AN ANALYSIS OF KENYA VISION 2030’S EFFORTS TOWARDS ACHIEVING SUSTAINABLE DEVELOPMENT GOAL 10

Reducing Inequality Within Country

Brian Sanare Semple, 647367
Joseph Kimani Njuguna
IRL 6902-A, Thesis
Summer 2017
DECLARATION

I hereby declare that this thesis is my own original work, and to the best of my knowledge has not been presented or published in any other institution. All materials obtained from other sources are duly acknowledged.

Signed: _______________________________ Date: _______________________

Brian Sanare Sempele- ID 647367
Student

This thesis has been presented for examination with my approval as the appointed supervisor.

Signed: _______________________________ Date: _______________________

Mr Joseph Kimani Njuguna
Supervisor

Signed: _______________________________ Date: _______________________

Dr Tom L.S Onditi
Dean, School of Humanities and Social Sciences
KENYA VISION 2030 AND INEQUALITY

ACKNOWLEDGEMENT

I would like to acknowledge the professional guidance of my supervisor, Mr Joseph Kimani Njuguna. His direction, integrity, and experienced insights steered me in the direction needed to complete this mammoth task.

I would also like to thank the USIU-Africa library and faculty, for consistently having their time and resources available when needed.

I wish to appreciate the incredible support of my partner in life Kay, my precious daughter Elsa, and my loving sister Lavender, all of whom supported and encouraged me through the difficult and sometimes inconvenient writing process.
KENYA VISION 2030 AND INEQUALITY

DEDICATION

I dedicate this work to the millions of Kenyans that strive daily to better their lives, despite the many economic and systemic challenges they encounter.
KENYA VISION 2030 AND INEQUALITY

ABSTRACT

Kenya has been experiencing significant economic growth over the last few decades. The
effect of this economic progress has however been felt by a limited segment of the
population, while the vast majority fails to benefit from this prosperity. Extreme
inequality tends to slow down the development process for all economic classes, hence
the need to consider ways of sharing economic prosperity as proposed by John Rawls’
theory of distributive justice. The three-fold objectives of this study are: to describe the
effect of applying Kenya Vision 2030 on wealth inequality between 2008 and 2016; to
establish the extent to which Kenya Vision 2030 is in harmony with the aims of
Sustainable Development Goal 10; to describe the factors that may hinder the realization
of Sustainable Development Goal 10 in Kenya. Inequality does not manifest only in
income differences, but also in the unfair distribution of opportunities to develop an
individual’s full potential. The Sustainable Development Goals provide a normative
framework of issues, objectives and policies that underpin sustainable development. The
methodology of the paper was to measure the extent of Kenya’s income inequality using
the Gini index, while the inequality of outcomes was measured using the loss in human
development index due to inequality. The findings of the research indicate that through
Kenya Vision 2030, the country succeeded in marginally reducing the level of inequality
of outcomes while failing to address income inequality. This is explained largely by low
financing in 6 critical sectors outlined by the World Bank, which plagued all efforts
against inequality. The main recommendation offered to the government is to diversify
and increase the country’s export capacity, which would afford Kenya the capacity to
battle inequality effectively.
List of Figures

Figure 4.1: GNI per capita, Atlas method (current US$): Denmark, Czech Republic and Kenya, 1996-2016..........................40

Figure 4.2: Government expenditure on education, (% of GDP): Denmark, Czech Republic and Kenya, 1996-2013.........................41

Figure 4.3: Health expenditure per capita: Denmark, Czech Republic and Kenya, 1995-2014.........................42

Figure 4.4: Brazil Minimum Wage and GDP Growth Rate, 1994-2017........43

Figure 4.5: GDP Growth Rate.................................................................49

Figure 4.6: Kenya Annual Population Growth Rate, 1960-2015............52

Figure 5.1: Kenya Export Product Tree..............................................59

Figure 5.2: Czech Republic Export Product Tree.................................60

Figure 5.3: Japan Export Product Tree.................................................61

Figure 5.4: Kenya Population ages 15-64, 1960-2015..........................65
List of Tables

Table 4.1: Kenya Minimum Wage Increase, GDP Growth,

Inflation Rate, 2008 – 2012………………………………………32

Table 4.2: Kenya Minimum Wage Increase, GDP Growth,

Inflation Rate, 2013 - 2016……………………………………37

Table 4.3: Assessment of Primary Healthcare in Kenya…………………………46

Table 4.4: Kenya Minimum Wage Increase, GDP Growth,

Inflation Rate, 2008 - 2016…………………………………….54

Table 4.5: Kenya HDI and IHDI Scores, 2008 - 2016…………………………55
### List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>BFP</td>
<td><em>Bolsa Familia</em> Program</td>
</tr>
<tr>
<td>CODESRIA</td>
<td>Council for the Development of Social Science Research in Africa</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer price index</td>
</tr>
<tr>
<td>ERS</td>
<td>Economic Recovery Strategy for Wealth and Employment Creation</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GNP</td>
<td>Gross National Product</td>
</tr>
<tr>
<td>GoK</td>
<td>Government of the Republic of Kenya</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>HSRC</td>
<td>Human Sciences Research Council</td>
</tr>
<tr>
<td>IDS</td>
<td>Institute of Development Studies</td>
</tr>
<tr>
<td>IHDI</td>
<td>Inequality-adjusted Human Development Index</td>
</tr>
<tr>
<td>ISSC</td>
<td>International Social Science Council</td>
</tr>
<tr>
<td>KNBS</td>
<td>Kenya National Bureau of Statistics</td>
</tr>
<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MTP</td>
<td>Medium Term Plan</td>
</tr>
<tr>
<td>NSC</td>
<td>National Steering Committee</td>
</tr>
<tr>
<td>NSNP</td>
<td>National Safety Net Programme</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
</tr>
<tr>
<td>---------</td>
<td>-----------</td>
</tr>
<tr>
<td>PGI</td>
<td>Product Gini Index</td>
</tr>
<tr>
<td>PPP</td>
<td>Purchasing power parity</td>
</tr>
<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
</tr>
<tr>
<td>SAGA</td>
<td>Semi-Autonomous Government Agency</td>
</tr>
<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
</tr>
<tr>
<td>SID</td>
<td>Society for International Development</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
</tr>
<tr>
<td>UNFPA</td>
<td>United Nations Population Fund</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
</tr>
<tr>
<td>WSSF</td>
<td>World Social Science Forum</td>
</tr>
</tbody>
</table>
KENYA VISION 2030 AND INEQUALITY

Table of Contents

DECLARATION ...................................................................................................................... i

ACKNOWLEDGEMENT ...................................................................................................... ii

DEDICATION ....................................................................................................................... iii

ABSTRACT ............................................................................................................................... iv

List of Figures ................................................................................................................................. v

List of Tables ................................................................................................................................. vi

List of Abbreviations ..................................................................................................................... vii

Table of Contents ............................................................................................................................ ix

Chapter 1- Introduction .............................................................................................................. 1

1.1 Background ......................................................................................................................... 1

1.2 Problem Statement .............................................................................................................. 3

1.3 Objectives of Study .............................................................................................................. 5

1.4 Significance of the Study .................................................................................................... 5

1.5 Scope of the Study .............................................................................................................. 6

1.6 Definition of Terms ............................................................................................................ 6

1.7 Summary of Chapters ........................................................................................................ 7

Chapter 2- Literature Review and Theoretical Framework ..................................................... 9

2.1 Literature Review ................................................................................................................. 9

2.1.1 Measuring Inequality .................................................................................................... 9

2.1.2 Inequality in Kenya ....................................................................................................... 10

2.1.3 Sustainable Development Goals .................................................................................. 11

2.1.4 Pro-poor Policies ......................................................................................................... 14
KENYA VISION 2030 AND INEQUALITY

2.2 Theoretical Framework ................................................................. 18

2.2.1 Marxism .................................................................................. 18

2.2.2 Distributive Justice .................................................................... 19

2.3 Chapter Summary ......................................................................... 21

Chapter 3- Methodology ..................................................................... 22

3.1 Introduction .................................................................................. 22

3.2 Research Design ............................................................................ 22

3.3 Data Collection ............................................................................. 23

3.4 Data Analysis ................................................................................ 23

3.5 Ethical Issues ................................................................................ 25

3.6 Chapter Summary ......................................................................... 25

Chapter 4- Results and Findings .......................................................... 26

4.1 Introduction .................................................................................. 26

4.2 Objective-based Findings ............................................................... 27

4.2.1 First Medium Term Plan, 2008-2012 .............................................. 27

4.2.2 Second Medium Term Plan, 2013-2017 ......................................... 31

4.2.3 SDG 10 - Third Medium Term Plan, 2018-2022 Nexus ............... 36

4.2.4 Hindrances to Realizing Sustainable Development Goal 10 ......... 38

4.3 Chapter Summary ......................................................................... 52

Chapter 5- Discussions, Conclusions, and Recommendations .............. 55

5.1 Introduction .................................................................................. 55

5.2 Summary of Key Findings ............................................................. 55

5.3 Discussions .................................................................................. 56

5.3.1 Rethinking the Economy ............................................................ 56
5.3.2 Improving Quality and Stability of Services........................................62
5.3.3 Effects of Population.............................................................................63

5.4 Conclusion ...............................................................................................66

5.5 Recommendations ..................................................................................67

5.5.1 The Government of Kenya.....................................................................67
5.5.2 Academia..................................................................................................69
5.5.3 Kenyan Society .......................................................................................69

APPENDICES ..................................................................................................71

Economic and Social Rights ...........................................................................71
Sustainable Development Goal 10: Reduce inequality within and among
countries .........................................................................................................72
Timetable for the Preparation of Third Medium Term Plan, 2018-2022 ..........75

Bibliography ....................................................................................................76
Chapter 1- Introduction

1.1 Background

Kenya has been experiencing significant economic growth over the last few decades. In 2015 the World Bank Group upgraded the status of Kenya from a low-income to a lower-middle income country, due to increasing its Gross National Income per capita (GNI) to an amount between USD 1,046 and USD 4,125 (World Bank, 2015). However the effect of this economic progress has been primarily felt by a limited segment of the population, while the vast majority lags behind in benefitting from this prosperity. The 2017 Wealth Report by real-estate consultancy group, Knight Frank, confirms that in 2016, nine hundred individuals increased their net worth to over USD 1 million (Knight Frank Research, 2017). In direct contrast to this, the percentage of people living on less than USD 3 a day rose from 18.8% in 1994, to about 40% of the population by 2016. Inequality does not manifest only in income differences, but also in the unfair distribution of opportunities to develop an individual’s full potential (Oxford Poverty and Human Development Initiative, 2016).

The issue of inequality is however not unique to Kenya. In June 2012 at the United Nations Conference on Sustainable Development entitled Rio+20, Member States produced a political outcome document titled ‘The Future We Want’. This contained specific and practical measures for implementing sustainable Development, building on the lessons learnt from implementing the Millennium Development Goals (MDGs). The result of this was a set of 17 Sustainable Development Goals (SDGs) with 169 associated targets, officially adopted by the Member States of the United Nations in September 2015. Their role is to provide a normative framework of issues, objectives and policies that underpin sustainable development (UNDP, 2017).
KENYA VISION 2030 AND INEQUALITY

Kenya played an important role in the formulation of the SDGs by co-chairing the Open Working Group. Ambassador Macharia Kamau, Kenya’s Permanent Representative to the United Nations, was unanimously voted in to the role by member states of the United Nations owing to his reputation as an international policy expert. Alongside Hungarian diplomat Csaba Korosi, Kenya’s Macharia spearheaded the drafting process from January 2013 through consultation with governments, scientists, civil societies, and academia world over (Okeyo, 2015).

Among the relevant Sustainable Development Goals available for Kenya’s consideration are SDG 1 that’s charts the path to “end poverty in all its forms, everywhere” and SDG 10 that seeks to “reduce inequality within and among countries.” This is to be done by achieving and sustaining income growth of the bottom 40% of the population at a rate higher than the national average” by 2030 (World Bank, 2016).

The aspirations of Kenya Vision 2030 are in line with the Bill of Rights enshrined in Kenya’s constitution of 2010. The Bill articulates that every person is entitled to certain economic and social rights, such as the right to high quality health care, accessible and adequate housing, social security where necessary, a good education, and reasonable standards of sanitation. Kenya’s Vision 2030 acknowledges the supremacy of the Constitution as one of its guiding principles, which makes it imperative for the country to adopt into law any treaties and international law it signs up to. Article 2(5) of the Constitution provides that ‘general rules of international law shall form part of the law of Kenya’ while article 2(6) states that ‘any treaty or convention ratified by Kenya shall form part of the law of Kenya’ (Government of the Republic of Kenya, 2010). For this reason, Kenya has made deliberate attempts to align its development agenda with the Sustainable Development Goals.
KENYA VISION 2030 AND INEQUALITY

Kenya’s current development agenda is captured in *Kenya Vision 2030*. The document was launched on 10th June 2008 by then President Mwai Kibaki as the successor of the *Economic Recovery Strategy for Wealth and Employment Creation* (ERS), and it outlines the vision’s flagship projects designed to meet its development targets. Its overriding aim is to create a globally competitive, prosperous, middle-income country that provides its citizens with a high quality of life in a clean and secure environment by the year 2030 (Government of the Republic of Kenya, 2007). Vision 2030 consists of 3 distinct pillars: the political, the social, and the economic. Owing to Kenya’s unique role in crafting the SDGs, the world will be keenly observing the country’s progress in achieving them.

1.2 Problem Statement

Extreme inequality leads the poor segment of society to feel isolated from the economic system, discontent about life, and resentful towards the wealthy. This imbalance and desperation can lead to popular uprising and at times waves of crime, as some members of society try to forcefully acquire wealth. This resultant instability and insecurity tends to slow down the development process for all economic classes, hence the need to consider ways of sharing economic prosperity.

Studies have shown that more equal countries are better off in many respects than highly unequal countries. More equal societies benefit from an economy that is more efficient, productive and stable, which contributes to further increasing overall economic prosperity. The social benefits of equality range from a healthier population, higher life expectancies, higher quality relationships and societal integration, and reduced risk of conflict (Wilkinson & Pickett, 2009).
Upon Kenya’s attainment of independence in 1963, the founding government set out to reorganize resources and develop the economy for the benefit of all its citizens. This was aimed at undoing the poverty and underdevelopment that came with the colonial experience, and affording all Kenyans a sufficiently dignified lifestyle. *Sessional Paper No. 10 of 1965, ‘African Socialism and its Application to Planning in Kenya’* documents this vision, and describes ‘having equal opportunities, and equitably distributed per capita incomes’ as some of the objectives that the Government of Kenya committed to attaining (Government of the Republic of Kenya, 1965).

Over the years Kenya has crafted volumes of development plans and strategies, in collaboration with a host of development partners and professionals. Despite this abundance of policy and support, the various economic and developmental problems facing the country fail to be remedied. Attainment of development goals seems elusive, even after major overhauls to Kenya’s government leadership. Kenya’s current development agenda is captured in its ambitious Vision 2030, and the critical question is whether this time round, poverty and inequality shall be mitigated. These facts generated three research questions to guide this study:

1) What has been the effect of Kenya Vision 2030 on inequality between 2008 and 2016?

2) To what extent is Kenya Vision 2030 in harmony with the aims of Sustainable Development Goal 10?

3) What factors may hinder the realization of Sustainable Development Goal 10 in Kenya?
1.3 Objectives of Study

The objectives of this study are derived from the previously listed research questions. They are:

1) Describe the effect of applying Kenya Vision 2030 on wealth inequality between 2008 and 2016;
2) Establish the extent to which Kenya Vision 2030 is in harmony with the aims of Sustainable Development Goal 10;
3) Describe the factors that may hinder the realization of Sustainable Development Goal 10 in Kenya.

1.4 Significance of the Study

This study aims to explore the efforts towards tackling inequality of income and outcomes in Kenya between 2008 and 2016. From the findings, recommendations will be offered to help inform the decision-making of a wide range of the Kenyan population. For legislators, this study will provide them with a practical basis from which current laws can be amended, and new laws formed to benefit the underprivileged in society. For the general population, this study will educate them on the feasibility of the development agenda in the manifestos presented by politicians, thus assisting in their voting decisions. For the executive branch of government, this study can shed light on the strengths and weaknesses of Kenya Vision 2030’s first two Medium Term Plans, and offer an outline of recommendations that could assist in formulating the next set of Medium Term Plans. For the academic community, this study will contribute to the existing body of knowledge on the subject of inequality, and serve as possible reference material particularly for further research on Kenya’s Vision 2030.
KENYA VISION 2030 AND INEQUALITY

Kenya’s efforts at implementing the MDGs are said to have neglected the role of research institutions and academia in implementing them. As a result, the Goals were not contextualized enough to Kenya’s needs and changing landscape; hence failure to achieve the targets was inevitable. This study offers academic guidance on how to achieve SDG 10, by investigating Kenya Vision 2030’s strategies, enablers, and challenges.

1.5 Scope of the Study

This study will examine the domestic factors that affect inequality in Kenya. The research will specifically focus on the inequality of incomes and outcomes experienced between the wealthier 60% of Kenya’s population, and the poorer 40%, which is in line with the approach used by the World Bank and United Nations in addressing inequality.

SDG 10 aims at reducing inequality both within and among countries, but this study will focus on Kenya’s efforts at reducing inequalities within the country. SDG 10 contains ten articles; the First four pertain to inequality within country, while the remaining six address inequality among countries.

1.6 Definition of Terms

The definitions of key terms used in this thesis were constructed by referring to the World Bank Group’s publications, alongside sources from leading development agencies and practitioners. These were crucial in gaining clarity about the topic being discussed, and its various dimensions.

**Capital:** durable assets used in the production of goods and services.

**Development policy:** deliberate plans of action by a government, with the aim of advancing and better organizing the economic and political system.
**Distributive justice:** the socially fair allocation of goods in a society (Armstrong, 2012).

**Equality:** a situation where all members of a society have the same access to resources and opportunities, affording them similar chances at comparable outcomes in survival, development, and exploiting one’s full potential.

**Equity:** a situation of equality that accepts differences in outcome that are earned fairly.

**Inequality:** the unequal or unfair distribution of assets, resources, or opportunities, resulting in an unfair gap in economic and human development outcomes between individuals or groups within a population (KNBS & SID, 2013).

**Political morality:** the practice of making moral judgements about how public officials conduct themselves, and about the policies and laws they make (Thompson, 2012).

**Shared prosperity:** growth in the income or consumption of the bottom 40% of a country’s population (World Bank, 2016)

1.7 **Summary of Chapters**

Chapter 1 provides an introduction to the study, with an overview of the history and philosophy behind Kenya’s efforts to combat inequality of incomes and outcomes. Key concepts and terms in development studies will be defined, alongside the research questions and objectives that guided the study.

Chapter 2 will contain a review of a variety of literature on inequality by leading scholars and institutions from 2007 to 2017. The chapter also discusses the theoretical framework for the study, drawing reference from Marxist theory’s explanation of
inequalities resulting from exploitation inherent in capitalist economic systems. The rationale for addressing inequality is then derived from John Rawls’ theory of distributive justice, and the policy approaches referred to originate from the World Bank’s research.

Chapter 3 will cover the methodological approach to the study. This includes the design of the research, the methods of data collection, the data analysis techniques, and the ethical considerations surrounding the research.

Chapter 4 will present the results and findings of the research, which will be drawn from an analysis of the Medium Term Plans of Kenya Vision 2030 to establish what efforts the government is taking to achieve Sustainable Development Goal number 10 that aims at reducing inequalities, and their resultant effects. The chapter will also investigate the factors that may hinder the realization of Sustainable Development Goal 10. Kenya’s efforts will be interrogated through the lens of the World Bank’s inequality reducing recommendations.

Chapter 5 will contain three distinct but related sections. First will be a discussion of the different findings of the study, bringing to light the enablers and hurdles in the fight against inequality. This will be followed by conclusions about the study, and finally recommendations that the Government of Kenya and other actors could consider while addressing inequality of incomes and outcomes.
2.1 Literature Review

2.1.1 Measuring Inequality

The conventional metric used to measure inequality is the Gini index which specifically captures income inequality. However, the limitation of the Gini index is that it does not account for inequalities in quality of life, and access to opportunities. For this reason Amartya Sen formulated the Human Development Index (HDI) as a summary measure of a country’s achievements in three fundamental dimensions of human development: a long and healthy life, as measured by the life expectancy at birth; access to knowledge, as measured by mean years of schooling; and a decent standard of living, as measured by the gross national income (GNI) per capita. The HDI is then calculated as the geometric mean of life expectancy at birth, the mean years of schooling, and GNI per capita.

The Inequality-adjusted Human Development Index (IHDI) was subsequently formulated by the UNDP in 2010. This metric adjusts the value of HDI according to the level of inequality experienced in the distribution of each of the three HDI dimensions across the population of a particular country. The ‘loss in HDI due to inequality’ thus represents the average degree of inequality experienced within a country in access to opportunities that produce positive outcomes. Expressed as an equation:

\[ HDI - Loss \text{ in HDI due to inequality} = IHDI \]

The IHDI equals the HDI when there is no inequality within a country’s population, and a greater loss in HDI due to inequality represents more inequality within a country (Stewart, 2013).
2.1.2 Inequality in Kenya

In September 2015, the city of Durban in South Africa hosted the 3rd edition of the World Social Science Forum, themed ‘Transforming Global Relations for a Just World’. Previous editions of the forum addressed various dimensions of poverty and inequality with different focus areas. Researchers and policy-makers at these forums representing the Human Sciences Research Council (HSRC) and the Council for the Development of Social Science Research in Africa (CODESRIA) repeatedly presented a disheartening outlook on the state of poverty and inequality worldwide. The general trend was that wealth inequality within most countries continued to be on the rise, as documented in the 2016 World Social Science Forum Report, *Challenging Inequalities: Pathways to a Just World* (ISSC, IDS, & UNESCO, 2016). Research conducted by the World Bank similarly concludes that income gaps since 2008 had widened in 34 of the 83 countries monitored for their study. It was further noted that the incomes of the richest 60% in those countries rose faster than incomes of the poorest 40% (World Bank, 2016).

The Kenya National Bureau of Statistics (KNBS) and Society for International Development (SID) published a report in 2013 regarding the extent and nature of inequality in Kenya. According to them, inequality is manifested in consumption expenditure, incomes, education, employment, and access to basic services and amenities such as clean water, sanitation, and housing (KNBS & SID, 2013).

Among the known root causes of wealth inequality in Kenya is the land-grabbing during the colonial experience, and the redistribution of that followed independence. Frankema Ewout (2010) highlights that many post-colonial land redistribution approaches favoured the political class, with an enormous proportion ending up in their hands while the vast majority of the population shared small tracts of land among themselves. He argues that because many post-colonial African economies such as Kenya rely on
agriculture as the main source of their income, those with large tracts of land could easily accumulate wealth while the landless majority could only earn an income through their labour. He adds that this phenomenon compounded over many years leads to a situation of ever-increasing wealth inequality (Ewout, 2010).

Bahmani-Oskooee, Hegerty, and Wilmeth (2012) add to this by pointing out that economic growth and the reduction of wealth inequality depend on the amount of investment done using domestic savings of a population. Failure by a state to sufficiently accumulate investment capital through domestic savings leads them to source for often expensive funds externally, or experience slow economic growth. Their research on 16 different countries shows that Kenya’s wealth inequality is directly correlated to “saving-investment gap”. In previous writing, the authors identify that economic openness of a country and rapid economic growth as key determinants in tackling wealth inequality in Kenya (Bahmani-Oskooee, Hegerty, & Wilmeth, 2008).

2.1.3 Sustainable Development Goals

The year 2015 marked the end of the Millennium Development Goals (MDGs) era, the 15-year cycle of the United Nations’ anti-poverty strategies and policies for the years spanning 2000-2015. The eight goals were the world's time-bound, quantified and universally-agreed targets for addressing extreme poverty in its many dimensions during that time frame. Among the issues member states sought to address were reducing income poverty and hunger, preventing deadly disease, while simultaneously promoting gender equality, universal free education, and environmental sustainability.

The MDGs boast of a variety of achievements since the year 2000: liberating more than 1 billion people from extreme poverty; reducing child mortality by more than half; and decreasing HIV/AIDS infections by almost 40 %, among others. However, the
success of the MDGs has been uneven across the world. Those disadvantaged because of
their gender, disability, poverty status, age, or geographic location have not benefitted as
much or at all. Consensus at the United Nations General Assembly was that targeted
efforts would be required in the next era of global development agenda, if the vulnerable
groups in society were to be reached (United Nations, 2015).

The Sustainable Development Goals (SDGs) which came into effect in January
2016 constitute the current United Nations’ development agenda. They are the result of
the United Nations Conference on Sustainable Development held in Rio de Janeiro in
2012. The objective of the conference was to produce a set of universal goals that
address the urgent needs of people in both the developed and developing world,
emphasizing that no one should be left behind. They are seventeen goals that build on the
successes of the Millennium Development Goals, and convey the general objectives of
ending poverty and economic inequality, protecting the planet from adverse climate
change, and ensuring that all people enjoy a peaceful and prosperous life by 2030. The
SDGs also include new issue areas that range from sustainable consumption, access to
technology and innovation, peace and justice, among other development priorities.

Although Kenya was among the many developing countries that adopted and
implemented the MDGs, the country was very slow in adopting and implementing them.
The Government of Kenya planned to have the MDGs mainstreamed in all policy
documents at both national and local levels, after adopting them two years late in 2002.
This was through developing an institutional framework, led by a National Steering
Committee (NSC) whose role was to provide strategic policy direction and oversee the
implementation of the MDGs starting in 2004. However, the NSC that was to constitute
high-ranking government officials, development partners, and other stakeholders, was
never established. Kenya then took 10 years to undertake advocacy of the MDGs,
publishing the MDGs Acceleration Framework in 2014 with only a year left for implementation before expiry of the Goals in 2015. Additionally, Kenya was heavily dependent on donor funding to actualize the MDGs, leaving the country’s attainment of the targets at the mercy of the benefactors. These factors denied the MDGs the high-level political attention that was necessary for their successful and timely implementation (UNDP, 2017).

Researchers at the Copenhagen Consensus Thinks Tank, led by Dr Bjorn Lomborg, argue that the 17 goals and 169 targets set by the United Nations are far too many in comparison to the 8 MDGs with their 18 associated targets. They state that the goals are repetitive, often unclear, and do not offer clear guidance on how they should be implemented, monitored or evaluated. They further argue that spreading energy and resources trying to achieve all goals and targets would reduce the overall benefit of pursuing them, hence countries should deliberately choose goals and targets that meet their specific needs (Lomborg, 2015).

As the principal UN development agency, the United Nations Development Programme (UNDP) is specifically tasked to guide the implementation of the Goals, through their worldwide presence and wealth of development experience and expertise. The belief of the agency is that achieving the SDGs requires the partnership and cooperation of governments, the private sector, civil society and citizens alike. For this reason, a country like Kenya would receive technical support towards its efforts to integrate the SDGs into its national development plans and policies (United Nations, 2016). The UNDP country team in Kenya suggests that for Kenya to successfully implement the SDGs, 4 factors must be considered: an institutional delivery mechanism should be established, reflecting the diversity, scope and interconnectedness of the SDGs; a clear plan for implementing the SDGs should be developed, accompanied by strong
country ownership, built on partnerships among the various stakeholders; prioritizing and contextualizing the SDGs to make them appropriate to address the country’s specific needs and challenges; mobilization of resources to adequately finance the implementation of the SDGs (UNDP, 2017).

2.1.4 Pro-poor Policies

John Rawls’ idea of distributive justice through public policy stands in stark contrast to Marx’s notion of a communist revolt as the means to addressing inequality. A nearby example of such an uprising is Zimbabwe’s controversial fast-track land reform program from the year 2000, instituted by President Robert Mugabe. The idea was for native Zimbabweans to take over and redistribute the approximately 17.4 million acres of white-owned farms, as compensation for the colonial experience that saw the British forcefully take over the land in search of gold from 1890, following Cecil Rhodes’ advice. In the process of the redistribution, some 4,600 white farmers were forcibly evicted from their farms to make way for nearly a million black Zimbabweans to settle on them. Some of the huge tracts of land were split up into numerous new medium-sized farms, but a large portion of it was redistributed to small-scale farmers.

The major drawback of this approach to distributive justice however, was that the people taking over the farms from foreigners lacked both the equipment and expertise to be successful farmers. Compounding the problem of little expertise and capital to develop the land is the uncertainty of tenure, as receipt of a farm was dependent on one’s support of the ruling party. Out of fear that the land would be taken away from them as it was from the former owners, the beneficiaries ended up being hesitant to venture into any enterprise or invest their own resources. Not only did the land reforms affect the employment status of the white farmers; it saw nearly 400,000 black farm workers lose their jobs in the process, without government compensation to cushion their misfortune.
Over time the poorly managed and often under-utilized farms became increasingly less productive, negatively impacting the country’s economy that was heavily dependent on agriculture. Zimbabwe that once had the reputation of being the bread basket of southern Africa was at its peak exporting 27 agricultural products around the region, supplying not just its citizens with food, but also the neighbouring countries. Following the reforms, the country became food insecure and had to resort to importing large quantities of basic food products that were formerly growing in abundance. Despite the slump in food production Zimbabwe’s economy manages to stay afloat due to its mining sector, with gold and platinum exports being significant foreign exchange earners. The overall picture however is still appalling, with over 75% of Zimbabweans now living below the poverty line (Deutsche Welle, 2015).

Various models of pro-poor policy have emerged over time. Microfinance is a popular banking model established in 1983 by Muhammad Yunus in an attempt to remedy the rampant poverty problem in his native Bangladesh. The model works through supplying credit to the poor in society to start small businesses. His efforts earned him the much coveted 2006 Nobel Prize in Economics, and subsequently the model of the Grameen Bank copied across many developing countries.

Milford Bateman and Ha-Joon Chang (2012) present evidence of the inadequacy of microfinance in tackling poverty, arguing that it actually exacerbates inequality. According to the authors, the microfinance model is subject to capitalism’s law of disproportionality: the overproduction of certain goods in an economy, leading to hyper-competition. As more and more of the poor access cheap credit, they start businesses producing like products that flood the market. Without a match in demand for their goods, their prices fall, reducing the overall profitability of the businesses. They further add that the true beneficiaries of the microfinance model are the middle-income class and the
wealthy, as they can purchase the goods produced by the poor business owners at extremely low prices. With low income-or none at all if the businesses fail- and a bank loan to pay off, the poor get poorer, while the middle-income earners save more money, further increasing the wealth gap (Bateman & Chang, 2012).

Nobel laureate in Economics, Joseph Stiglitz (2015), argues that one of the major consequences of inequality is the reduced aggregate demand in the economy, agreeing with Bateman and Chang’s observations of the microfinance model. Stiglitz goes on to offer four economic measures that could tackle inequality. First is a reform of corporate compensation structures. Rather than paying top executives exorbitant salaries and bonuses, a company’s profits should be better distributed. Stiglitz argues that the profitability of a company is not directly attributable only to the top executives, but rather the entire staff, and market forces at times.

The Second remedy is for governments to develop macroeconomic policies that ensure economic stability, and maintain full employment. Those that suffer from the effects of high unemployment are those at the middle and the bottom of the income distribution. Unlike the wealthy in society that can rely on capitalist assets for income generation, the working class that only earn an income through their labour are more likely to join the ranks of the poor upon unemployment (Stiglitz, 2015).

Third is the significant public investment in education. A major determinant of workers’ income is the level and quality of the education they receive, as jobs that require high skills and expertise tend to pay better than unskilled labour. If members of a society can benefit from equal access to quality education, then higher paying career choices are available to a wider range of people. This makes the possibility of wealth accumulation and equality possible (Stiglitz, 2015).
Stiglitz’s fourth solution is to finance public investments in health and education through full and fair taxation of capital gains, which is often taxed at a lower rate than income from labour. He argues that this would help reduce the net return to capital, so that capitalists that reinvest much of their income into capital assets won’t see their wealth accumulate at a faster pace than the growth in wealth of labourers (Stiglitz, 2015).

Following a comprehensive study of a group of 6 countries in Africa and South America, the World Bank settled on 6 evidence-based areas of intervention required in the approach to tackle inequality:

1. good nutrition for children to aid proper development;
2. access to good healthcare for all citizens;
3. access to good education for all citizens;
4. social welfare system to financially support the poor;
5. improved infrastructure to assist in enterprise development;
6. a taxation system that redistributes wealth from the rich to the poor;

The World Bank clarifies that these measures vary in terms of how fast results can be noticed: some can quickly affect inequality, while others take some time to do so. All the interventions are deemed to be within the technical and financial capacity of countries to achieve. They further caution however, that following these guidelines does not necessarily guarantee success, despite strong evidence that the approaches work in a variety of settings worldwide (World Bank, 2016).

Among the notable examples of countries that successfully addressed their level of inequality are Denmark, the Czech Republic, and Brazil. The World Bank attributes these successes to three key interventions: a reliable social welfare programme; increase
to the minimum wage at a rate faster than the country’s overall GDP growth; and improvements in access to education for all citizens (World Bank, 2016).

2.2 Theoretical Framework

A variety of theories were available to clarify the subject matter in the literature review. However the two most relevant, alongside all their related dimensions, were selected to interrogate inequality: Marxist theory, and the theory of distributive justice.

2.2.1 Marxism

Adam Smith is regarded as the father of modern economics, and the First theorist of capitalism. His insights are detailed in An Inquiry into the Nature and Causes of the Wealth of Nations (1776). Smith discusses the natural laws of a capitalist economy, which convey the concepts of government deregulation of the economy, voluntary exchange of goods and services, a pricing system determined by competition, surplus value, and capital accumulation. Decision-making and investment are consequently determined by the owners of the factors of production (Smith, 1776). The advantages and drawbacks of capitalism arise from these inherent features.

One of the main critics of capitalism is Karl Marx, and his thoughts are captured in the three-volume work, Capital: a Critique of Political Economy (1867). He argues here that capitalism gave rise to ‘commodity fetishism’- the valuation of products more in terms of their price rather and potential for profit, than their practical usefulness. While some people bought commodities for the purposes of consumption, others bought them in order to sell them on at a profit (Marx, 1867).

Marx’s analysis of capitalism brings about an understanding of one of the system’s major flaws: the law of capital accumulation. Marx explains that the surplus value created from the system of commodities is an exploitation of the workers, but
referred to as ‘profit’ by the capital owners. Motivated by the desire for more profit, capitalists invest in more productive and efficient technology and systems that substitute the labour force. The workers become comparably less productive and valuable in the economy, and are either made redundant, or are paid lower wages that reflect their lower economic value. At particular risk is the unskilled workforce, as they progressively lose the ability to escape poverty. As the capitalists get richer through more investment in capital, the working class whose wages do not appreciate as fast get poorer, resulting in increasing inequality between the classes if the situation is left unchecked. Marx supposed that the collapse of capitalism was inevitable, because it had within itself the flaws that would destroy it. He argued that the tension between the rich and the poor would lead to a violent uprising by the latter, in an attempt to redistribute wealth (Marx, 1867).

2.2.2 Distributive Justice

One of the glaring limitations of Marxist theory is that the solution it offers to the problem of inequality is through aggressive and violent means, without the consideration of policy approaches or structural changes to capitalism. However, John Rawls attempts to solve this same problem of inequality and distributive justice in his book *A Theory of Justice* (1971). In this work he argues that the concept of ‘justice’ is synonymous with ‘fairness’. Rawls devices a thought experiment, known as ‘the original position’, through which he arrives at the two principles guiding of his moral philosophy. In this original position, an observer imagines themselves in a conscious intelligent state before birth, shrouded by what he calls a ‘veil of ignorance.’ Under this veil of ignorance, the observer is to ignore all factors that would offer a person some economic advantage over others within their society, such as family background, race, religion, talent, health, among
others. Thereafter, the observer should determine what type of society they would like to be born into, not knowing which family they would end up in.

According to Rawls, the logical result of this experiment is that most observers would choose an outcome that reflects a risk-averse scenario; one that presents the most advantage to the weakest members. Such a society would have its resources and privileges distributed in a way that affords all members a fair chance at living a decent life, regardless of their race, health status, profession, or family background (Rawls, 1971). This natural human tendency towards a more equal society forms Rawls’ distributive justice argument.

Building on Rawls’ theory, Armstrong (2012) explains two philosophical approaches towards distributive justice, which he defines as “…how the benefits and burdens of living together are to be shared out [among] us (Armstrong, 2012, p. 16).” First is the egalitarian approach, whose core assumption is that all people are inherently equal, hence socio-economic stratification of society should not exist. According to this approach, resources and opportunities ought to be redistributed in a manner that allows all citizens to access them equally. Another key tenet of the egalitarian approach is that Armstrong highlights is that the responsibility to ensure equality in not upon the state, but instead on non-state actors: global institutions and individuals concerned with addressing inequality.

The Second approach is the minimalist approach, which Armstrong (2012) regards as the less ambitious. Theorists using this approach advocate for a situation where all members of society have access to a decent basic minimum standard of living, and any inequality that exists thereafter is justifiable. Armstrong further gives the example that a
KENYA VISION 2030 AND INEQUALITY

country like Denmark, with high basic standards of living for all its citizens, is justified in having wealth inequality because everyone can have a decent life.

Related to Armstrong’s approaches to distributive justice, Forsyth (2014) discusses five methods used in the distribution of wealth, resources and social goods, the choice of which depends on the norms of a particular society:

1. **Equity**: What a member receives is based on their inputs. An individual who has put in more time, money, or resources receives more from the group than someone contributing less. This is common in societies and groups with many members.

2. **Equality**: All members in a group receive an equal share of the costs or rewards, regardless of how much they contribute to the former.

3. **Power**: Those in an elevated position of authority, status, or control over the group receive more than those in lower positions.

4. **Need**: Those with the greatest needs in a group or society are provided with adequate resources to meet their needs, regardless of their input.

5. **Responsibility**: Those in a group possessing a larger portion of the resources share it with those possessing less (Forsyth, 2014).

2.3 **Chapter Summary**

Chapter 2 contains a review of a variety of literature on inequality by leading scholars and institutions from 2007 to 2017. The chapter also discusses the theoretical framework for the study, drawing reference from Marxist theory’s explanation of inequalities resulting from exploitation inherent in capitalist economic systems. The rationale for addressing inequality is then derived from John Rawls’ theory of distributive justice, and the policy approaches referred to originate from the World Bank’s research.
Chapter 3- Methodology

3.1 Introduction

This study relied on Secondary data. Primary data was not sought after, as the large data sets analysed for this study are available in the public domain courtesy of the World Bank, the United Nations Development Programme (UNDP), and the Kenya National Bureau of Statistics (KNBS).

3.2 Research Design

The research design adopted was a causality study, the aim of which is to establish a causal relationship between the independent variable- Kenya Vision 2030’s strategies- and the dependent variable of inequality. To establish that causality exists between the two variables, an appropriate time order analysis will be employed: observing the condition of inequality before, and following the application of development policy. Two dimensions of inequality were interrogated throughout the study, in line with what SDG 10 recognizes: income inequality, and inequality of outcomes.

Considering the normative role played by the SDGs and the World Bank’s recommendations, a variety of successful cases of addressing inequality were chosen in order to establish a practical template for applying interventions.

Factors within the international system shall be taken as constant, and assumed to affect all states equally. The states referred to in the study will be considered as similar elements, generally having the same reaction to phenomena. These assumptions will help avoid the problem of having extraneous variables obscuring the causality that could be established. These extraneous variables include, but are not limited to, global economic recessions, threat of terror, and effects of climate change.
The supposition commonly used in causality studies is that replication of phenomena is possible, and this shall be applied to the study. This will help conclude that the successful strategies applied by other states to confront inequality will be successful if applied in Kenya.

A concession that this study will make is that the causality cannot be proven, but instead inferred from the evidence available and elimination of other likelihoods.

### 3.3 Data Collection

The main sources of Secondary data were the Kenya National Bureau of Statistics and the World Bank database respectively. The former was referred to in collecting statistics directly related to Kenya’s trends in the area of inequality. The latter was consulted for information on inequality trends of other countries with low levels of inequality, and to confirm findings for all countries discussed in the study. Other sources included the Oxford Poverty and Human Development Initiative, the UNDP Human Development Reports, and the Observatory of Economic Complexity.

### 3.4 Data Analysis

Mixed data analysis methods were used for this study. Quantitative methods were used to measure and examine trends in income and opportunity distribution in Kenya. Qualitative methods were used for the comparison of Kenya’s strategies against those of countries with low inequality, and the World Bank’s recommendations.

The data collected from the Kenya National Bureau of Statistics, UNDP Human Development Reports, and the World Bank databases was examined to assess the effects of Kenya Vision 2030’s efforts towards reducing inequality. The extent of income inequality was measured using the Gini index, while the inequality of outcomes was
measured using the loss in HDI due to inequality, in order to quantitatively answer the First research question.

A comparison of Kenya Vision 2030’s aims as captured in the Medium Term Plans was compared against the specific targets of SDG 10, to establish whether or not the two documents are in harmony regarding reducing inequality. Kenya’s aims and actions were compared against strategies that the World Bank regards as effective, to establish Vision 2030 is in line with accepted practise on inequality reduction. This way the Second research question of the study was answered through a descriptive analysis.

To address the third research question that probes factors that may hinder the realization of SDG 10 in Kenya, 4 factors directly related to the health, education, and social welfare sectors were investigated. These were compared against strategies that the World Bank regards as effective, thus causality between their effects on reduction in inequality was established. Data from the World Bank databases and UNDP Human Development Reports was used to ascertain the extent to which some developed countries have addressed inequality. The metrics that were used to gauge this were the Gini index for income inequality, and the loss in HDI due to inequality for the inequality of outcomes. A descriptive analysis of the approach behind Denmark, the Czech Republic, and Brazil’s successful strategies against inequality was also documented.

Because of the variety of domestic currencies relevant to this this research, all amounts were converted into the equivalent United States Dollar (USD) amount for ease of comparison. The exchange rate of the Kenya Shilling (KES) at the time of research was: 1 USD = 103.25 KES.
Conclusions and recommendations of the study will be derived from considering the economic and political climate in Kenya, and globally recognized practises that are absent in Kenya Vision 2030.

3.5 Ethical Issues

The research documented in this document was conducted in Kenya. There were no ethical concerns to this study, thus clearance through a permit from the National Commission for Science, Technology and Innovation (NACOSTI) was not necessary. The data collected was all available on public domain, thus did not infringe on any copyrights.

3.6 Chapter Summary

Chapter 3 covers the methodological approach to the study. This includes the design of the research, the methods of data collection, the data analysis techniques, and the ethical considerations surrounding the research.
Chapter 4- Results and Findings

4.1 Introduction

Kenya Vision 2030 is the country’s long-term national development plan, whose mission is to transform Kenya into a globally competitive, newly industrializing, middle-income country by 2030. The aim of achieving such status is to provide Kenya’s citizens with an equitable, high quality of life, in a clean and secure environment. During the lifetime of the Vision, its strategies and action plans are to be systematically reviewed and adjusted every five years in response to the country’s changing political and socio-economic landscape (Government of the Republic of Kenya, 2007). Following the expiry of the Economic Recovery Strategy for Wealth and Employment Creation (ERS) in December 2007, Vision 2030’s First Medium Term Plan (MTP) of 2008-2012 was adopted. This was succeeded by the Second MTP of 2013-2017, and the Third MTP of 2018-2022 from December 2017.

In this section, the aims, outcomes, and challenges of each of the MTPs are interrogated to answer the First research question about the effect of Kenya Vision 2030 on inequality between 2008 and 2016. A comparison of Kenya Vision 2030’s aims as captured in the third Medium Term Plan Concept Note and National Budget allocations are compared against the specific targets of SDG 10 to establish whether or not the two documents are in harmony regarding reducing inequality, thus answering the Second research question. Finally, a variety of empirical cases are examined to answer the third research question that seeks to establish factors that may hinder the quest for greater equality. Owing to the vastness of data and statistics available on each of the parameters, a descriptive overview of the highlights and trends will be offered, followed by the related Gini and HDI/IHDI scores.
The World Bank recommends that improvements in early childhood development, education, healthcare, social protection, infrastructure, and taxation for wealth redistribution, are the pathways to successfully tackling inequality of incomes and outcomes within a country. For this reason, Kenya’s progress based on these 6 parameters was analysed to establish whether or not Kenya Vision 2030 is on the right track to meeting SDG 10. The parameter of ‘Early Childhood Development’ is tackled simultaneously under the education and health sectors by the Kenya government. For this reason, this parameter will not be expounded on individually.

4.2 Objective-based Findings

4.2.1 First Medium Term Plan, 2008-2012

According to the *Kenya Vision 2030 Progress Report as at 1st February 2013*, a variety of achievements have been made during the tenure of Kenya Vision 2030’s First Medium Term plan. Described in this section are the outcomes along the lines of the 6 parameters offered by the World Bank on inequality reduction.

*Early Childhood Development and Education*

The document boasts of recruiting 21,400 primary and 600 post primary teachers, against the target of 28,000. In terms of infrastructure, 37 boarding primary schools in arid and semi-arid areas, and 560 schools in other areas have been rehabilitated and reequipped. Further, a total of 1,021 Secondary schools have received computers and related equipment against a target of 1,050. Through these achievements, the Gross Enrolment Rate of students nationwide rose from 60.2% to 66.3%, whereas the Net Enrolment Rate increased from 43.0% to 53.3% against a national target of 76.6 per cent. Similar positive trends were observed in the statistics for secondary school. The ratio of textbooks to pupils improved from 1:8 at the start of the First MTP, to 1:1 in 2010, fully
KENYA VISION 2030 AND INEQUALITY

meeting the target well in advance. Enrolment in public universities rose from 100,700 in 2008/09 to 196,000 students in 2012/13. Similarly, private universities saw their headcount increase from 22,200 to 45,000 the same period.

The review of the First MTP acknowledges challenges in the unequal distribution of education services across the country, low quality services, and an undesirable pupil to teacher ratio. The transition rate from secondary school to university was also quite low, at just under 7% by 2012 (Government of the Republic of Kenya, 2013).

Health

Courtesy of Kenya Vision 2030’s First Medium Term Plan, more than half of Kenya’s population is said to have access to basic health services within 5 km of their residence. Free maternity services were made available in public health facilities, and nearly 50% of child deliveries were attended to by a skilled medical practitioner. The government has provided mosquito nets treated with insecticides to children and pregnant women, and this led to a significant reduction in infant mortality due to malaria from 65% in 2008 to 50% in 2012.

In the area of medical infrastructure and equipment, a total of 47 health facilities were upgraded to the status of hospital, and 93 hospitals were rehabilitated. Further, 5 referral hospital were equipped with dialysis equipment, and the Kenyatta National Hospital was equipped with radiation treatment equipment for cancer. By 2012, there were 105,000 registered medical personnel, with a ratio of 260 practitioners per 100,000 persons in the population. The National Health Insurance Fund (NHIF) also had its membership grow to 3.4 million members in this period, with the formal sector having 2.5 million and the informal sector 0.9 million.
The major challenges that still faced the health sector at the end of the First MTP’s term included the rise in non-communicable and lifestyle diseases, insufficient financing for the sector, inaccessibility of health centres for many, and the failure of private-public partnerships to materialize as desired (Government of the Republic of Kenya, 2014).

**Social Welfare**

In the area of social welfare, the First MTP has made progress by providing cash transfers to over 200,000 poor and vulnerable families. This is captured in the country’s Social Protection Policy that was published in 2011, through which a fund was also created to support persons with disabilities that had no source of income.

The main challenges facing the social welfare system in Kenya by the end of the First MTP are that the National Social Security Fund (NSSF) provides inadequate to sustain post-retirement life for Kenyans, and the beneficiaries of the cash transfer programme are only but a small percentage of the Kenya’s poor and vulnerable (Government of the Republic of Kenya, 2013).

**Infrastructure**

During the First MTP, the infrastructure sector underwent vast development and expansion in the areas of aviation, sea ports, rail transport, power generation, and public works. Among the key achievements realized between 2008 and 2016 are the modernisation and expansion of Jomo Kenyatta International Airport, Kisumu International Airport, and various airstrips around the country, which saw an increase in their passenger capacity.

Regarding the Road Expansion Programme, the 8-lane Nairobi-Thika superhighway alongside the Northern Corridor Transport Improvement Project (NCTIP) saw
their completion within this period. Added to that, 2,300 km of new roads were
constructed, while another 1,900km were rehabilitated, alongside the implementation of
the National Road Safety Programme. This period saw the Lamu Port Southern Sudan
and Ethiopia Transport (LAPSSET) project begin- a transport network intended to
connect Kenya to the countries of South Sudan and Ethiopia.

In the area of power generation, the country’s production capacity increased from
approximately 1,300MW in 2008 to 11,700MW in 2012. Through this an additional 1.3
million new customers were connected to the grid, against a target of 1 million. Similarly,
16,500 public and private institutions were added to the grid against a target of 20,000.
The installed capacity from new and renewable sources also rose from 100MW to
250MW in the same period.

Among the issues that hindered the further development of infrastructure include
the lengthy process of planning and consultations, over-dependence on hydroelectric
power, inadequate funding for the projects, contracting disputes among the stakeholders,
and poor maintenance and quality of key projects (Government of the Republic of Kenya,
2014).

**Taxation for Wealth Redistribution**

The First MTP’s interest in taxation is to provide concessions on targeted sectors
in order to encourage the private sector to develop contribute, thus stimulating the
economy to wards Vision 2030’s goal of 10% GDP growth per annum (Government of
the Republic of Kenya, 2008). The document makes no mention of a plan to redistribute
income generated through taxation. The next best metric to gauge wealth distribution for
the benefit of the poor then, is the rate at which minimum wage was increased between
2008 and 2012 in comparison to inflation and GDP growth.
Table 4.1: Kenya Minimum Wage Increase, GDP Growth, Inflation Rate, 2008 - 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Wage Increase (%)</th>
<th>GDP Growth Rate (%)</th>
<th>Inflation Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>0.00</td>
<td>0.23</td>
<td>26.6</td>
</tr>
<tr>
<td>2009</td>
<td>12.50</td>
<td>3.31</td>
<td>9.23</td>
</tr>
<tr>
<td>2010</td>
<td>10.00</td>
<td>8.40</td>
<td>3.96</td>
</tr>
<tr>
<td>2011</td>
<td>10.00</td>
<td>6.11</td>
<td>14.02</td>
</tr>
<tr>
<td>2012</td>
<td>12.50</td>
<td>4.56</td>
<td>9.38</td>
</tr>
</tbody>
</table>

(World Bank, 2016)

Quantitative Measurements

Kenya’s HDI score at the start of the First MTP in 2008 was 0.514, and by its expiry in 2012 the score was 0.541. This represents a 5.3% improvement in HDI during the period. The loss in IHDI is the factor that represents inequality in access to services and opportunities represented by the HDI. At the inception of the IHDI score in 2010, Kenya had a loss due to inequality of 31.8%, and by 2012 the score was 33.6%. This represents a 1.8% increase in inequality of outcomes. Regarding the Gini index, Kenya started off the period with a score of 42.5 and ended off with a score of 47.7. This represents a 12.2% increase in income inequality (UNDP, 2016).

4.2.2 Second Medium Term Plan, 2013-2017

Kenya Vision 2030’s Second MTP set a variety of development targets, building on the achievements and challenges from implementing the First (Government of the Republic of Kenya, 2013). The Second MTP themed Transforming Kenya: Pathway to Devolution, Socio-Economic Development, Equity and National Unity was interrogated to establish its strategies along the lines of the 6 parameters the World Bank recommends for the reduction of inequality. During the writing of this thesis, the government had not yet published a progress report on the Second Medium Term Plan. However, results from
various sources were consulted to gauge the progress of Kenya Vision 2030 for this time period against the 6 parameters offered by the World Bank.

**Early Childhood Development and Education**

Within this sector, the Second MTP identified various areas of priority, building on the achievements and challenges of the First MTP. Among them include: realising the right to free and compulsory basic education for all citizens; enhancing the quality and relevance of education; incorporating information technology into teaching and learning; increasing funding for the sector.

Between 2013 and 2017, Kenya Vision 2030 realized a variety of successes in the education sector. Enrolment in Early Childhood education rose by 14% from 2.9 million in 2013 to 3.8 million in 2017. Within the same period, primary school enrolment improved from 9.8 million to 10.2 million, and the completion rate of pupils increased from 77% to 83%. Total university student enrolment doubled from 251,000 to 513,000 between the 2012/13 and 2015/16 academic years. The Second MTP is also responsible for starting major curriculum reforms in order to align the curriculum with the aims and objectives of Kenya Vision 2030.

The sector faced a variety of challenges also: insufficient number of trained teachers at all levels of learning made the student to teacher ratio unfavourable; inadequate funding made it difficult to acquire resources; poor remuneration resulted in unmotivated teaching staff; a mismatch between skills acquired and the requirements of industry (Government of the Republic of Kenya, 2017).

**Health**

The vision for healthcare according to the Second MTP was to have ‘equitable, affordable and high quality health care for all citizens. The health sector achieved a
variety of gaols during the Second MTP period. The National Health Insurance Fund increased its reach 22,000 households and 200,000 elderly people and those with disabilities. Infant mortality rate reduced from 53 to 38 per 1,000 live births while the rate of under-five mortality similarly reduced from 75 to 51 per 1,000.

Immunization coverage in the country rose from to 84 % from a previous 76 %, and the prevalence rates of HIV and malaria incidence reduced significantly, thanks to timely treatment. The sector saw the removal of user fees from public health facilities, and has seen an increase in child delivery by a skilled practitioner rise from 42 % to 64 %. The Managed Equipment Services programme was implemented in 98 hospitals across the country, improving the efficiency of the healthcare system.

The sector faced a variety of challenges also: Inadequate basic infrastructure for primary health care; scarcity of essential medical supplies and medicines; increase in the cases of lifestyle diseases such as hypertension, cancer and diabetes; understaffed public health facilities with low ratio of medical practitioners to population; poor health insurance coverage among the population (Government of the Republic of Kenya, 2017).

**Social Welfare**

The Government set a target for itself to develop a Wages and Incomes Policy, in order to have a framework providing the necessary guidance on wage levels, salary formation, and adjustment mechanisms in line with the Constitution. In addition to this the Social Assistance Act was passed by Parliament in 2013, and it outlines the institutional framework to implement social assistance programmes.

The result of this was the establishment of the *Kenya National Safety Net Programme* (NSNP) in September 2013, the government’s social welfare programme to assist poor and vulnerable groups through cash transfers. The four vulnerable groups that
benefitted from the transfers between 2013 and 2016 are persons with severe disabilities, elderly individuals, orphans and vulnerable children, and persons unable to meet their basic food needs.

From 2015, the Kenya government took the lead in the financing the NSNP after benefitting for the first two years from significant financing from UNICEF, the World Bank, Department for International Development, among others, and implemented its expansion plan. Since the programme’s inception in 2013, nearly 3 million individuals have enrolled for cash transfer support through the NSNP, up from 1.6 million in 2013 (National Social Protection Secretariat, 2017).

**Infrastructure**

The mission of the Second MTP regarding infrastructure was to deploy efficient, accessible and reliable infrastructure facilities and services nationwide in order to enable economic growth and the country’s global competitiveness. Its target was to gradually reduce Kenya’s infrastructure deficit while building on the achievements of the First MTP.

The Second Medium Term Plan is credited with a host of infrastructural achievements. The capacity of geothermal power generated rose to 2,234 megawatts, against a peak demand of 1,549 megawatts. As a result, the cost of power to consumers fell by 30%, allowing an additional 2.2 million new customers to be connected to an electricity supply, in comparison to a target of 285,000. In the area of access to water, over 1.3 million people saw an improvement in their access to clean water, 100,000 of those living in informal settlements while another 200,000 were connected to a sewerage network.
KENYA VISION 2030 AND INEQUALITY

Kenya’s main airport, the Jomo Kenyatta International Airport, benefitted from the construction of the new Terminal 1-A. This increased its annual passenger capacity increase to 2.5 million. The airport at Kisumu airport was similarly expanded through construction of a new terminal building with annual design capacity to handle 500,000 passengers. Its runway was also extended by 300m, granting it the status of an international airport.

Residents of Mombasa City have also benefitted from the construction of 30km of drainage and 106km of foot and cycle paths, rehabilitation of 20km of roads, and erection of almost 600 street lights for security. Rehabilitation of the 400 km Northern Corridor from Nairobi to Mombasa reduced travel time between the two cities by 30%. These improvements in infrastructure are credited with helping reduce the cost of doing business, and access to other key services (World Bank, 2016).

**Taxation for Wealth Redistribution**

According to the Second MTP, tax reforms are regarded as the key to boosting the government’s revenue stream, which funds development programmes and projects. Kenya Revenue Authority (KRA), the country’s tax collecting agency, aims to meet international standards of best practices by benchmarking its services against those of selected upper middle-income countries. Among the interventions set to be implemented by the agency include: facilitating the payment of taxes via mobile money; making the tax code easier for the taxpayers to comply with; taxing of high net worth individuals at a higher rate than the rest of the population; review the governance of transfer pricing by multi-national corporations; strengthen tax enforcement mechanisms. The next best metric to gauge wealth distribution for the benefit of the poor then, is the rate at which minimum wage was increased between 2013 and 2016 in comparison to inflation and GDP growth.
Table 4.2: Kenya Minimum Wage Increase, GDP Growth, Inflation Rate, 2013 - 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Wage Increase (%)</th>
<th>GDP Growth Rate (%)</th>
<th>Inflation Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>14.00</td>
<td>5.88</td>
<td>5.72</td>
</tr>
<tr>
<td>2014</td>
<td>0.00</td>
<td>5.35</td>
<td>6.88</td>
</tr>
<tr>
<td>2015</td>
<td>12.00</td>
<td>5.71</td>
<td>6.58</td>
</tr>
<tr>
<td>2016</td>
<td>0.00</td>
<td>5.85</td>
<td>6.30</td>
</tr>
<tr>
<td>2017</td>
<td>18.00</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

(World Bank, 2016)

**Quantitative Measurements**

Kenya’s HDI score at the start of the Second MTP in 2013 was 0.541, and by its expiry in 2017 the score was 0.555. This represents a 2.6% increase in HDI during the period. The loss in IHDI is the factor that represents inequality in access to services and opportunities represented by the HDI. At the start of the Second MTP period in 2013, Kenya had a loss due to inequality of 33.6%, and by 2016 the score was 29.5%. This represents a 4.1% decrease in inequality of outcomes. Regarding the Gini index, Kenya started off the period with a score of 47.7 and ended off with a score of 48.5. This represents a 16.8% increase in income inequality (UNDP, 2016).

**4.2.3 SDG 10 - Third Medium Term Plan, 2018-2022 Nexus**

The Kenya government has stated its willingness and intent to incorporate the SDGs agenda into the Third Medium Term Plan of Vision 2030, as captured in the document’s concept note:

“A key objective of the Third MTP will be to include policies, programmes and projects aimed at meeting the Sustainable Development Goals (SDG) targets...The Cabinet has approved a Cabinet Memo to mainstream the 17 SDGs by Ministries Counties Departments and Agencies (MCDAs) in their policy, planning, programmes, and budgeting. MCDAs will be expected to report on the relevant monitoring indicator identified by Kenya National Bureau of Statistics (KNBS) out of the 230 Global Monitoring Indicators.” (Government of the Republic of Kenya, 2017, p. 13)
The first article of SDG 10 aims to progressively achieve and sustain the income growth of the bottom 40% of a country’s population at a rate higher than the national average by 2030. This is to be measured by the increase in household expenditure or income per capita among this group. Kenya’s first two MTPs have not demonstrated this, as reflected in how sporadic minimum wage increase was, in comparison to inflation and overall GDP growth. The Concept Note for the Third MTP makes no mention of this either, thus income growth for the poorer 40% is not explicitly factored in (Government of the Republic of Kenya, 2017).

The second article of SDG 10 aims to empower and encourage the socio-economic and political inclusion of all, regardless of status in society, gender, disability, or any other factor that may cause discrimination. Achievement of this goal is to be measured by the observing trends in the proportion of people living below 50% of median income, according to gender, age, and disability status. The third article of SDG 10 aims to provide equal opportunity and reduce inequalities of outcome, by having only policies, laws, and practices that promote this. The Concept Note for the Third MTP states that emphasis will be placed on preventing corruption, improving governance and accountability, deepening public sector reforms, and strengthening of oversight institutions. The Plan aims to enforce the constitutional provisions on the principle of empowering women and marginalized groups, to reduce gender inequalities in public and private spheres. Through this, the Third MTP aligns itself with the second and third of SDG 10 (Government of the Republic of Kenya, 2017).

The fourth article of SDG 10 aims to have fiscal, wage, and social protection policies that progressively achieve greater equality. This is to be measured according to the share of GDP that comes from wages and social protection transfers. The Concept Note for the Third MTP aims at continuing with the Kenya National Safety Net
Programme, and scaling up its efforts to benefit more of the poor, as outlined in the Second Medium Term Plan.

4.2.4 Hindrances to Realizing Sustainable Development Goal 10

A variety of factors emerge, that could hinder Kenya’s quest to achieving SDG 10. To answer the third research question that addresses this concern, the significant deterrents are described in this section.

4.2.4.1 Underfunding of Programmes

One significant difference between Kenya and countries with low inequality is the massive disparity in the amount of wealth generated by the countries for its citizens, as represented by the gross national income (GNI) per capita. In Figure 4.1 we see Kenya’s GNI per capita against those of the Czech Republic and Denmark. Noticeably, Kenya’s GNI per capita has been increasing marginally, in comparison to the other two countries that widen their lead tremendously over time.
The disparity observed has consequences to financing the sectors of education, healthcare, infrastructure, and social welfare. For example, at an average 5.3% percentage of GDP spent on education between 2008 and 2016, Kenya is within the range of many OECD countries. Nevertheless, Kenya’s GDP being considerably lower than that of OECD countries means that the actual amount spent by Kenya is significantly less than of more developed countries like Denmark and the Czech Republic.
In 2010 for example, Denmark’s GDP was USD 322 billion, meaning that its 8.6% of GDP spending on education amounted to USD 4860 per capita. In the same year, the Czech Republic’s GDP was USD 207 billion, thus a 4.1% of GDP spending on education amounts to USD 809 per capita. In the same year, Kenya’s GDP was USD 40 billion, thus a 5.5% of GDP spending on education amounts to USD 49 per capita (World Bank, 2017). Resultantly, the better funded countries benefit from superior education, as represented by mean years of schooling. In Denmark, the mean years of schooling is 19.2 years, in the Czech Republic it is 16.8 years, while in Kenya it is 11.1 years.
Similar ratios occur in the health sector and social welfare spending per capita, as shown in Figure 4.3. In the health sector for example, Denmark was spending 83 times more per person than Kenya in 2014, while the Czech Republic was spending 18 times more. The result of this is superior healthcare in the better funded countries, as represented by life expectancy at birth. In Denmark, life expectancy at birth is 80.4, in the Czech Republic it is 78.8 years, while in Kenya it is 62.2 years.

Figure 4.3: Health expenditure per capita: Denmark, Czech Republic and Kenya, 1995-2014

(World Bank, 2017)
After many years of high inflation and the decline in the Brazilian Lira’s value, the federal government decided to be annually adjusting the wage based on the rate of inflation of the previous year, and the GDP growth of the two preceding years. The first adjustment to the minimum wage occurred in 1943, and has since been done yearly in order to re-establish the purchasing power of workers. Prior to this decision, the minimum wage was set on the whims of presidents, often for political reasons, rather than with the economic or social welfare of the citizens in mind (Bruha, 2015).

The minimum wage for 2017 was announced on January 1st 2017, and is set at BRL 937 (USD 286). Figure 3 below illustrates the exponential growth in minimum wage over the past two decades. For example, in 2008 the rate was increased to approximately USD 400, nearly double what it was five years before.

Figure 4.4: Brazil Minimum Wage and GDP Growth Rate, 1994-2017

(The Institute for Applied Economics Research, 2017)

From figure 4.4 above, Brazil’s GDP growth rate is seen to be quite erratic, in comparison to the increase in minimum monthly wages that is growing exponentially. The shapes of the graphs indicate that the minimum wage growth rate is more consistent
than GDP growth rate. This situation of a higher minimum wage growth rate than GDP growth rate means that the incomes of the poorer 40% of Brazil— which grew at an average of 6.8% a year between 2004 and 2014— increased faster than that of the overall economy that averaged 4.5% in the same period. This inequality reduction strategy is in line with recommendations by the World Bank, and equally captured in SDG 10: “By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average”.

Analysts estimate that the effect on the reduction of poverty and inequality due to raising minimum wage was more significant than even the BFP, crediting it for 80% of the decline in inequality between 2004 and 2014. This is attributed to the fact that income from minimum wages in most years was on average three to four times higher than income from conditional cash transfers.

The percentage of Brazilians whose incomes were below the poverty line of USD 3.10 a day fell from 23.8% in 2004 to 7.5% of the population in 2014, as a result of the various interventions. The main criticism of the minimum wage reform however, is that it does not benefit those that are informally employed, thus excluding a large section of Brazil’s poor (Bruha, 2015).

4.2.4.2 **Poor Quality Services**

In 2015, the World Bank conveyed great concern over the quality of Kenya’s university and college graduates. In its 2015 report *Kenya’s Education Achievement and Challenges*, the World Bank articulated that Kenya’s education system is full of low quality programmes producing graduates that lack the knowledge, expertise and proficiency required to achieve the goals of Vision 2030. According to their findings, less than half of the nearly 60,000 annual university graduates are fit for employment. The
report further adds that the university curriculum’s rigid supply-side approach is churning out particular types of professionals—lawyers, engineers, architects, among others—taking little or no consideration of what is required in the labour market. There then ends up being an over-supply of particular professionals because of the perceived prestige, and an under-supply of what is truly needed for the economy (World Bank, 2015).

The quality of healthcare in Kenya has also been underperforming. The World Health Organization (WHO) uses 6 dimensions in its definition of healthcare quality: accessibility, effectiveness, efficiency, patient-centeredness, equity, and safety of services (World Health Organization, 2006). To understand the shortcomings and gaps existing in the quality of Kenya’s health service delivery, 3 parameters were observed and a score given: First was the infrastructure available to facilitate the distribution of, and access to medical services; Second was the amount of effort the providers were putting in, measured in terms of absenteeism, supervision, and management organisations; and finally the service providers’ ability, such as diagnostic accuracy, adherence to clinical guidelines, and provider skills and knowledge. Kenya’s performance in these areas is documented in Table 4.3.
Table 4.3: Assessment of Primary Healthcare in Kenya

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Public Rural</th>
<th>Public Urban</th>
<th>Private Nonprofit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure Availability</td>
<td>47%</td>
<td>37%</td>
<td>59%</td>
<td>75%</td>
</tr>
<tr>
<td>Equipment Availability</td>
<td>78%</td>
<td>76%</td>
<td>81%</td>
<td>80%</td>
</tr>
<tr>
<td>Drug Availability (all)</td>
<td>54%</td>
<td>53%</td>
<td>49%</td>
<td>62%</td>
</tr>
<tr>
<td>Maternal Drug Availability</td>
<td>44%</td>
<td>41%</td>
<td>44%</td>
<td>54%</td>
</tr>
<tr>
<td>Child Drug Availability</td>
<td>70%</td>
<td>71%</td>
<td>57%</td>
<td>75%</td>
</tr>
<tr>
<td>Provider Effort</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absence from Faculty</td>
<td>28%</td>
<td>28%</td>
<td>38%</td>
<td>21%</td>
</tr>
<tr>
<td>Caseload</td>
<td>9</td>
<td>8.5</td>
<td>10.3</td>
<td>10.4</td>
</tr>
<tr>
<td>Provider Availability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diagnostic Accuracy</td>
<td>72%</td>
<td>73%</td>
<td>79%</td>
<td>75%</td>
</tr>
<tr>
<td>Adherence to Clinical Guidelines</td>
<td>44%</td>
<td>42%</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>Management of Maternal/neonatal Complications</td>
<td>45%</td>
<td>43%</td>
<td>49%</td>
<td>46%</td>
</tr>
</tbody>
</table>

(Chen, Dutta, & Maina, 2014)

From the information in Table 4.3 gathered on the assessment of primary healthcare in Kenya, it is observed that the quality of services is compromised. Despite additional infrastructure and resources being made available through the implementation of Kenya Vision 2030, the data reveals other quality factors that cannot necessarily be controlled by additional funding. Lack of adherence to clinical guidelines, absenteeism, and poor diagnostic accuracy all deter healthcare quality. These factors would not necessarily be improved through more financing, rather by changes in attitude towards work and professionalism.

Infrastructure in Kenya similarly suffers from poor quality. According to Kenya’s National Building Inspectorate, the body that audits buildings for conformity with land
registration, planning, zoning, building standards and structural soundness, 226 out of 2,601 buildings inspected in Nairobi in 2015 were deemed unsafe for use. There have been 11 building and structure collapses between 2006 and 2016, costing lives and resources (Construction Review Online, 2016). One of Kenya Vision 2030’s flagship projects that suffered the same fate is the collapse of Sigiri Bridge in Busia County in June 2017, barely a fortnight after it was officially launched by the President. It was built to assist local residents cross the dangerous River Nzoia in order to easily access schools, markets, and hospitals. The 50 metre-long bridge costing the taxpayer KES 1.2 billion (USD 11.58 million) brought into focus the worrying trend of expensive infrastructure projects that fail to serve their intended purpose because of quality issues (Okuoro, 2017).

In 2017, five thousand doctors working in Kenya’s public hospitals went on a 100-day strike, because of the government’s failure to honour a pay increment of 300% agreed upon in 2013. The doctors were lamenting about the low pay they receive, the long working hours they endure, and the poor state of hospital equipment and facilities. In the process of this strike, dozens of Kenyans that could not afford private healthcare died due to lack of attention. In addition to this, the Ministry of Health was marred by allegations of billions of shillings being unaccounted for through misappropriation (Al Jazeera, 2017).

Since 2008 when Kenya Vision 2030’s First MTP was launched, teachers in Kenya’s public schools have also been on strike periodically. Following the collapse of pay negotiations between teachers and government in January 2009, learning was paralysed in 19,000 primary schools countrywide affecting more than eight million children. In March 2010, nearly 1,600 entry-level teachers went on strike imploring the government to promote them and pay salary arrears dating back 14 years. In September of the same year, teachers downed their tool lamenting inadequate staffing in public schools
since the introduction of free primary education in 2003 (Koross, 2012). Since then the
teachers have been on strike in 2013 for 24 days and in 2015 for five weeks, promising
not to strike again for the next four years following an agreement with the government.
Similarly, the lecturers and staff of Kenya’s public universities have been on periodic
strikes during the implementation of Kenya Vision 2030: in 2011 for 9 days; 2012 for 2
weeks; in 2014 for almost a month; early 2017 for 54 days, and again from the first of

4.2.4.3 Politics in Kenya

The political pillar of Vision 2030 is to have “…an issue-based, people-centred,
result-oriented, and accountable democratic political system”. The government highlights
its commitment to further developing the system of democracy, and limit government
involvement in the running of the state through continuing governance reforms. The
purpose of this is to create an environment conducive to business for both locals, and
foreigners. The Government aims to achieve this by actively fighting corruption,
investing in public education, and judicial and legal reform (Government of the Republic

The significance of past and present performance of the economy is however often
underestimated when gauging future performance. The political process in Kenya has
been marred by conflict in the past, and this has had a direct effect on Kenya’s GDP. It is
notable from Figure 4.5 that 3 of the lowest levels of GDP growth in Kenya since 1990
were observed in 1992, 1997, and 2002. These happen to coincide with general election
years in the country, with the exception is 2013 that had a relatively smooth political
transition.
If this trend of election years triggering a contraction of the economy is to persist, then achieving the economic goals of Vision 2030 will be greatly hampered. Considering that between 2017 and 2030 there are expected to be at least 3 more general elections, the financing of the inequality reducing measures is likely to suffer, causing. In 2016, the fragility of Kenya’s was demonstrated in the spate of weekly protests by the opposition party, against the country’s electoral commission. It is estimated by the Kenya Private Sector Alliance that traders lost approximately KES 80 million every week for the duration of the protests (Daily Nation, 2016).

According to the June 2017 *Global Economic Prospects* for Sub-Saharan Africa by the World Bank, Global growth for 2017 is projected at 2.6%, and this is attributed to weakening of growth prospects worldwide. The report explains that developing countries that export raw materials are affected by low commodity prices, and a widespread
drought that affected food security and export yields. The World Bank projects that
growth in the region will eventually rise to 3.2% by 2018, contingent on the stability of
commodity prices and climate effects (World Bank, 2017). Kenya being an exporter of
unprocessed commodities such as tea, coffee, and minerals, will be affected by this slump
in food produce. Lower revenues to the government will slow down economic growth
further, hampering attainment of the 10% per annum sustained growth rate captured in
Vision 2030. Failure to meet rapid economic growth will result in continued
underfunding of critical sectors, thus the battle against inequality will be a challenge.

Additionally, the geopolitical uncertainties posed by current political affairs
generally slow down the global economy: recession in Europe resulting from the
Eurozone debt crisis and Brexit; turmoil in Yemen, Syria, and Turkey that destabilize the
Middle East; uncertainty over the next leadership of the USA; and financial crises in
OPEC countries due to falling oil prices. Because of cross-country financial linkages
among trading countries, the effects of various shocks are transmitted across national
borders (Prasad, Rogoff, Wei, & Kose, 2016).

Vision 2030 intends for Kenya to “…quickly become the top Business Process
Offshoring destination in Africa…to companies and organisations in the developed
world, such as Britain, USA, Canada, among others” (Government of the Republic of
Kenya, 2007). As Kenya’s economy becomes more interconnected with the rest of the
world, it becomes vulnerable to contagion from the crises facing its trading partners,
making it more challenging to independently attain its development goals. Global
recession as predicted by the World Bank would inevitably affect Kenya’s economy.
Figure 4.7 above shows the steep decline in Kenya’s GDP growth due to the 2008 global
financial crisis, and such a situation is likely to happen in the wake of another global
recession.
4.2.4.4 The Consumerism Paradox

Shared prosperity is the aim of both Kenya Vision 2030, and SDG 10. One measure of economic development captures the amount of consumption expenditure available to an individual. According Walt Rostow, the highest state of society a society’s development is when its industries shift from manufacturing basic goods such as steel and textiles, and venture into producing consumer goods. This stage is characterized by high average incomes that support the consumption, with a vast majority of the working population in the service industry, rather than in production. Comfort becomes affordable to the populous and the focus of the state shifts to providing security and social welfare. The expenditure of citizens within a country stimulates the economy, leading to higher levels of employment as money circulates (Rostow, 1959).

However, prosperity often comes with some associated problems. As Kenya moves into the consumerism state of development, consumption is likely to negatively affect sustainable development in general. As people earn more money, they are likely to spend their money on indulgent food and buy more cars. This would potentially lead to the increase in the prevalence of non-communicable diseases due to poor diet and sedentary lifestyles.

Increase in earnings and quality of life almost invariably leads to bigger families. Having a larger population would put a strain on the economy’s resources, and inequality would begin to rise again. Data from the World Bank indicates that Kenya’s population experienced a steep decline in growth between the years 1980 and 2000. However, the data also shows that the growth rate has been steadily rising since, as shown in Figure 4.6.
This may be attributed to a variety of factors: better healthcare which improves fertility, life expectancy, and reduces mortality rates; and bigger families motivated by increased incomes. If this trend is to continue, it may be inferred that the battle against inequality will experience resistance, especially if the rate of real GDP growth does not exceed the population growth rate significantly.

Increased consumption inevitably leads to an increase in waste generated, and pollution levels. This harms the environment, and reduces its ability to sustain future generations as well as. These are dimensions that Kenya’s government should plan ahead for to ensure the country not only attains, but also maintains the achievements of Kenya Vision 2030 and SDG 10.
4.3 Chapter Summary

In the area of education and early childhood development, the findings of this study established that through Kenya Vision 2030, the government has invested vast resources in the education sector. Taking a comparative look at the percentage of GDP that the Kenya government spends on education, it is seen that Kenya’s percentage is within the approximate range of some OECD countries, and exceeds the world average. This indicates that Kenya’s approach to investing in education is in line with the inequality reducing guidelines provided by the World Bank. However, the actual amount of money spent on education in Kenya is significantly less than in countries with low levels of inequality. The mean year of schooling for a Kenyan is 11.1 years, in comparison to 19.2 years in Denmark, and 16.8 years in the Czech Republic. According to the Human Development index, this represents better overall education in the better funded countries.

Regarding healthcare, Kenya has invested significantly in availing services to a wide range of the population. However in comparison to countries with low levels of inequality, there is a gaping disparity in the healthcare expenditure per capita. In 2014 for example, Denmark was spending approximately USD 6463 per capita, while Kenya in the same year was investing about USD 78. The former is thus on average spending about 83 times more per capita in the health of its people than Kenya. In comparison the Czech Republic spends USD 1379 per capita on healthcare, 18 times more than Kenya. Because of lower funding in Kenya, the life expectancy at birth for a Kenyan is 62.2 years, in comparison to 80.4 years in Denmark and 78.8 in the Czech Republic. According to the Human Development index, this represents better overall healthcare in the better funded countries.
KENYA VISION 2030 AND INEQUALITY

On the social welfare front, Kenya has instituted the *Kenya National Safety Net Programme*, providing conditional cash transfers to the most vulnerable in society. The expansion plans that the Kenya government has put in place show increased coverage.

Regarding infrastructure, Kenya has similarly devoted vast resources to the sector. However, development in this area is hampered by low quality installations, delays through bureaucracy, and poor financing.

The First and Second MTP’s focuses in the area of taxation have been the government’s ability to collect more, rather than facilitating distribution of income. In summary, Kenya’s minimum wage rate has been increasing unsteadily, and is able to mitigate the effect of inflation minimally, without offering an advantage to the poorer 40% to increase their incomes fast enough. Resultantly, income inequality has increased for Kenya. In comparison Brazil has set a template on increasing minimum wage exponentially, and by factoring in the rate of inflation, and overall GDP growth of the country. This has been responsible for the country reducing its income inequality.

![Table 4.4: Kenya Minimum Wage Increase, GDP Growth, Inflation Rate, 2008 - 2016](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Wage Increase (%)</th>
<th>GDP Growth Rate (%)</th>
<th>Inflation Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>0.00</td>
<td>0.23</td>
<td>26.6</td>
</tr>
<tr>
<td>2009</td>
<td>12.50</td>
<td>3.31</td>
<td>9.23</td>
</tr>
<tr>
<td>2010</td>
<td>10.00</td>
<td>8.40</td>
<td>3.96</td>
</tr>
<tr>
<td>2011</td>
<td>10.00</td>
<td>6.11</td>
<td>14.02</td>
</tr>
<tr>
<td>2012</td>
<td>12.50</td>
<td>4.56</td>
<td>9.38</td>
</tr>
<tr>
<td>2013</td>
<td>14.00</td>
<td>5.88</td>
<td>5.72</td>
</tr>
<tr>
<td>2014</td>
<td>0.00</td>
<td>5.35</td>
<td>6.88</td>
</tr>
<tr>
<td>2015</td>
<td>12.00</td>
<td>5.71</td>
<td>6.58</td>
</tr>
</tbody>
</table>
Quantitatively, Kenya’s efforts towards reducing inequality have had mixed results. In the area of income inequality Kenya has experienced a steady increase, leaving the country with greater levels of income inequality by the expiry of the first two Medium Term Plans. Regarding inequality of outcomes, Kenya has seen marginal reduction, and this progress is credited to improvements in the health and education sectors. The improvement has been slow due to a variety of challenges encountered.

Table 4.5: Kenya HDI and IHDI Scores, 2008 - 2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HDI</td>
<td>0.514</td>
<td>0.530</td>
<td>0.541</td>
<td>0.550</td>
<td>0.555</td>
<td>+7.98</td>
<td>Steady increase</td>
</tr>
<tr>
<td>IHDI</td>
<td>No Data</td>
<td>0.361</td>
<td>0.359</td>
<td>0.378</td>
<td>0.391</td>
<td>+8.31</td>
<td>Inconsistent increase</td>
</tr>
<tr>
<td>HDI Loss due to Inequality (%)</td>
<td>N/A</td>
<td>31.8</td>
<td>33.6</td>
<td>31.3</td>
<td>29.5</td>
<td>-2.3</td>
<td>Inconsistent decrease</td>
</tr>
<tr>
<td>Gini Index</td>
<td>42.5</td>
<td>43.6</td>
<td>44.8</td>
<td>47.7</td>
<td>48.5</td>
<td>+14.12</td>
<td>Steady increase</td>
</tr>
</tbody>
</table>

(UNDP, 2016)
Chapter 5- Discussions, Conclusions, and Recommendations

5.1 Introduction

Although Kenya Vision 2030 has shown to be well aligned with the principles and approaches of both the World Bank and SDG 10, a number of factors have emerged that may be explain the slow progress in the fight against inequality, and that have the potential to derail the process in future. Chapter 5 will contain three distinct but related sections. First will be a discussion of the different findings of the study, bringing to light the enablers and hurdles in the fight against inequality. This will be followed by conclusions about the study, and finally recommendations that the Government of Kenya could consider while addressing inequality of incomes and outcomes.

5.2 Summary of Key Findings

Despite all the achievements in improving the education and health sectors courtesy of Kenya Vision 2030, the country’s level of income inequality has risen consistently according to the country’s Gini index. Looking at the HDI score of the country- the metric that tracks improvement in the quality of life in the dimensions of healthcare, education, and incomes- it is similarly noticed that financial investment in these sectors has resulted in marginal improvements. Putting it simply, having more hospitals and doctors has not translated into significantly better health for Kenyans; having more learning institutions and teachers has not translated into significantly better educated nation. Since financial investment in the key sectors that tackle inequality has not shown significant progress, the issue must be contained in the quality of these services, and the other related factors. The Third MTP has similarly demonstrated that Kenya Vision 2030 is in line with SDG 10 in its efforts to reduce inequality of outcomes. However, the Kenya Vision 2030 does not align itself with efforts to reduce income inequality.
5.3 Discussions

5.3.1 Rethinking the Economy

It is pertinent that Kenya generates more income to better finance important sectors, and consequently enable better equality in incomes and outcomes. For decades, the approach to increasing the incomes of the poor has revolved around the entrepreneurial concept of assisting them in starting small enterprises. At the forefront of this have been microfinance institutions that offer credit to individuals wanting to venture into small business, following the model of Muhammad Yunus’ Grameen Bank. As discussed in the literature review, over the long run these efforts have not been significant in alleviating poverty or reducing inequality, and in actuality make the issues more prevalent. This is due to the hyper-competition that results from similar enterprises operating within the same geographical area, producing like products and services. Over time these enterprises become less profitable as prices decline, while simultaneously flooding the market with increasingly cheaper goods and services to the middle class.

A notable example of this is the quail farming bubble and burst in Kenya between 2012 and 2015. The low entry cost into the quail farming business, simplicity of the business, and potentially high returns, made the business desirable for most people looking for extra income. Enterprising Kenyans rushed into this business to make seemingly quick money. The surge in price of quail eggs was fuelled by rumours that the eggs had medicinal powers that could cure virtually any ailment. At the peak of the bubble in late 2013 one quail egg cost KES 100, but the price quickly dropped to KES 30 in early 2014, and retail prices in 2017 range between KES 5 and 10 per egg. Financing this unsustainable business bubble were a variety of both local and international microfinance institutions, and the Kenya government (Waweru, 2014).
The issue of overreliance on a particular product or business type is not just disastrous at a small scale level; when a country’s entire economy lacks diversity, it encounters similar problems at a global level. Putting aside the issue of corruption, which diverts funds away from their intended purpose, Kenya has a shortfall of earnings in comparison to countries with less inequality as presented in Figure 4.1.

Hidalgo and Hausmann (2009) argue that the combination of products that a country exports can be used to predict not just its consequent pattern of diversification and economic growth, but the degree of its income inequality as well. While developing their theory, the authors formulated the Economic Complexity Index (ECI) which is a measure of the complexity of the products a country exports in terms of the level of expertise required to produce it, and the number of professionals involved in the product development. The values of ECI range from -2.67 for a country exporting the simplest products such as livestock and crop plants, to 2.54 for a country with the most complex products, such as agricultural machinery and advanced electronics. The findings of their research show that countries with more complex export products have lower levels of income inequality than countries exporting more basic products.

Further to this, the authors introduce the ‘Product Gini Index’ (PGI), a metric that associates a product to a level of income inequality. It is calculated by finding the weighted average Gini score of the countries exporting that product in relation to that country's overall export basket. The authors use this measure together with the network of related products, also known as the ‘product space’, to illustrate how the development of new products is associated with changes in income inequality (Hidalgo & Hausmann, 2009).
Kenya’s ECI ranking has decreased by 17 places in a span of 51 years, from 78th place in 1964 to 95th place in 2015. This means that in comparison to many countries of the world Kenya is being overtaken in the area of innovation and industrialization. In 2016 Kenya’s ECI score was -0.61, and the country was exporting 173 products. Looking at Kenya’s export product tree in Figure 5.4, it is seen that majority of the country’s exports are simple agricultural products, such as tea and coffee leaves, cut flowers, vegetables and nuts. Through its exports, Kenya received USD 5.2 billion in export earnings for 2016 (Simoes & Hidalgo, 2016).

**Figure 5.1: Kenya Export Product Tree**

(Simoes & Hidalgo, 2016)
KENYA VISION 2030 AND INEQUALITY

In stark comparison, the Czech Republic in 2016 was ranked in 8th place with an ECI of 1.56. The country exports 362 unique products, which not only include a number of simple agricultural products, but also a variety of complex products such as aeroplanes, farm machinery, and industrial chemicals. Through this, the Czech Republic was able to generate USD 148 billion in export earnings, sufficiently financing the interventions addressing inequality. The Czech Republic is the country with the lowest percentage loss in HDI due to inequality worldwide at 5.4% in 2016, in stark comparison to comparison to Kenya’s 29.5% in the same year.

**Figure 5.2: Czech Republic Export Product Tree**
At the top of the global ECI ranking in 2016 is Japan, with an ECI score of 2.30. Of the 352 unique products the country exports, a negligible percentage of them are simple agricultural products. The vast majority of Japan’s exports include medical imaging equipment, vehicles and their parts, and computer chips. For this reason Japan received a staggering USD 671 billion in export earnings per year, affording it to finance its decent infrastructure, healthcare, education, and social benefits.

Figure 5.3: Japan Export Product Tree
KENYA VISION 2030 AND INEQUALITY

One viable solution to increase Kenya’s income is for the country to diversify its areas of economic activity, and avoid saturating the international market with certain goods or services. Not only does a diversification of the economy reduce chances of the cycle of bubble, hyper-competition, and eventual bust, it also mitigates the risk of poor yields associated with overreliance on particular goods or services. A catastrophe in any of Kenya’s major productive sectors for export would spell doom for the financing of education, healthcare, and social services, among others. This would hinder Kenya Vision 2030’s chances of reducing inequality within the country. In the event of a drought for example, Kenya’s agricultural products that constitute nearly 50% of its exports, would suffer. Considering the extent of climate change and periodic droughts that have occurred in Kenya in its recent past, this risk is real and worth acting on.

Kenya could learn from the example of Venezuela, which went into a massive economic crisis in 2014, due to the worldwide decline in oil prices. Unlike other oil-producing countries such as the United Arab Emirates that diversified into real-estate and tourism, Venezuela relied extensively on the sale of oil for its income. Constituting 95% of the country’s exports and with an ECI of -1.1, the drop in the price of oil strangled Venezuela’s earnings. Resultantly its public sector was under-funded, causing widespread poverty and inequality in the country.

The overall aim of Vision 2030 is for the country to mature into a middle-income country, with a decent standard of living for its citizens, and a stable democratic political system. The three pillars of the Vision are interconnected, and it is difficult to achieve any one independent of the others. As long as the fundamentals for rapid economic growth are not adequately addressed and met, then the ambitious economic targets of the vision are quite unlikely to be met. Failure to meet the objectives of the economic pillar will in
KENYA VISION 2030 AND INEQUALITY

turn spell out failure of the social and political pillars. Vision 2030 and SDG 10 then become self-defeating aspirations.

It would be useful for the government to address the issues of high birth rates, bloated public wage bill, and inefficient fiscal management, in order to stand a chance at attaining Vision 2030, and SDG 10. The document is however commendable for identifying key sectors and industries that would serve to realize the crucial pillar of economic growth, such as investing in education, and targeting the tourism and agriculture sectors.

5.3.2 Improving Quality and Stability of Services

As previously discussed, the amount of resources dedicated to the critical sectors of healthcare, education, and infrastructure makes a significant difference to the availability of these services. However, adequate financing is not the only determinant of their effectiveness. For example, global education data reveals there is no automatic correlation between public education spending and education results: Singapore and Japan for example, spend less than 4% of GDP on public education yet rank highly on the PISA rankings, while Finland that spend 6.8% of GDP, the lowest of the Nordic countries, far outperforms its neighbours (Gustafsson-Wright & Bruns, 2014). The deciding factor is not the amount of money spent, but the quality of education services provided.

Because Kenya falls short on the quality of public healthcare, education, and infrastructure, the poorer 40% of the population that depend on the government for these services struggle to have access to positive outcomes. This ends up being a hurdle to having a more equitable society as envisioned in Kenya Vision 2030. The issue of poor quality education, healthcare, and infrastructure is compounded by the instability of these
sectors due to frequent and prolonged strikes, disrupting public service delivery to Kenyans. The main issue at the centre of the regular strikes has been the low pay that academic and medical practitioners receive. Considering the predictable frequency of these events, further disruption of these key sectors is likely to persist, jeopardizing their effectiveness in battling inequality. Those that suffer the most are the poorer 40% of Kenya’s society. Considering they lack the finances to overcome crippled education and health systems, disruption in delivery of these services poses an extra hurdle to overcoming inequality as targeted in SDG 10.

According to a study undertaken by the United Kingdom’s Independent Parliamentary Standards Authority and the International Monetary Fund (IMF), a Kenyan legislator’s salary is nearly 80 times the country’s GDP per capita. This earned Kenya’s legislators the rank of the second-highest earning Members of Parliament in the world, with a compensation package higher than that of developed countries such as Japan, the United States, Denmark, and the Czech Republic (Herbling, 2013). Such a disparity of pay reveals the spirit of the political class in matters of equity, and brings to question the genuineness of politicians in achieving SDG 10 through Kenya Vision 2030.

5.3.3 Effects of Population

This paper concedes that economists differ on the effect of population growth on economic development, with three distinct schools of thought. Firstly, some economists argue that population growth has the effect of increasing the labour force, thus boosting productivity and increasing economic growth. The second school of thought argues that population growth has a neutral effect on economic growth, attributing any growth or underdevelopment to macroeconomic factors and the market forces of supply, demand and competition. The third school of thought argues that population growth acts as a strain on the economy and its available resources (Rittenberg & Tregarthen, 2012).
According to the United Nations Population Fund (UNFPA), a country’s demographic dividend is the potential for economic growth that can result when its population’s age structure enters a stage where it has more people in the working-age bracket (15 to 64 years), than in the non-working age group (below 14 years, and over 65 years). In such a scenario, economic growth can be accelerated because there are increasing numbers of people in the workforce in comparison to the number of dependents (UNFPA, 2015). Data from the World Bank shows that Kenya’s population is increasingly youthful, with nearly 56% of the population falling within the working-age group by 2015 as shown in Figure 5.4.

*Figure 5.4: Kenya Population ages 15-64, 1960-2015*
KENYA VISION 2030 AND INEQUALITY

This demographic information gives credence to Kenya’s strategy of developing its human capital for the growth of the economy. Kenya Vision 2030 takes both the first and third school of thought, acknowledging both the positive and negative effects of population growth on the economy. The document argues that it is important to invest in young people’s health and development, and reap the potential benefits of capitalising on the demographic dividend, while at the same seeing the need to control the population on account of limited resources. According to *Sessional Paper No. 3 of 2012 on Population Policy for National Development*, the government aims to reduce the natural growth rate of the population from 2.5% in 2009 to 1.5 % by 2030 (Government of Kenya, 2012).

At a very basic level, economists approximate the growth rate of income per capita by taking the difference between the rate of income growth, and the population growth rate. For example, in the last 10 years Kenya’s annual growth rate in real GDP has averaged about 3.8%, while the country’s population growth rate during the same period was approximately 2.6%. The resultant GDP growth rate per capita can then be approximated at 1.2% for the last decade. What this suggests is that if a developing country like Kenya desires to increase its rate of economic growth per capita, the rate of population growth should be limited while increasing its rate of GDP growth (Rittenberg & Tregarthen, 2012).

More importantly the birth rate of Kenya’s population in rural areas, which constitutes majority of the country’s poorest 40%, has always been higher than that of the wealthier 60% mostly found in urban areas. For this reason, population control within the poorer 40% group is of particular importance, as having a large family on a low income makes the battle against inequality all the more challenging. A 1.2% increase in GDP growth rate per capita is barely sufficient to boost the incomes of the poorer 40% fast enough to reduce inequality within the country as targeted by SDG 10.
KENYA VISION 2030 AND INEQUALITY

Because improvements in health and life expectancy are positive developments happening in line with Kenya Vision 2030 and the SDGs, population growth can then only be controlled by reducing Kenya’s crude birth rates through family planning. Without this critical ingredient, Kenya’s population will grow faster than the growth of its GDP. The result of this is a situation of scarce resources being shared among an increasingly large population, which works against the purpose of the document’s social pillar: “…a society enjoying equitable social development”.

5.4 Conclusion

Prominent Kenyan politician of the 1970s, Josiah M. Kariuki, described Kenya as a “…a country of ten millionaires, and ten million paupers”. The truth of these sentiments is reflected in the state of income inequality in Kenya, which continues to increase. Kenya Vision 2030 in its three Medium Term Plans has failed to address the issue suggesting that the trend of ever-increasing income inequality will persist.

However, Kenya has made efforts to reduce the level of inequality of outcomes through the implementation of Kenya Vision 2030’s. Despite its efforts, the country makes marginal improvements in this regard due to low funding. The solution to this is to increase the country’s export capacity, which will afford Kenya the chance to battle inequality effectively.

Inequality is a natural state within a capitalist economy, as rewards tend to be proportional to contribution, effort, and value added to the economy by an individual. As long as basic human needs are met for the vast majority of the population, inequality serves the purpose of introducing competition and motivation within an economy.

Unless extreme inequality is addressed, the potential of the underprivileged remains untapped, reducing the pool of talented individuals that a society can draw from
to develop future professionals and solutions to society’s problems. Vast inequality poses a distinctive problem, especially if those willing and capable to improve their status do not have the opportunity to do so. Such individuals end up contributing to the upsurge in crime, out of desperation and frustration. Realizing SDG 10 therefore would result in a more habitable country for all to live in. It is important to bear in mind the normative role played by the World Bank and United Nations in matters of reducing poverty and inequality. The practical template set by countries that have successfully addressed inequality, such as Denmark, Brazil, and the Czech Republic should be considered in the design of development policy.

5.5 Recommendations

5.5.1 The Government of Kenya

Macroeconomic solutions are the key to realizing the goal of SDG 10 in Kenya, as the biggest hurdle to achieving it is low financing. Kenya needs to expand the variety of its exports, as diversity into more complex products has proven to bring countries greater earnings. The government may consider processing its raw agricultural products such as tea, coffee, and livestock, before exporting them. With the vast talent of scientists and technicians in the country, Kenya should explore manufacturing equipment for the export market.

The central government should reconsider the concept of the Youth Enterprise Development Fund. Currently, the fund offers the youth finances to venture into the already crowded field of agriculture. The government should offer financing that encourages the youth to venture into developing more complex merchandize, or venturing into the service sector according to what industry requires.
KENYA VISION 2030 AND INEQUALITY

Kenya’s minimum wage policy should adopt the template offered by Brazil, of a yearly increase at an exponential rate. This should be matched with price controls on basic goods and services, to avoid the inflation that commonly occurs when a society has increased purchasing power.

The central government should also consider bolstering its quality control institutions, such as the Kenya Bureau of Standards. This would help ensure that the standard of construction supplies, infrastructure, medication, among others, are of a standard that would result in improvement in the quality of life.

Beyond this, both the central and county and governments should aim to rid themselves of corruption, discourage tax evasion, and prevent transfer pricing. All these practises divert much-needed funds away from worthwhile projects, and abuse the system of devolution that finances primary healthcare and education.

Considering the periodic strikes by doctors and academic staff, the government should ensure these two groups are fairly compensated, as disruption in their services has taken a heavy toll on Kenya’s fight against inequality.

Regarding the implementation of Sustainable Development Goal 10 that aims at reducing inequality within and among countries, the Government of Kenya is advised to focus on the first half of the goal, inequality within country, as this study has done. This is for the sole reason that that is the dimension of inequality that would benefit the country’s citizens the most, and that the government has control over. Doing so will avoid the trap of selecting too many goals, that will burden the government and hinder development in important dimensions.
KENYA VISION 2030 AND INEQUALITY

5.5.2 Academia

Regarding curriculum development, the Ministry of Education in conjunction with academia could integrate into the OECD’s Programme for International Student Assessment (PISA) in order to gauge its students’ performance against international standards. This allows fulfilment of Vision 2030 mission of being a globally competitive middle income state. Without reforms in the education sector, Kenya will fail to capitalize on its demographic dividend, and by 2030 be unable to sustain its large aged population after the demographic dividend window of opportunity ends. Through education, Kenya can chart a way forward to plan for prosperity beyond 2030.

Kenyans should also understand the importance of country ownership. Economic and social developments happen when every citizen plays their role in the process, and makes it their personal responsibility to contribute, rather than deter the process of development.

Bearing in mind the breadth of the 6 parameters offered by the World Bank regarding fighting inequality, it is suggested to academia to probe deeper into each of them, in order to tailor SDG 10 for the benefit of Kenya. This would help avoid a repeat of what happened with the MDGs, where Kenya failed to realize the goals due to laxity, and neglecting academia.

5.5.3 Kenyan Society

The World Bank suggests that Kenya can improve its performance record by increasing the knowledge and skills of Kenyans for inclusive and sustainable development (World Bank, 2015). Kenyans need to shift their thinking from training at university for careers regarded by culture and society as prestigious, towards training towards careers that the labour market needs. This can be done by cultivating an
appreciation for the arts, acknowledging the service industry as being equally important as goods, and promoting innovations in technology and industry. Co-creator of the Economic Complexity Index, Cesar Hidalgo, proposes that improvement in this metric is a result of creative imagination coupled with productive knowledge (Serious Science, 2015). This way Kenya can capitalize on its demographic dividend, by gainfully employing its huge youthful population.

Economic and Social Rights

43. (1) Every person has the right—

(a) to the highest attainable standard of health, which includes the right to health care services, including reproductive health care;

(b) to accessible and adequate housing, and to reasonable standards of sanitation;

(c) to be free from hunger, and to have adequate food of acceptable quality;

(d) to clean and safe water in adequate quantities;

(e) to social security; and

(f) to education.

(2) A person shall not be denied emergency medical treatment.

(3) The State shall provide appropriate social security to persons who are unable to support themselves and their dependants.
Sustainable Development Goal 10: Reduce inequality within and among countries

10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

10.1.1 Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.2.1 Proportion of people living below 50 per cent of median income, by age, sex and persons with disabilities

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

10.3.1 Proportion of the population reporting having personally felt discriminated against or harassed within the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

10.4.1 Labour share of GDP, comprising wages and social protection transfers

10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations

10.5.1 Financial Soundness Indicators
KENYA VISION 2030 AND INEQUALITY

10.6 Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions

10.6.1 Proportion of members and voting rights of developing countries in international organizations

10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies

10.7.1 Recruitment cost borne by employee as a proportion of yearly income earned in country of destination

10.7.2 Number of countries that have implemented well-managed migration policies

10.a Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization agreements

10.a.1 Proportion of tariff lines applied to imports from least developed countries and developing countries with zero-tariff

10.b Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes
10.b.1 Total resource flows for development, by recipient and donor countries and type of flow (e.g. official development assistance, foreign direct investment and other flows)

10.c By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent

10.c.1 Remittance costs as a proportion of the amount Remitted

(United Nations, 2015)
### Timetable for the Preparation of Third Medium Term Plan, 2018-2022

#### TIMETABLE FOR PREPARATION OF MTP 2018-2022

<table>
<thead>
<tr>
<th>Activity</th>
<th>Sub-Activities</th>
<th>Time Schedule</th>
<th>Action to be Taken By</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Develop Concept Note on MTP 2018-22</td>
<td>(i) Prepare draft Concept Note</td>
<td>21st November 2016</td>
<td>ERS, Head Macro Division</td>
<td>Done</td>
</tr>
<tr>
<td></td>
<td>(ii) Technical Retreat to validate Concept Note</td>
<td>14th December 2016</td>
<td>ERS, Director Macro Dept, Head Macro Division</td>
<td>Done</td>
</tr>
<tr>
<td></td>
<td>(iii) Share Concept Note with PSAs and Stakeholders</td>
<td>16th December 2016</td>
<td>PS, PAs</td>
<td>Done</td>
</tr>
<tr>
<td>2. Consultancy Studies (Emerging Issues)</td>
<td>(i) Develop ToRs for Consultancy Studies</td>
<td>December 16th 2016</td>
<td>ERS, Director Macro Dept, Head Macro Division</td>
<td>Done</td>
</tr>
<tr>
<td></td>
<td>(ii) Consultancy Studies</td>
<td>March to May 2017</td>
<td>ERS, Director Macro Dept, Head Macro Division</td>
<td>Done</td>
</tr>
<tr>
<td>3. Production of MTP Macro-economic framework</td>
<td>(i) MWG meeting on 3rd MTP macro fiscal framework</td>
<td>26th November 2016</td>
<td>Head Macro Division</td>
<td>Done</td>
</tr>
<tr>
<td></td>
<td>(ii) Finalization of 3rd MTP Macro Targets</td>
<td>2nd December 2016</td>
<td>MWG</td>
<td>Done</td>
</tr>
<tr>
<td>4. Formation of Sector Working Groups</td>
<td>(i) Letter to all Principal Secretaries on MTP preparation process</td>
<td>23rd March 2017</td>
<td>Chief of Staff and Head of Public Service</td>
<td>PS, PSC, Cabinet Secretary</td>
</tr>
<tr>
<td></td>
<td>(ii) Constituting an MTP Stakeholders Forum</td>
<td>4th April 2017</td>
<td>PS, PSC, Cabinet Secretary</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iii) Letters Appointing Chairs of the MTPSWGs</td>
<td>29th April 2017</td>
<td>Chief of Staff and Head of Public Service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iv) Reports on Review of Achievements, Challenges of MTP II and Identification of Sector Priorities for MTP III</td>
<td>End May 2017</td>
<td>Chair of MTPSWGs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(v) Initial Draft Charters</td>
<td>Mid June 2017</td>
<td>Chair of MTPSWGs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(vi) Revised Draft Charters</td>
<td>End June 2017</td>
<td>Chair of MTPSWGs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(vii) Draft MTP 2018-2022</td>
<td>End July 2017</td>
<td>PS, PAs</td>
<td></td>
</tr>
<tr>
<td>5. Consultation in Counties</td>
<td>(i) Hold County Consultations</td>
<td>June 2017</td>
<td>PS, PAs, ERG, Director Macro Dept, Head Macro Division</td>
<td></td>
</tr>
<tr>
<td>6. Production of Draft MTP 2018-2022</td>
<td>(i) Establishment of Drafting Team</td>
<td>June 2017</td>
<td>PS, PAs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(ii) Draft MTP</td>
<td>End July 2017</td>
<td>PS, PAs, ERG, Head Macro Division</td>
<td></td>
</tr>
<tr>
<td>7. Validation and Approval Process</td>
<td>(i) National Validation forum</td>
<td>September 2017</td>
<td>Hon. Cabinet Secretary MDP</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(ii) Discussion and Approval of Staff MTP by Cabinet (Summit)</td>
<td>September 2017</td>
<td>Hon. Cabinet Secretary MDP</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iii) Approval by National and County Gov’t Summit</td>
<td>September 2017</td>
<td>Hon. Cabinet Secretary MDP</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iv) Discussion and approval by relevant Parliamentary Committees</td>
<td>September 2017</td>
<td>Hon. Cabinet Secretary MDP</td>
<td></td>
</tr>
<tr>
<td>8. Publication and Launch</td>
<td>(i) Launch of MTP</td>
<td>December 2017</td>
<td>H.E. The President</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(ii) Dissemination Forums in all Counties</td>
<td>January 2018</td>
<td>Principal Secretary Planning &amp; Statistics</td>
<td></td>
</tr>
</tbody>
</table>
Bibliography


Stewart, F. (2013). *Capabilities and Human Development: Beyond the individual – the critical role of social institutions and social competencies*. New York: UNDP.


