



Impact case study: Promoting industrialisation, manufacturing and job creation in Kenya

INTRODUCTION

The Supporting Economic Transformation (SET) programme successfully promoted the importance of manufacturing in Kenya, and guided the prioritisation of policy actions targeting policymakers at an opportune time – ahead of the 2017 Kenyan elections, working directly with local research partners, world class academics and a major private sector association. This followed in-depth and high-quality scoping background work which was presented to, and received inputs from, development partners including the World Bank, donors and the Government of Kenya.

SET collaborated with the Kenya Association of Manufacturers (KAM), a private sector organisation to develop a [10-point policy priority plan](#) around manufacturing, which was used to discuss, and directly influence the content of political party manifestos. Tangible success was demonstrated with a high-profile signing of a commitment to the priorities by two major political parties at a [public launch event](#). The work, and the engagement of political party representatives also generated significant national media coverage and helped to communicate the messages of in-depth research to a wide audience.

The SET work helped to build KAM's strong networks, and the tangible result was a policy- and action-focused document which they were able to use to engage with (and influence) the Kenyan government.



(From left to right):

Neil Balchin, Research Fellow (ODI), Ms. Phyllis Wakiaga, Chief Executive Officer (KAM), Oduor Ong'wen, Executive Director, ODM, National Super Alliance (NASA), Ms. Flora Mutahi, Chairperson (KAM) and Ekuru Aukot, Party Leader, Third Way Alliance Kenya

THE POLICY CHALLENGE

There is currently a window of opportunity African countries in manufacturing. Rising wages in Asia, rebalancing in China, strong regional growth in Africa and improving policies and institutions are creating positive conditions for manufacturing, and there is significant room to develop manufacturing output. However, the window of opportunity in labour-intensive manufacturing is closing fast (possibly in the next 20-30 years) due to increasing mechanisation and automation. Intense competition from Asian countries (e.g. Vietnam, Cambodia, Bangladesh) who have similar or lower wages, higher productivity, better infrastructure, more skilled labour forces, and higher levels of integration into GVCs is also a major challenge. In order to take advantage of the current opportunities, Kenya needs to act fast to develop its manufacturing sector, as other African countries will be looking to do the same.

It was in this context that KAM approached SET to collaborate on a project aiming to influence politicians and policy-makers to incorporate manufacturing priorities when developing their economic plans in the pre- and post-election periods in 2017. A broader policy challenge was to promote the importance of economic transformation and industrialisation as driving forces behind job creation and poverty reduction. More specifically, the main objective of the project was to position the development of manufacturing and industry in Kenya as a priority for the country's economic transformation and job creation for the next five years.

WHAT SET DID

Leading SET researchers from ODI, local consultant Anzette Were and KAM consultant Gituro Wainaina worked closely with KAM to develop a policy priority plan around manufacturing. As the target audience for the work was to reach and influence politicians and other policy-makers, the team decided to develop a concise [10-point booklet](#) listing priorities for manufacturing, with corresponding suggested 'actions' informed by expert analysis of the current state of the Kenyan manufacturing sector. The 10 points covered issues including land accessibility and ownership, energy, value chains, public-private sector collaboration and labour market skills, and for each a selection of tailored policy solution (actions) were suggested. In order to be as comprehensive as possible, the content was developed with active inputs from the Office of the President of Kenya, the State Department for the Environment, the State Department for Trade, Kenya Industrial Estates, IDB Capital Kenya, KEPSA, MSEA, TMEA, ICDC and the KAM Board.

In July 2017, two launch events for the booklet were held in Nairobi. The first was a private meeting for KAM's member organisations, and the second was a [high-profile launch event on 5 July](#), attended by two major political parties. The aim of the launch was to engage with the major political parties in the upcoming Kenyan general elections (in August 2017) and push for buy-in and cross-party support for the priorities identified in the agenda to transform manufacturing in Kenya. At the event, the Executive Director of ODM (NASA party) and the presidential candidate/leader of Thirdway Alliance Kenya signed a ceremonial commitment to the 10 policy recommendations. This was one excellent example of tangible impact of the SET research; further impacts are discussed below.

IMPACT

Broadly, the work had demonstrable success towards one of core aims of the SET Programme: supporting the private sector. Through the project, SET supported KAM's engagement with future policymakers on which policies the private sector believe are needed for high growth and job creation. The event also generated significant media coverage including over 10 hits in national media, reflecting the importance and relevance of the topic to a wide audience.

We consider the impact of the SET programme's work in Kenya across four broad types [as outlined by DFID-ESRC Growth Research Programme \(DEGRP\)](#): conceptual impacts (changing perceptions or approaches), instrumental impacts (tangible changes in either policy or practice), capacity building impacts, and improvements to connectivity across different actors.

Conceptual impacts

SET contributed to the knowledge around Kenyan manufacturing by carrying out [detailed scoping studies](#) by leading experts such as John Page (Senior Fellow, Brookings Institution) and Phyllis Papadavid (Team Leader, International Macroeconomics, ODI). These were presented to a group of stakeholders at a [closed roundtable in Nairobi in August 2016](#) including representatives from African Development Bank, World Bank, TMEA, JICA, DFID Kenya, Government of Kenya, KAM, ACET, private sector and others. These papers contributed to the perceptions of those in attendance, who came to a consensus that manufacturing and industry needed to be the focus of the next administration.

Tangible evidence of conceptual impact from this project can be seen by the extensive media coverage of the [5 July 2017](#) launch of the 10-point policy priority plan which gave high visibility and prominence to both the SET programme and the key messages of the manufacturing agenda.

“The KAM launch event was a great example of getting cross-party support on useful reforms”

Daniel Marks, Economic Advisor, DFID Kenya

Finally, the work also had conceptual impacts on the political party representatives who were present at the launch meetings, who agreed that a commitment to manufacturing should be a priority for the next administration.

Instrumental impacts

SET also had tangible instrumental impact from this work. One of the most significant was seen following discussions between KAM and the Government of Kenya on the 10 policy priorities: comparisons with party manifestos showed several suggestions were taken on board and incorporated. These included issues such as public fiscal management, the role of SEZs and the importance of improved access to reliable and sustainable energy, and industrialisation was a key focus of the manifestos (where it had not been previously), demonstrating SET and KAM's possible influence on policy-forming processes.

Evidence of instrumental impact was most powerful at the launch event on [5 July 2017](#), where representatives from the two political parties in attendance both signed a ceremonial commitment to the 10 points in the policy priority agenda, pledging to incorporate them into future policies. The representatives specified the industrial agenda as central to Kenya's economic transformation in general terms, with NASA emphasising innovative initiatives, small and medium enterprise (SME) and informal sector, and Jubilee and the Third Way Alliance were more specific about industry related policies in their recommendations.

The work was also influential on the KAM more broadly, as it was presented to KAM's member organisations at their Annual General Meeting. This ensured the exposure of a wide range of private sector firms to research and policy analysis on the manufacturing sector.



Signing commitment to the 10-point plan on 5 July 2017 (From left to right):

Ms. Phyllis Wakiaga, Chief Executive Officer, Kenya Association of Manufacturers

Oduor Ong'wen, Executive Director, ODM, National Super Alliance (NASA)

Ms. Flora Mutahi, Chairperson, Kenya Association of Manufacturers

Capacity building impacts

This work significantly supported the KAM with prioritisation related to manufacturing and will be used in the future, beyond the election period, to advocate private sector interests with the government. KAM have already begun further work to develop policy briefs for the purposes of engaging the County Government and other stakeholders at the county level (which was one of SET's recommendations). This shows a demonstrable and effective SET 'exit', with strong local actors taking forward a transformational agenda built on, and following SET research and support.

By engaging local experts including Anzette Were (development economist and columnist for Business Daily in Kenya) and Gituro Wainana (Professor and KAM consultant) SET has ensured that there will be ongoing engagement on the work.

An example of this is Anzette Were's [coverage of a major investment by East Africa Breweries Limited's \(EABL\)](#) to establish a Sh15 billion brewery in Kisumu, which aligns with the messages of the work (namely that increasing manufacturing is a key part of economic development). This was also discussed at a private roundtable with a private sector firm, Diageo.

"We remain greatly indebted to you for the support.

We now have a document that has clearly and concisely elaborated the manufacturing priorities, and which has so far been very well-received by the main political parties we have engaged."

Dalmas Okendo, Head of Operations, KAM

As mentioned previously, KAM also used the booklet to secure meetings with political parties ahead of the unveiling of election manifestos, at which they were able to put forward the case for investment in manufacturing.

Connectivity impacts

This work has strengthened networks of stakeholders both in the development and utilisation of the research. The former was reflected by the wide-ranging experts present at [the scoping meetings on 29 August](#), including over 30 representatives from DFID Kenya, the Kenyan Government, the World Bank, and research organisations including the African Center for Economic Transformation (ACET).

In addition, the [main launch on 5 July 2017](#) was a very successful event, generating approximately 10 national media hits, including an [independent blog](#) and attracted two major political parties. Examples of media coverage includes [The Star](#), [The Standard](#), [Business Daily](#) and [KBC News](#).

Finally, through the process of developing the booklet, SET provided a mechanism for KAM (and its members organisations) to engage with the Kenyan Government and other political parties/coalitions at a critical time for Kenyan politics. The process also facilitated dialogue between DFID Kenya and KAM over the relative weight of various priorities for policy-makers.

WHAT SET LEARNED

SET's work with KAM and wider work on manufacturing in Kenya highlights successes of working collaboratively with local partners, private and analytical, to translate analytical and in-depth research into actionable, concise policy recommendations, and then communicating these to Government through influential local (private sector) organisations with strong networks.

The importance of timing is also a positive lesson learned; by targeting and meeting with political parties ahead of elections, there was a strong incentive for politicians to engage with the research findings.

Finally, the positive result of a well-thought communications plan was evident in this project – a 10-point easy-to-consume booklet and public launch helped to communicate the messages to both government and media, attracting attention and influencing the thinking of a wide audience.

USEFUL LINKS

The 10 policy priorities booklet and summary handout can be downloaded [here](#).

For a detailed event report of the public launch on 5 July 2017, click [here](#).

The in-depth background papers and roundtable report on 29 August 2016 can be found [here](#).