



Division for Africa, Least Developed Countries and
Special Programmes (ALDC)
UNCTAD

High-Level Policy Dialogue on Fostering Productive Capacities for Industrialization, Export Diversification, and Inclusive Growth in Kenya

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Title: Why do productive capacities and structural transformation matter for Kenya?

Resources: Please visit: <http://pci.unctad.org> or <http://unctadstat.pci.unctad.org>

Outline of the presentation

- I. Key messages from the presentation
- II. Why do productive capacities matter for Kenya?
- III. Concluding remarks

I. Key messages from the presentation

- **Productive capacities are key for production transformation but require:**
 - ✓ ***Political will matched by actions;***
 - ✓ ***Institutions that function; policy space that tap natural and human capital;***
 - ✓ ***Efficient transport; affordable electricity;***
 - ✓ ***transformational ICTs, and vibrant private sector.***
- **What a country produces, and exports determines its socioeconomic wellbeing or strengths. That is”**
 - ✓ ***The production and export of more value-added and sophisticated goods and services is associated with stronger growth dynamics;***
 - ✓ ***Higher potential for further growth, income and job creation;***
 - ✓ ***More opportunities for market expansion, technological upgrading, innovation; and***
 - ✓ ***Moving up in the Value-chain and accelerated poverty reduction.***

.....In the policy contexts, building productive capacities also requires:

- Formulation and implementation of Coherent trade, industrial, financial and other sectoral policies and strategies
- Productive capacities and structural transformation in turn are critical for
 - ✓ Creating decent jobs;
 - ✓ Ensuring economic diversification, value-addition;
 - ✓ Fostering technological learning and competitiveness; as well as
 - ✓ Achieving inclusive and sustainable growth and development.
- ❑ ***Unfortunately, current production and export patterns of Africa including Kenya have reached their limit: Primary commodities driven growth patterns are too weak to bring transformational changes***

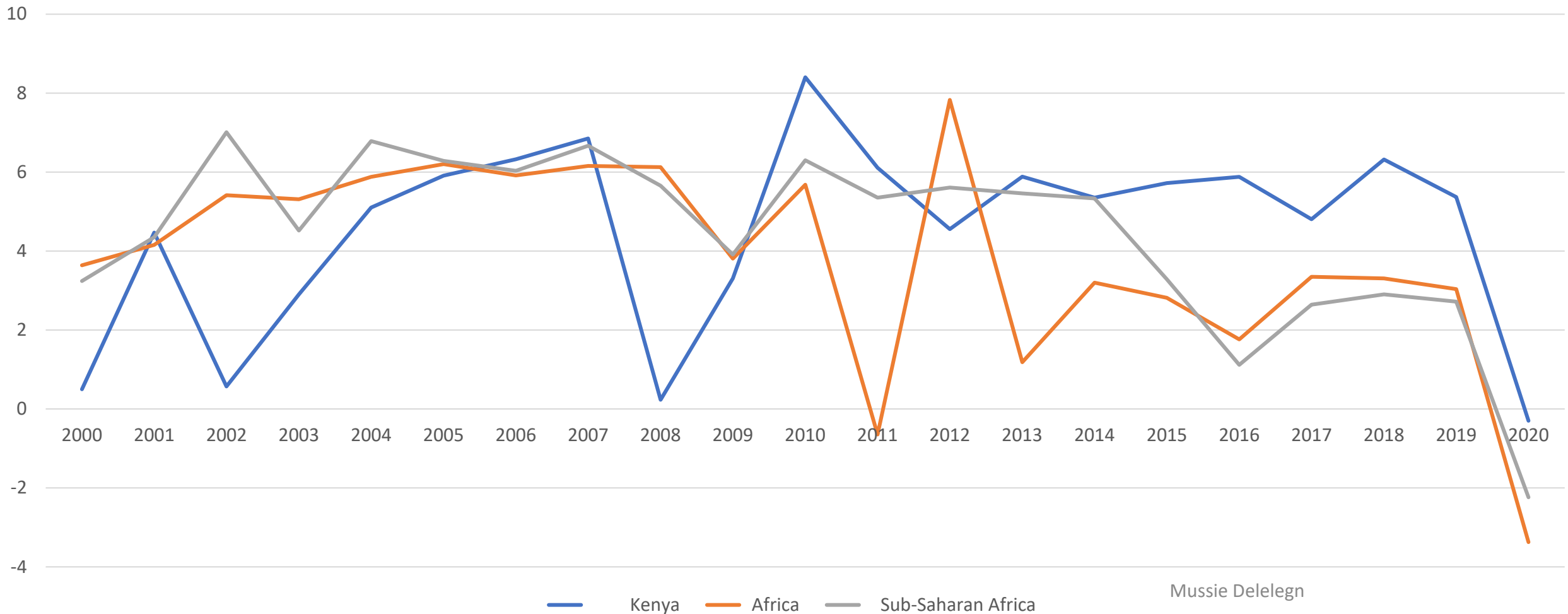
II. Why do productive capacities and structural transformation matter for Kenya?

Productive capacities are key to:

- Achieve inclusive and sustainable growth
- Break the low middle-income trap
- Accelerate industrialization, diversification and structural transformation
- Create decent jobs and the conditions for higher income and poverty reduction
- Ensure greater gains from trade & enhance the role of domestic private sector
- Reduced aid dependence and enhanced domestic resource mobilization

a. Achieving inclusive growth and development remains a challenge for African economies....

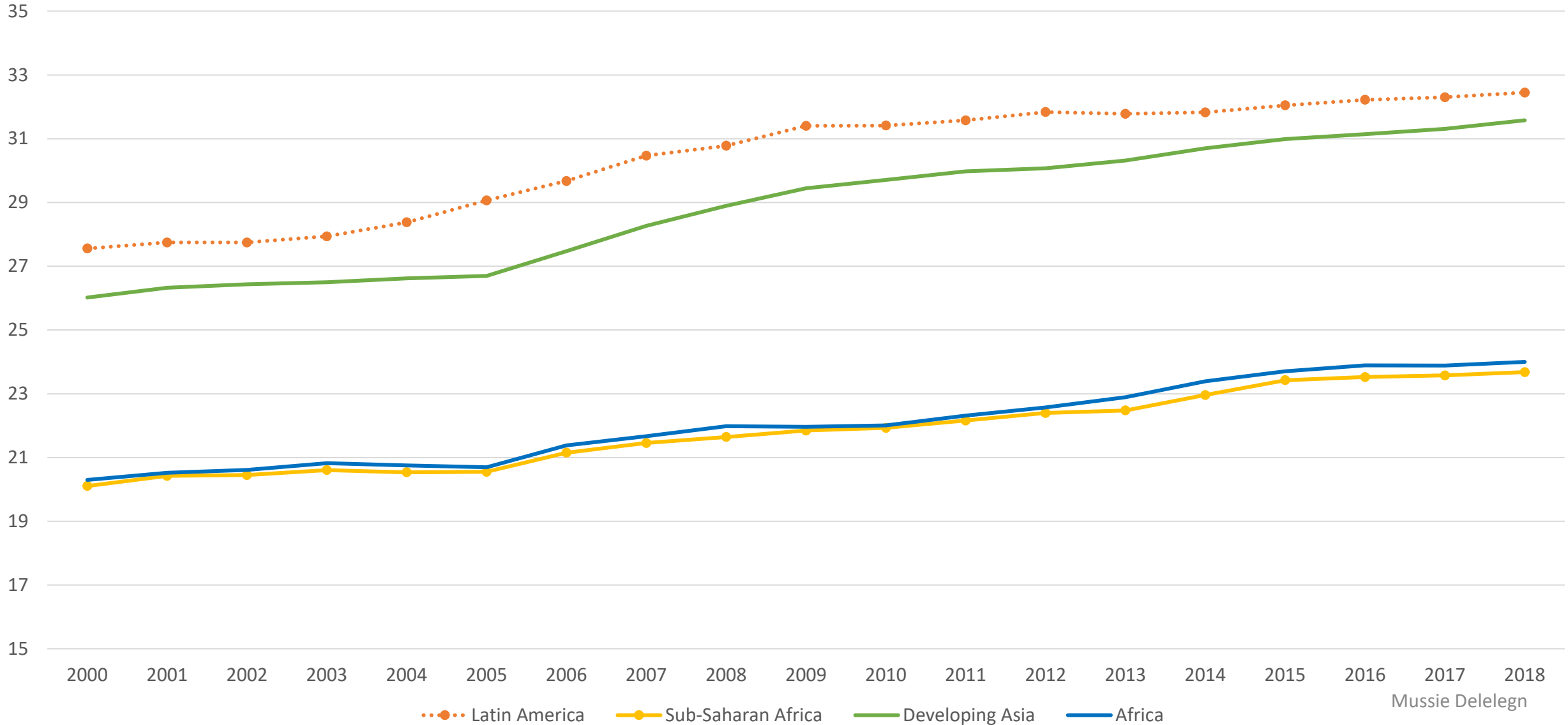
Annual Average GDP Growth Rates: 2000-2020



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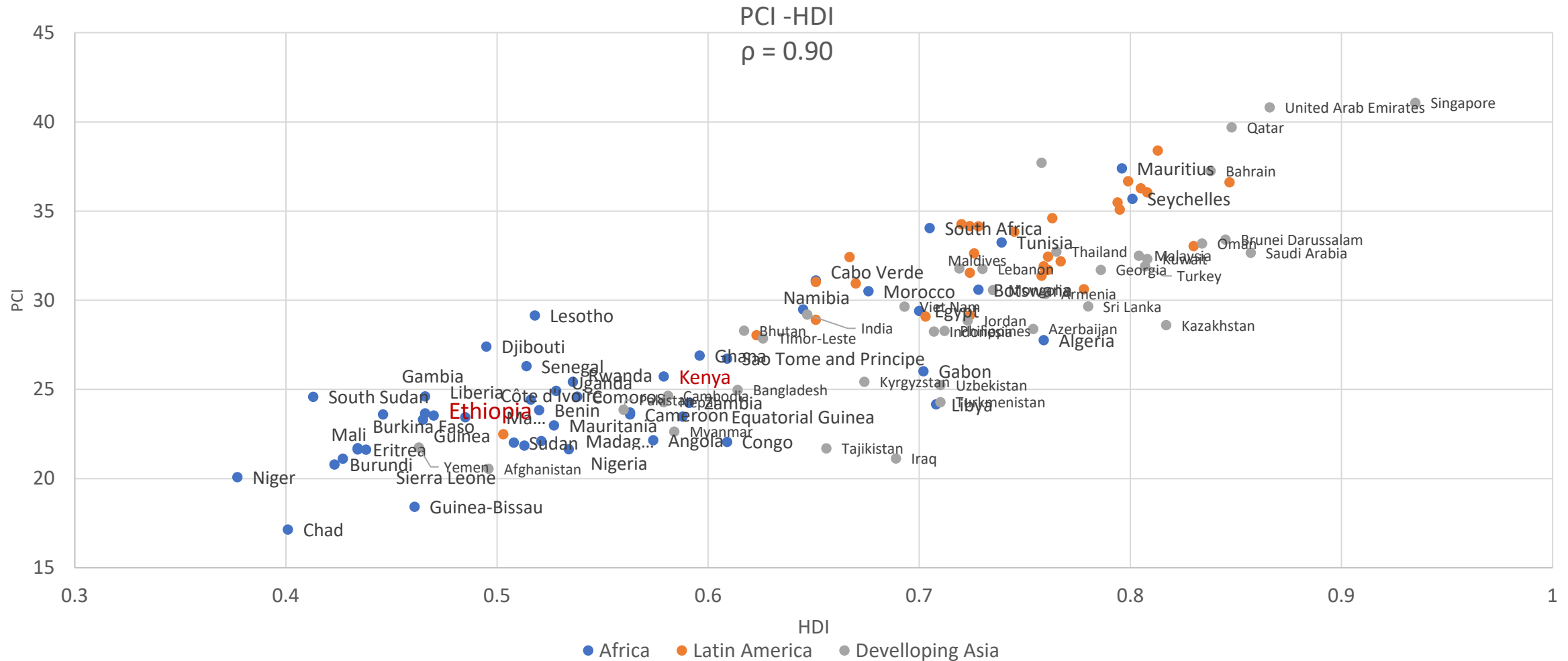


(b) Africa's weak productive capacities are behind the growth paradox of region

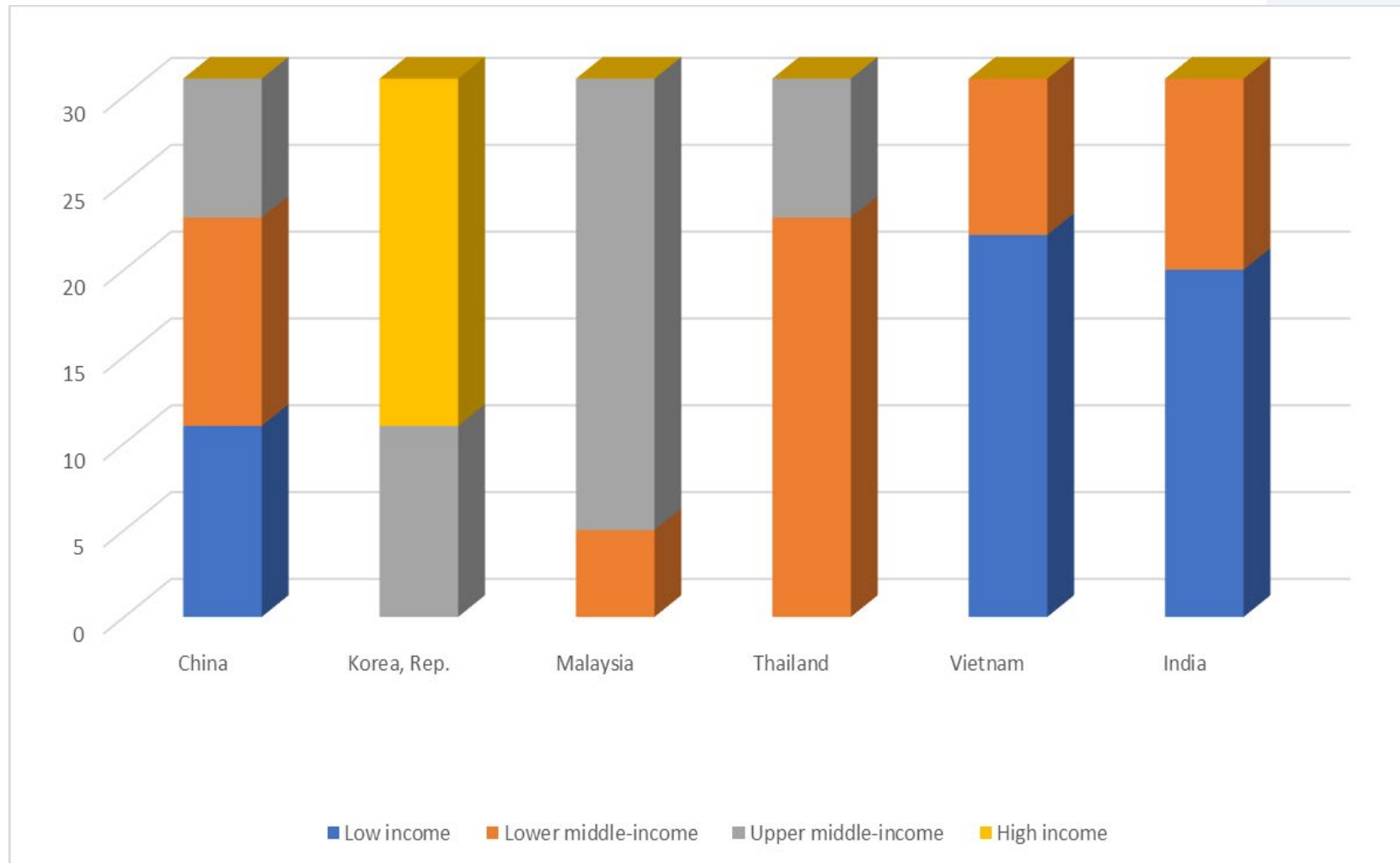


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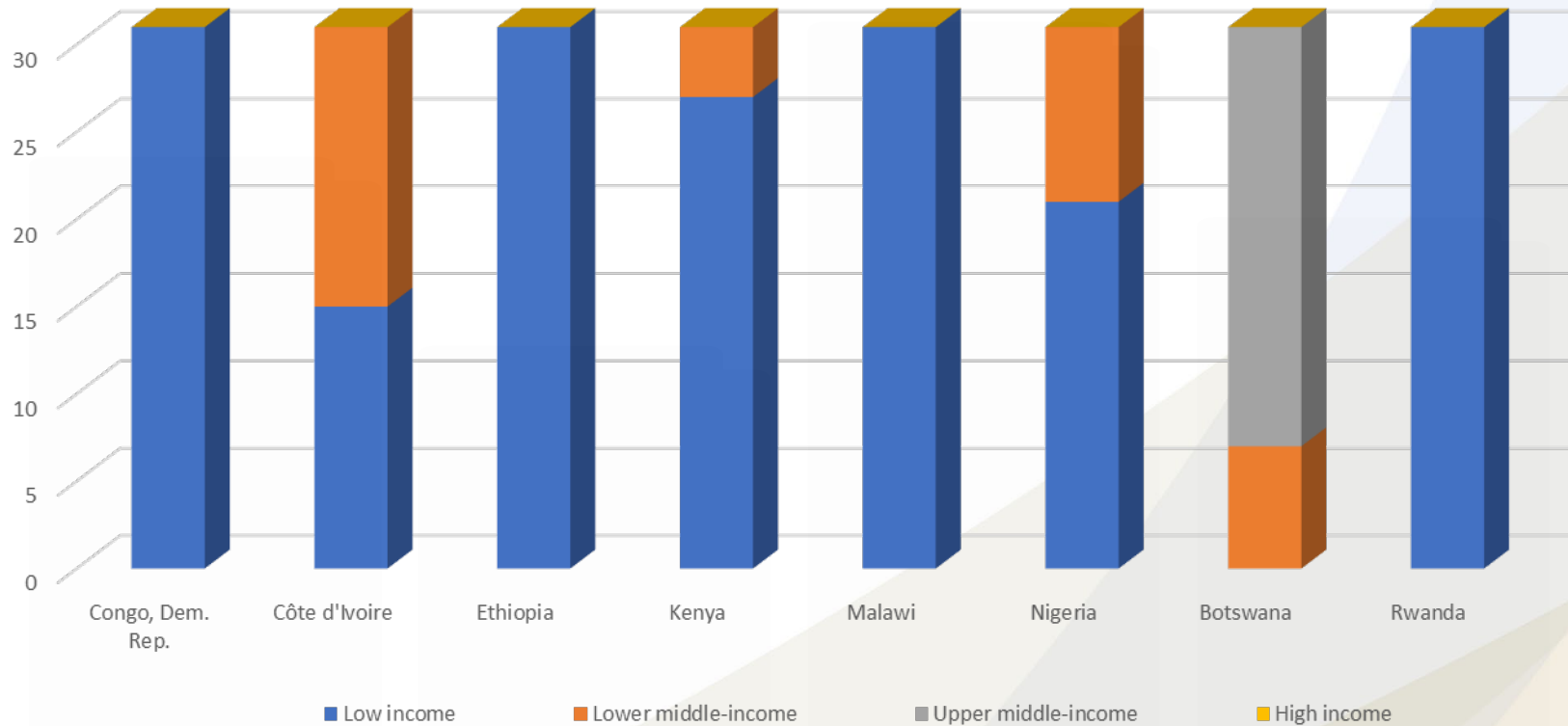
(c) Weak productive capacities correlated with low human capital particularly in Africa



d) Breaking the low-middle-income traps: Asian countries (1987-2017)



.... Africa countries (1987-2017)



III. Concluding remarks

- Africa's weak productive capacities are causes and consequences of vulnerable growth and poor socioeconomic outcome;
- Data-driven, evidence-based and pragmatic policies and strategies are urgently needed to reverse the situation;
- We need to undertake NPCGA which is tailored to specific development needs of countries.
- NPCGAs are needed to put in place a “new generation policies and strategies” b/c existing development model failed to deliver promises of inclusive and sustainable growth.
- ***Kenya needs to capitalize on opportunities as a stable, dynamic and free economy in the otherwise volatile and unstable region. Political freedoms need to be matched by economic prosperity and wellbeing.***