



REPUBLIC OF KENYA

THE NATIONAL TREASURY AND ECONOMIC PLANNING

KEYNOTE ADDRESS BY NJUGUNA NDUNG'U, CBS, CABINET SECRETARY FOR THE NATIONAL TREASURY AND ECONOMIC PLANNING, DURING THE SENSITIZATION WORKSHOP FOR COUNTIES ON ALIGNING COUNTY INTEGRATED DEVELOPMENT PLANS 2023 -2027 (CIDPs) TO THE BOTTOM-UP ECONOMIC TRANSFORMATION (BETA) & MEDIUM TERM PLAN IV 2023-2027 HELD AT PRIDEINN PARADISE BEACH RESORT, MOMBASA ON 13<sup>TH</sup> -14<sup>th</sup> MARCH 2023.

Principal Secretary, State Department for Economic Planning;

Chairman, Finance, Planning and Economic Affairs committee, the Council of Governors;

Members of the Presidential Council of Economic Advisors;

All County Executive Committee Members in charge of Finance and Economic Planning present;

Distinguished Guests

**Ladies and Gentlemen,**

**Good morning**

I am greatly pleased to join you today in this important sensitization workshop for counties whose objective is to discuss the alignment of County Integrated Development Plans (CIDPs) 2023 -2027 to the Bottom-up Economic Transformation Agenda (**BETA**) and The Fourth Medium Term Plan 2023-2027. I hope we will have fruitful engagements and come up with proposals that will link up economic planning to meaningful economic management and steer the National and County Government towards Delivering as One.

## **Ladies and Gentlemen,**

There is a legal basis for this. Article 10 (2) of the Constitution on national values and principles of governance prescribes the need for good governance, integrity, transparency, accountability, and sustainable development. As we prepare the plans, it is important to consider these key tenets that guide us in the process.

Article 220 (2) states that, “National legislation shall prescribe (a) the structure of the development plans and budgets of counties; and (c) the form and manner of consultation between the national government and county governments in the process of preparing plans and budgets”.

Further, there is a defined responsibility and leadership; the Fourth Schedule of the Constitution assigns the National Government the role of national economic policy and planning while County Governments are responsible for county planning and development.

**Ladies and gentlemen,**

For effective and practical planning, there is need for greater collaboration and fostering of good relations between the two levels of government and also among counties. On this note, various mechanisms have been established for the facilitation of intergovernmental relations at national and county level. The Intergovernmental Budget and Economic Council, which is established under Section 187 of the Public

Finance Management Act, 2012 (PFMA) provides a platform for consultation on economic policy and financial management issues between the two levels of government. At the County level, Section 137 of the PFM Act, 2012 provides for the Establishment of County Budget and Economic Forums (CBEF) for county budget consultative process.

Section 126 of the PFMA, 2012 requires county governments to prepare a development plan that should outline among others: clear goals and objectives; an implementation plan with clear outcomes; make provisions for monitoring and evaluation; and, clear reporting mechanisms.

Section 104 (1) of the County Government Act, 2012 requires county governments to plan for County and no public funds shall be

appropriated outside the planning framework developed by the County Executive Committee and approved by the County Assembly. These plans include, among others, County Sectoral Plans, County Spatial Plans, County Integrated Development Plans (CIDPs), County Annual Development Plan (CADP), Strategic Plans and Cities and Urban Areas Plans.

**Ladies and Gentlemen,**

The National Treasury and Economic Planning, in collaboration with stakeholders, including representatives from the county governments is required to issue Guidelines for the preparation of the County Integrated Development Plans (CIDPs). The Guidelines provide norms and

standards that ensures uniformity of development plans across all counties. These Guidelines also provide a framework for proper alignment of government priorities. The government has developed the Bottom-up Economic Transformation Agenda (BETA) and the Fourth Medium Term Plan 2023-2027 into the CIDPs.

## **Ladies and Gentlemen**

But where do we start? “The perfect storm”

What is the reality in our economy?

The Covid 19; the Ukrainian crisis and supply disruptions; the end of Quantitative Easing (QE) and tight monetary policy-dollar flight to USA and the drought that has produced massive supply shocks: The result?



Secular decline of economic activity and a persistent recession, poverty and inequality.

What can reverse these negative effects and create a new momentum of economic management?

The “Perfect Storm” will be expounded by the Economic Advisory Team, but the emphasis here is that the protracted recession leads to lower economic activity and so lower tax revenues. A financing constraint for development both at the National and County government.

To address these challenges, the government has adopted the **Bottom-Up Economic Transformation Agenda (BETA)** the main objective is to improve the livelihoods and welfare of Kenyans.

In line with this, the Government will implement policies and structural reforms and promote investment in five pillars that are expected to have the highest impact at the bottom of the economy. These are: Agricultural Transformation and Inclusive Growth; transforming the Micro, Small and Medium Enterprise (MSMEs) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Economy.

To make these five core pillars feasible, the Government will implement strategic interventions under the following key enablers:

- Infrastructure;
- Manufacturing;

- Blue Economy;
- the Services Economy,
- Environment and Climate Change;
- Education and Training;
- Women Agenda;
- Youth Empowerment and Development Agenda;
- Social Protection; Sports, Culture and Arts; and
- Good Governance.

**Ladies and Gentlemen,**

The National Treasury and Economic Planning is at the final stages of preparing the Fourth Medium Term (MTP IV) 2023-2027 to be concluded within a tight Roadmap. The MTP IV will implement the Kenya Kwanza Bottom-Up Economic Transformation Agenda (BETA) that will drive the economic turnaround and inclusive growth agenda for Kenya.

The implementation of the programmes prioritised in these sectors will focus at an end-to-end investment in key value chains that include: Leather; Livestock (Dairy and Pastoralism Economy); Garments and

Textiles; Industrial Production (Building Materials and Pharmaceuticals); and Crops (Edible Oils, Rice, Tea, Coffee) among others.

In order to get maximum impact from investment in BETA priorities, alignment of the CIDPs with MTP IV is imperative. This is the clearest way to DELIVER AS ONE in our nation's development aspirations. We have a herculean task to ensure MTP IV and CIDPs are concluded in time for implementation from the next financial year.

**Ladies and Gentlemen,**

It's then clear that both the National and County Governments aspire to improve the livelihoods of Kenyans who are domiciled in our respective counties by developing explicit development plans for guiding resource

allocation and investment to most beneficial areas. In this regard, both levels of government need to create synergy and prepare development plans that are coherent and aligned to each other. This is in the spirit of the two levels of government being distinct and interdependent and conducting their mutual relations on the basis of consultation and cooperation as stipulated in Article 6(2) of the Constitution. It is in this context, that we will appreciate if these development propositions and plans are well aligned despite the fact that counties are at different stages of preparation of their CIDPs.

I therefore encourage all of us here today to participate and give our views on how to align and identify respective areas of interest that can

be leveraged in the two planning documents towards actualizing the Bottom–Up Economic Transformation Agenda.

In line with Intergovernmental Budget and Economic Council resolutions, counties are guided to submit draft County Integrated Development Plans to the National Treasury and Economic Planning for review and advice before finalization.

**Ladies and Gentlemen,**

I consider this workshop timely and strategic in informing policy makers on potential areas that can be exploited to achieve sustainable and transformative development.

It is important to highlight that there is need to strengthen the linkage

from our objectives, the planning process, policy formulation and budgeting for efficiency and effectiveness.

To implement the outlined programmes and projects, counties need to expand their fiscal space and develop innovative sustainable resource mobilisation strategies as outlined in Article 175(b) of the Constitution of Kenya, 2010.

Implementation of the Bottom-up Economic Transformation Agenda is already underway as demonstrated by the roll out of the 2023 Budget Policy Statement. It sets out the priority programs, policies, and reforms to be implemented within the financial year.

Let me once again re-emphasize that aligning the CIDPs and The



Medium-Term Plan 2023-2027 to the Bottom-up Economic Transformation Agenda is the basis of information and policy recommendations that are valuable in shaping the development agenda in Kenya now and beyond.

**Distinguished Guests, Ladies and Gentlemen.**

As I conclude, let me appreciate the strong collaboration and continuous consultation between The National Treasury and Economic Planning and County Governments towards enhancing the National Development Agenda. I believe this collaboration will lead to improvement of the livelihoods of Kenyans. We should therefore play our rightful role in order to make this a reality.

**It's now my pleasure to declare this workshop officially open.**

**Thank you and God bless you.**