

SPEECH BY THE CABINET SECRETARY, THE NATIONAL TREASURY AND PLANNING, MR. HENRY ROTICH, CBS DURING THE LAUNCH OF THE GROSS COUNTY PRODUCT (GCP) REPORT AT THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ON 13TH FEBRUARY 2019.

Your Excellencies, the Governors present

Deputy Governors,

Joseph Mukui – Economic Planning Secretary

Mr. Zachary Mwangi- Director General- KNBS

Jacqueline Mogeni - CEO Council of Governors

Representatives from County Governments-(CECs)

Representatives from the World Bank Group

Representatives from other development partners present

Members of the fourth estate

Ladies and Gentlemen

Good morning.

I am glad to join you this morning, as the Government through the Kenya National Bureau of Statistics (KNBS) releases the first official county Gross Domestic Product (GDP) estimates also referred to as Gross County Product (GCP). The demand for data that could provide insights into the extent/magnitude of economic activity at the county level has been rising steadily over time since the promulgation of the Constitution and I am delighted to note that the long wait for the release of this information is finally over. Today, therefore marks an important milestone as we release

the county level GDP estimates and contribution of each of the 47 counties to the national GDP.

Ladies and Gentlemen

I note with appreciation that this report has been prepared in accordance with internationally acclaimed methodology and has used comprehensive data sources. The process of compiling the estimates was quite intensive and collaborative, and entailed setting up of an elaborate framework for the compilation, determination of suitable methodology given Kenya's circumstances; identification of plausible data sources; mining of the data and population of the compilation framework; sensitivity analysis to test for robustness of the estimates and finally the derivation of the final output; that is the Gross County Product (GCP) we are launching today. This was undoubtedly an arduous undertaking, but it gives us assurance that the estimates are sound and are a fair reflection of how counties are faring economically.

Development of regional specific economic performance estimates is not a common phenomenon in developing nations, but it gives me pride to note that Kenya has made significant strides in this regard. I commend the Bureau for the continuous effort to avail statistics that have county representation to the extent possible, though the disaggregation of information comes with extra requirements, both human and financial. Those of us who work with data know how important it is to have the right level of detail of information the need to use credible statistical information to inform design and

formulation of policies. I am for this reason confident that the data will add to the repository of information that county Governments' use to arrive at their decisions going forward.

Ladies and Gentlemen

Implementation of devolved system of government is in its sixth year. During this time, a significant amount of resources has been channeled to the County Governments for implementation of devolved functions. Similarly, County Governments have stepped up efforts aimed at strengthening their capacities in generating revenue locally. In addition, funds aimed at boosting Counties that have experienced underdevelopment have also been allocated through the equalization fund. In the same breath, County Governments have also established engagements with development partners in various development programmes aimed at uplifting the socio-economic status of their residents.

The statistics presented in the report show how much each county contributes to the respective sectors of the economy. The intention of the report is to promote evidence based economic planning, programming and policymaking in Kenya. In particular the estimates could be used; to inform County Integrated Development Plans; in estimation of revenue potential for each county; as an indicator for county investment potential; and to inform counties economic progress.

Ladies and Gentlemen

After the establishment of the County Governments, counties embarked on preparation of County Integrated Development Plans (CIDPS). While some did a fresh start, others benefitted from the former district development plans that had been developed under the previous constitutional dispensation. It is envisaged that the results we are releasing today will go a long way in informing evaluation of strategies spelt out in the current plans as well as well provide baseline information for the development of future plans. Information on economic performance of the counties will provide a key input in determination of the revenue potential of the counties, priority sectors that can steer accelerated development, areas that need targeted intervention as well as identification of quick wins that can be implemented with relative ease and still achieve desirable results. We urge you to relate this information with other data in your custody or within your reach as this will enrich the decision-making processes to a considerable extent.

Ladies and Gentlemen

County Governments are expected to enhance collection of revenue to supplement resources received from the National Government. One of the key indicators of performance is the ratio of revenue derived from local sources to county GDP. This could be interpreted as an indicator of sustenance and shows the extent to which County Governments would be capable of funding their priority programmes. The county GDP data will thus provoke the thinking behind the current strategies for revenue collection,

with the principal objective of re-orienting the approaches to ensure that optimum levels are achieved.

Counties are notably heterogeneous and are endowed with different resources based on their location, historical aspects of socio-economic development, natural resources and availability of enablers of economic growth such as infrastructure, power supply, water supply etc. With this release, Counties should leverage on their strengths ie vibrant sectors of their economies and endeavour to exploit the untapped potential to steer growth. The county GDP will help better understand these aspects of county economies. It is also expected that counties will learn from mistakes and successes of one another and in the process adopt progressive policies necessary for economic development.

Ladies and Gentlemen

Turning to investment opportunities that exist in the counties, a number of counties have come together to form formidable fronts referred to as “Regional Investment blocks” to attract investments in their regions. Knowledge about the size the economies of these blocks is essential, as it provides investors with a better understanding of possible returns from their investments. It is therefore important to note that the county GDP provides counties with a platform to bargain for investment opportunities both locally and internationally.

With regard to welfare of residents, the per capita GCP which is derived as the county GDP divided by the population of the county is also presented in this report. This can be viewed alongside other measures of welfare such as poverty index, inequality to show the wellbeing of the county residents, and is an indicative measure of economic development in the long run.

Finally, I would like to inform you that this report will be updated every year and the release dates will be communicated once firmed up.

I wish to thank the KNBS management and staff for a job well done. Further, I am grateful to the World Bank for providing the technical support and financial resources in the production of this report.

I thank you all for joining us today!!!!