assistance.

The third major gap for MTP 2 is improvement of infrastructure. Despite the achievements made in improving access to electricity connections, roads, water and sanitation; and affordable housing, more expansions are required in these areas to enable access by majority of who have not been reached across the country.

Finally, information is limited on the distribution and access to the benefits of growth by gender, regions, rural-urban divide, and age. This is a major data gap the MTP 2 has to address to track inclusion. The MTP 2 has not provided information specifying the number of beneficiaries targeted by 2017. The included information on the Total Enrolment Rates in primary schools, the number of teachers to be recruited, the number of health personnel to be recruited; and the women and youths targeted for training by the end of the implementation period.

In summary, this discussion has shown the achievements and short falls in meeting the MTP 1 target within the context of inclusive growth and how MTP 2 targets to address the existing gaps. Conclusions and policy recommendations are presented in the next section.

6.0 CONCLUSION AND RECOMMENDATIONS

This section presents conclusions from the study findings and key policy recommendations for inclusive growth.

6.1 CONCLUSIONS

Based on the findings, this study arrived at three major conclusions. First, the study observed that some progress had been achieved in realization of the Kenya Vision 2030 goals through the Medium Term Plan (MTP1) (2008-2012). However, the growth recorded on most indicators of concern to this study was not sustained through out the implementation period. Most of the MTP 1 annual targets were also not achieved. In addition, the economic opportunities created through the growth were few compared to the targeted populations.

Second, based on the data and the indicators of growth analyzed, the study concludes that inclusive growth was not achieved despite progress recorded. The economic growth remained very low to generate sufficient productive employment to address the high unemployment rates in the country. Therefore, disadvantaged groups like the youth and women largely remain excluded from participating in the growth process. The distribution of the benefits of growth realized was inequitable across age, gender, regions, urban and rural areas, and access by disadvantaged groups. Benefits of growth are still largely inaccessible by majority of the disadvantage groups including women, youths and children.

Finally, the study concludes that most of the data available was largely insufficient to monitor inclusive growth. Most data was inadequate in showing the distribution of access to the growth realized across different groups and regions in the country. Data on the quality of the growth accessed was conspicuously missing.

6.2 KEY POLICY RECOMMENDATION FOR INCLUSIVE GROWTH

To achieve inclusive growth, the study proposes several key policy recommendations. First, the policymakers and planners should pursue economic policies that seek to improve savings and investment levels to ensure a high, sustained and efficient economic growth which is a necessary

condition for inclusive growth. This will enable the creation of more economic opportunities for the population and enable the expansion of economic infrastructure. It also includes emphasis on policies that seek to eliminate bottlenecks often cited to increase the cost of doing business and constrain business growth. These include: corruption, insecurity, cost of capital, government bureaucracy, counterfeiting of products, and prohibitive electricity costs among others. These impediments must be dealt with urgently so as to facilitate economic growth.

In addition, there is need to examine how income from production is distributed so as to reduce inequalities between large enterprises and small enterprises. The two basic streams of production income are wages and profits. Accumulation of profits by only a small group of large enterprises within the country will drive inequality as national income would increase but wages will be suppressed because of the failure to increase employment. Furthermore, owing to both historical patterns of capitalist development in Kenya and colonial and post-colonial economic discrimination, ownership in Kenyan enterprises is defined by race, ethnicity, region and sex orientations.

Therefore, it is important to find ways of distributing profits more broadly across race, ethnicity, region and sex in Kenya. The government's efforts to develop the private sector should include incentives not only to individually-owned firms or standard corporations, but also to community and/or worker-owned firms. Firms of this nature distribute their profits to the workers or community. If they are established in the rural areas and among women and/or youth, they will contribute to minimizing not only vertical inequality but also horizontal inequality. Examples of such firms are cooperatives in many economic sectors or community-owned tourist facilities.

Second, the policymakers and planners should invest more in labour intensive sectors of the economy to improve creation of productive employment. Such sectors include: building and construction; manufacturing, information and communities, and agriculture among others. Labour intensive sectors will be effective in addressing the high unemployment in the country especially among the youth and women. Among recommended actions could include tax exemptions on labour intensive methods and technologies. In addition, there is a need to rapidly and seriously transform subsistence agriculture into small holder commercial agriculture through focused and strategic value chain interventions that enhance returns to farmers, increase market

efficiencies, strengthened business practices and governance in cooperatives, use of appropriate technologies, and good agronomical and sustainability practices. Small holder agriculture holds a fundamental key in enhancing inclusion since it is widespread and involves the base of the pyramid. Interventions that increase growth and earnings at this level while dealing with exploitation and market inefficiency would reduce the inherent inequalities created through this sector.

Thirdly, Policymakers and practitioners should also target to formalise economic opportunities in the informal sector and enhance the graduation of informal sector businesses. Current growth of the sector has been predominantly through the increase in the number of entrants of new microenterprises rather than by the growth and graduation of existing firms. Graduation is important because it provides for growth in a sector that is highly inclusive given the ease of entry and limited formal bottlenecks. However, a stagnant informal sector will not provide the needed growth impetus for achieving the Kenya Vision 2030 goals and inclusive growth.

Fourthly, there is need for the policymakers and planners to expand and enhance access to economic infrastructure across the country. Such infrastructure include: electricity, roads, railway, housing, water and sanitation, housing, and financial services. Access to such infrastructure provides economic opportunities for the unemployed to participate in the growth process.

Particular to access to housing infrastructure, lack of adequate and affordable housing for the urban poor present both a challenge and opportunity for the country. Construction of housing units is labour intensive and therefore provides short term employment opportunities to majority of the unemployed youths in the urban areas. It also boosts entrepreneurial activities across regions of the country through supply of input. The use of pension funds for down payment to housing ownership could also be a way of encouraging the formalization of the informal sector. If formalization enabled entrepreneurs and workers in the informal sector to contribute to and benefit from a national pension fund, they would be more likely to register their firms. Additionally, it should be noted that ownership of the housing units rather than rental not only enables individuals to obtain credit for other entrepreneurial activities across the country but also gives individuals a stake in society and therefore contributing to political stability.

Fifthly, policymakers and planners should review the education and training curriculum to enhance relevance. This would ensure access to relevant skills that enhance participation in the growth process and not just as beneficiaries of the growth. Improvement in skills training especially among the unemployed youth will enhance employability in the labour intensive sectors and therefore ability to participate in the growth process. Education should also enhance the capacity of the youth to capitalize on the economic infrastructure through entrepreneurship and starting business ventures.

Sixth, policymakers and practitioners need to expand and ensure sustainability of higher quality of social service infrastructure such as education, healthcare and social protection accompanied with enhanced access by all groups in the population and regions in the country. This could include a redistributive agenda involving such strategies as cash transfers, redistributive public expenditure on health, education, and agricultural services, and a progressive taxation system. This package should serve to arm poor and marginalized people with the skills to allow them to participate in the benefits of economic growth, and limit their exposure to the negative externalities of the growth. Building an effective, equitable and sustainable social protection system should be based on a comprehensive review of the existing social security system, taking into account administrative and institutional capacities. It should follow a universal but progressive approach and must have social acceptability – an outcome best achieved through social dialogue.

Another recommendation is that there is need for policymakers and practitioners to design policies and programmes that enhance equality of opportunity for all especially the disadvantaged groups and regions. Affirmative Action Policies need to be enforced effectively in all sectors of the economy to promote opportunities for the marginalized. There is need to enhance awareness and advocacy on inclusive development approaches.

Lastly, there is need for policymakers and practitioners to enhance the quality of monitoring data for inclusive growth. During the MTP 2 implementation period, there is need for the data to monitor distribution and access to benefits of growth by the different groups of the population and regions across the country. In addition, the data should more importantly monitor the quality

of the benefit of growth distributed and its effectiveness in poverty reduction, the overall goal of inclusive growth.

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