



REPUBLIC OF KENYA

THE NATIONAL TREASURY AND ECONOMIC PLANNING

STATEMENT BY

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CABINET SECRETARY

THE NATIONAL TREASURY AND ECONOMIC PLANNING

DURING THE LAUNCH OF THE FOURTH

MEDIUM TERM PLAN 2023-2027

21st MARCH, 2024

Your Excellency the President of the Republic of Kenya, Dr. William Samoei Ruto;

Your Excellency, the Deputy President of the Republic of Kenya, Hon. Rigathi Gachagua;

The Prime Cabinet Secretary, H.E. Dr. Musalia Mudavadi;

Speakers of the National Assembly and the Senate;

The Hon. Chief Justice;

The Attorney General;

Cabinet Secretaries;

County Governors;

Members of the Diplomatic Corps;

Principal Secretaries;

Representatives of Development Partners;

Private Sector and Non-State Actors;

Distinguished Guests;

Ladies and Gentlemen;

1. It gives me great pleasure and immeasurable privilege to welcome you today during the launch of the Fourth Medium Term Plan (MTP IV) 2023–2027 of the Kenya Vision 2030 whose theme is: "*Bottom-Up Economic Transformation Agenda for Inclusive Growth.*"

Your Excellency,

2. Since independence, development planning in Kenya has mainly been undertaken in five-year cycles. The Sessional Paper No. 10 of 1965 on "African Socialism and its Application to Planning in Kenya", the Sessional Paper No. 1 of 1986 on "Economic Management for Renewed Growth", and the National Development Plan of 1966-1970 all focused on reducing illiteracy, poverty and diseases.
3. Subsequent National Development Plans addressed specific thematic areas. For example, the Sessional Paper No. 2 of 1996 on "Industrial Transformation to the Year 2020" informed the National Development Plan of 1997-2001.
4. In 2002, the Government introduced the Economic Recovery Strategy (ERS) for Wealth and Employment Creation of 2003-2007. Successful implementation of the ERS gave way for the development of the Kenya Vision 2030.
5. The Kenya Vision 2030 adopted in 2008 is the long-term development blueprint with an overarching Vision "*A Globally competitive and prosperous nation with a high quality of life by 2030*". The Kenya Vision 2030 is implemented through 5-year Medium Term Development Plans, the MTPs.
6. The First MTP was implemented from 2008-2012; the Second MTP 2013-2017; and the Third MTP 2018-2022. Notably, the MTP IV that we are launching today, is the last five -year MTP which will transition the Country to the next long-term Development Plan.

Your Excellency,

7. In 2014, Kenya transitioned from a Low-Income Country status to a Lower Middle-Income Country upon attaining a Gross Domestic Product (GDP) per Capita of USD 1,430.35. This achievement marked a significant milestone for Kenya on its path towards realizing the aspirations of the Kenya Vision 2030.
8. Today therefore, marks a significant chapter in our Nation's history as we embark on implementing a new development strategy - the Fourth Medium Term Plan (MTP IV) 2023 – 2027, which is guided by the Kenya Vision 2030 and aligned to the Bottom-Up Economic Transformation Agenda (BETA).

Your Excellency,

9. The MTP IV was prepared through extensive consultations involving the Sector Working Groups, County Consultative Forums, and National Stakeholders Forum under the overall guidance of the National Steering Committee. The National Stakeholders Forum provided a platform for consultation between the Government and Non-State Actors.

Your Excellency,

10. The MTP IV will implement the objectives of the Bottom-Up Economic Transformation Agenda whose programmes and projects are classified under five (5) Sectors namely:
 - (a) Finance and Production;

- (b) Infrastructure;
- (c) Social;
- (d) Environment and Natural Resources; and
- (e) Governance and Public Administration.

Your Excellency,

11. The Finance and Production Sector is projected to grow from 3.4% in 2022 to 8.2% in 2027, while the Infrastructure Sector will grow from 5.5 % in 2022 to 5.9% in 2027. The Social Sector growth is projected at 7.0 % in 2027 from 5.0% in 2022, while the Environment and Natural Resources Sector will grow from 7.9 % in 2023 to 8.9% in 2027. Governance and Public Administration Sector is projected to grow from 4.6% in 2022 to 5.8% in 2027.
12. This growth will be driven by: raising agricultural productivity through improving crops and livestock value chains; transformation of the Micro, Small and Medium Enterprise (MSME) economy through provision of accessible and affordable credit; increasing investment in housing and settlement; development of human capital (healthcare, education and training); increasing domestic resource mobilization; digital evolution through investing in the digital superhighway and the creative economy; and improving market development.

Your Excellency,

13. We are aware of the various challenges confronting our economy, the main ones include; external shocks of rising inflation and interest rates, Russia-Ukraine conflict and recurring drought, fiscal distress resulting from high levels of expenditure, low revenue collection, low exports, high cost of servicing debt and structural weaknesses stemming from large public infrastructural investments which did not result in the desired multiplier effect in the economy.
14. As a result, the MTP IV macroeconomic framework has taken these challenges into consideration and seeks to strengthen economic resilience and drive inclusive, broad-based and sustainable economic growth. Over the medium-term, the Government will focus on:
 - (i) Bringing down the cost of living through prudent monetary policy to attain an inflation target of 5.0%;
 - (ii) Eradicating hunger;
 - (iii) Creating on average 1,200,000 new jobs annually;
 - (iv) Expanding the tax revenue base to increase total revenue collection;
 - (v) Improving the foreign exchange balance through promotion of exports in order to improve reserves to 6.1 months of import cover; and
 - (vi) Achieving inclusive growth.
15. Recognizing the challenging global economic environment and the need to bring our economy to a recovery trajectory, during the MTP IV period, the Government will

implement policies, programmes and projects which will result in raising the GDP growth rate from 4.8% in 2022 to 7.2% in 2027.

Your Excellency,

16. The National Treasury and Economic Planning will work closely with relevant institutions to instill a culture of fiscal balancing aimed at reducing the gap between revenue and expenditure over the medium-term. This will entail improved resource mobilization and expenditure prioritization.
17. Regarding fiscal consolidation, total revenue is projected to increase from 16.5% in 2022/2023 to 19.7% of GDP in 2027/2028. To this end, we will work towards reducing total expenditure from the projected 24.2% in 2023/2024 to 22.9% of GDP in 2027/2028. This is expected to bring down the overall fiscal balance excluding Grants to 3.2 % of GDP in 2027/2028.

Your Excellency,

18. The Public Finance Management Act, 2012 requires the National Government Budget to be based on integrated development planning process, which includes both long-term and medium-term planning. In view of this, The National Treasury and Economic Planning will ensure that the MTP IV is linked with budgeting through the Medium-Term Expenditure Framework.

19. The National Integrated Monitoring and Evaluation System and the County Integrated Monitoring and Evaluation Systems will be strengthened to ensure effective monitoring and reporting of the implementation of MTP IV and County Integrated Development Plans respectively, in line with the National Monitoring and Evaluation Policy.
20. In addition, the Ministry will carry out a mid-term review and an end-term evaluation of the MTP IV to ascertain the extent of the realization of the set objectives.

Your Excellency,

21. The next phase of the MTP IV process will involve disseminating the Plan to all Counties and other relevant stakeholders.
22. Guided by our shared responsibility and under your leadership, Your Excellency, we look forward to unlocking the potential and seize the opportunities within our borders, thus keeping the hopes of our people alive.
23. **As I conclude**, I would like to express my heartfelt gratitude to all our esteemed stakeholders for their significant contributions throughout the process of preparing the MTP IV. I wish to extend my appreciation to my colleagues the Cabinet Secretaries, and the Principal Secretaries for providing guidance on the identification of sector specific programmes and projects.

24. **Finally**, I wish to salute the great efforts and dedication by the staff at the National Treasury and Economic Planning including the Heads of Planning in MDAs for their professionalism, and strong commitment during the preparation of MTP IV.

Thank You