

REPUBLIC OF KENYA



STATEMENT BY CABINET SECRETARY, THE NATIONAL TREASURY AND ECONOMIC PLANNING PROF. NJUGUNA NDUNG'U, DURING THE FOURTH MEDIUM TERM PLAN 2023-2027 NATIONAL STEERING COMMITTEE MEETING ON 25TH APRIL, 2023.

**Mr. Felix Koskei, Chief of Staff and Head of the Public Service,
and Chairperson of the MTP National Steering Committee;
Principal Secretaries;
The Solicitor General;**

Ladies and Gentlemen.

- I. I am delighted to join you this morning for the Fourth Medium Term Plan (MTP) 2023-2027 National Steering Committee (NSC) meeting. This meeting provides a forum for us to review the draft Fourth MTP to ensure that the policies, programmes and projects are geared toward driving the Government's ***Bottom-Up Economic Transformation Agenda (BETA)***.
- II. I commend the Principal Secretary, State Department for Economic Planning for coordinating the production of the draft Fourth MTP. I also thank Ministries, Departments and Agencies for actively participating in the Fourth MTP preparatory process by identifying respective sector priority programmes and projects.
- III. This NSC meeting has been organized at an opportune time when all of us have had consultations with the Senior Government

Ranks regarding charting way forward to transforming our economy. The consultations sought to develop sector priorities aligned to Kenya Kwanza Plan for the year 2023 and beyond.

- IV. We are therefore clear of what needs to be implemented in our respective sectors to support economic recovery agenda and facilitate the desired economic transformation of our country. The Fourth MTP we are reviewing today details of policies, programmes and projects that the Government will implement over the medium term 2023-2027.
- V. We are cognizant of the multiple shocks that our country is faced with, that may curtail our efforts as we work towards transforming our economy. Covid-19 pandemic negatively affected performance of our economy leading to loss of lives and jobs, disrupted business activities leading to contraction of the economy by 0.3 per cent in 2020. As the effects of COVID-19 started to fade away, the economy bounced back recording a GDP growth rate of 7.5% in 2021, driven by Public Sector Investment.
- VI. However, at the moment, the cost of living remains elevated and is straining livelihood of our citizens. The drought we experienced in 2022 and part of 2023 has been the worst in 40 years affecting crops and livestock productivity across the Horn of Africa, Kenya included. Food security and climate change seemed to have reversed the 20 years of fighting poverty and inequality. Further, the geopolitical conflict between Russia and Ukraine have affected global supply chains with spillover effects on our economy in terms of high commodity prices.
- VII. Aware of these multiple shocks and the need to foster economic transformation, the Government has developed **Bottom-Up Economic Transformation Agenda** that is geared towards **economic turn-around and inclusive growth**. This has

informed the draft Fourth MTP whose theme is ***"Accelerating Socio-economic Transformation to a More Competitive, Inclusive and Resilient Economy: The Bottom-Up Approach"***.

- VIII. The policies, programmes and projects in the draft Fourth MTP have been identified with emphasis on bringing down the cost of living, eradicating hunger, creating jobs especially for our youth, expanding the tax base to raise revenue to finance our budget, improving our foreign exchange balance and driving inclusive growth. More importantly, the Fourth MTP spells out focus areas to empower the citizens mainly those at the bottom of the pyramid so as to improve their livelihoods and contribute to national development.
- IX. On the macroeconomic front, overall real GDP growth is projected to grow at 7.2 per cent by 2027. The growth is expected to be driven by increase in domestic and foreign investments, accelerated industrialization, and growth of exports by taking advantage of economic partnerships particularly the East Africa Community and the Africa Continental Free Trade Area (AfCFTA).
- X. The Fourth MTP seeks to solidify the foundations of development with a focus on deepening digital economy; prioritizing climate change and environmental actions; and infrastructure development. It focuses on sources of growth including agriculture transformation, manufacturing, services economy, creative economy, and MSMEs so as to drive functioning markets. It emphasizes on addressing social welfare with improved housing, healthcare, education, social protection, as well as youth and women agenda.
- XI. It outlines sector specific policies, legal and institutional reforms to support implementation of programmes and projects. The reforms are geared towards promoting market efficiency,

supporting investments, improving governance, and transforming public service delivery. In order to reap immediate gains from these reform, I urge everyone of us to prioritize review or development of the planned sector reforms at the earliest possible time during the Plan period.

- XII. In order to promote the linkage between planning and budgeting, the Fourth MTP will be the basis for annual budgeting within the Medium Term Expenditure Framework (MTEF). In actualizing these linkages, the Draft MTP guided the MTEF Sector Working Groups in preparation of the Budget proposals for the 2023/2024 and Medium-Term Budget.
- XIII. Budgetary allocations will strictly be based on planned development policies, programmes and project in the Fourth MTP. I therefore call upon all of you as Accounting Officers to ensure that development priorities based on mandates of your Ministries, Departments and Agencies are adequately captured in the Fourth MTP.
- XIV. We need to reflect on avenues of facilitating full implementation of various policies, programmes and projects that are detailed in the Fourth MTP. Over the Plan period we will need to strengthen Inter-ministerial/agency coordination to ensure seamless implementation of programmes and projects that cut-across our mandates.
- XV. Further, we will need to develop mechanisms to address bottlenecks that could hinder implementation of Government programmes as we seek to deliver on the Five Sectors that form the Core Pillars of Government Manifesto.
- XVI. In order to stay focused, the National Treasury and Economic Planning will strengthen monitoring and evaluation of implementation of the Fourth MTP through preparation of Annual

Progress Reports. The monitoring and evaluation exercises will provide report on progress being made as well as forming basis for confirming whether resources we have allocated every financial year have yielded the desired results. The monitoring and evaluation reports will inform budget processes to ensure we receive value for allocated resources.

- XVII. As we head towards finalization of the Fourth MTP, I call upon you to review our respective sectors development priorities to ensure they address the Government's Bottom-Up Economic Transformation Agenda. The budgeting has adopted a Value Chain Approach to make sure there are no gaps or duplication and thus efficient and effective.
- XVIII. The National Treasury and Economic Planning will continue undertaking consultations with all MDAs as we move toward finalizing the Plan. Further, following this NSC meeting, we have scheduled intensive validation avenues for the draft Fourth MTP that include a National Stakeholder Validation Forum, validation by the Parliamentary Committee on Finance and Economic Planning and approval by the Cabinet.
- XIX. **As I conclude ladies and gentlemen**, let us remember that we are all agents of our country's transformation and the prosperity of our citizen is in our hands.
- XX. I invite you to adopt the draft MTP IV that will be discussed today to support the remaining stages.
- XXI. With these remarks, I declare this Fourth MTP National Steering Committee meeting officially open as I wish you fruitful discussion.

Thank You and God Bless You.