

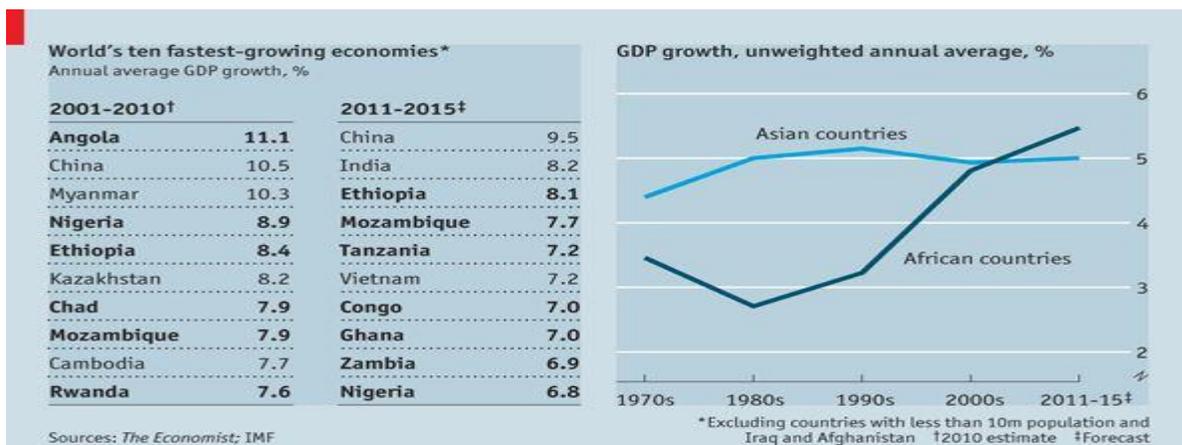
Leveraging on Entrepreneurship and Value Addition of Theme Products to Industrialize Kenya

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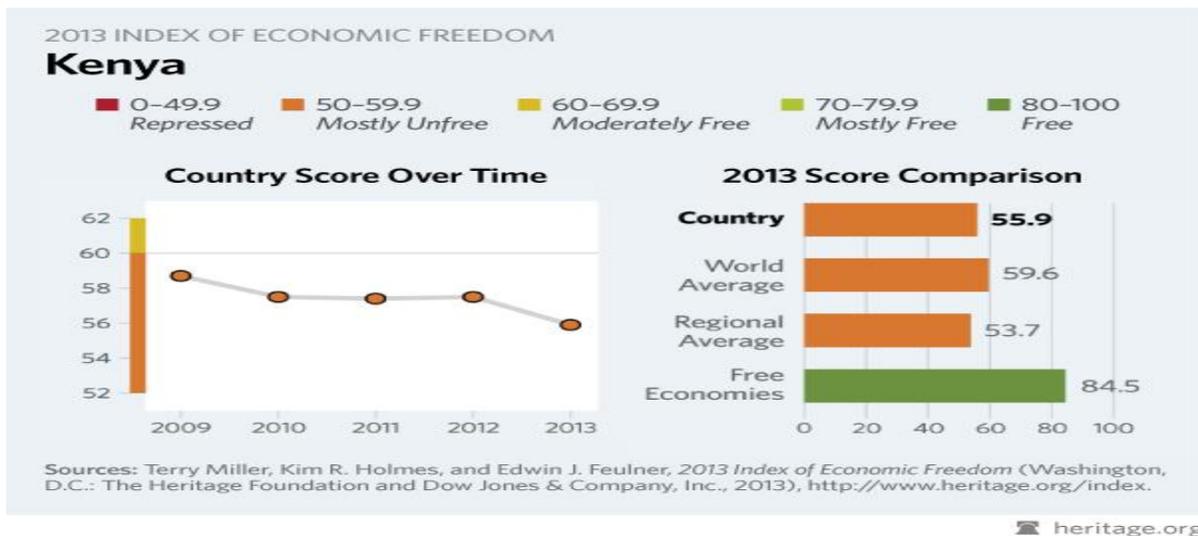
Poverty reduction and job creation are the two most pressing challenges facing a majority of Kenyans today. The jubilee government, just like every other Kenyan government since independence, has prioritized these two challenges in its manifesto. Indeed, job creation and poverty reduction have become an ever present rallying call by virtually every politician during campaigns every five years. These concerns have characterized our political and policy lingo so much that almost every government policy paper and economic blueprint feels incomplete if it does not address them.

Unfortunately, there has been such a huge cloud of smoke about poverty and joblessness but with very little fire. These phrases are actually the center pieces of Kenya's premier economic blueprint, the Vision 2030. However, as at now, even with our growth rate of between 4 and 5% per annum Kenya does not feature in the list of the fastest growing economies in Africa despite the fact that 6 out of 10 of the fastest growing economies in the world are to be found in Africa.



The Kenyan Effort

We have made countless provisions in our budgets, debated issues of poverty and joblessness in parliament, legislated against poverty and joblessness and done many other things. Indeed we have been busy trying to run away from poverty and joblessness. However we seem to ever be journeying around a circle and the faster we move the faster we come back to where we started. We have remained lost in too many ad-hoc actions that are poorly planned, thinly financed and poorly coordinated. The actions that characterize our search for solutions for our poverty and joblessness have themselves ended up contributing to more poverty and joblessness. The following graphs illustrate our not very good trend of economic freedom:



It is not in doubt that many average Kenyans are hardworking and internally driven to succeed. However we constantly find ourselves making a few steps forward and many steps backwards. Our interventions have become one big *yoyo*. As soon as we stretch out we stretch back. As soon as we start stabilizing the economy, our politics heads south and all the gains are lost in a flash; as soon as tourism shows signs of recovery terrorists and their lesser criminal cousins come calling; as soon as investments start blossoming the lending rates hit the ceiling; as soon as our health and education systems show signs of improvement unions call crippling strikes. We are still recovering from an economically destructive post-election violence that was, to say the least, unnecessary. Also, in the last 20 months interest rates on bank loans have shot from a low of 14% to over 25% and back to about 19%. On the other hand, labor unions seem to have discovered a new hobby of calling strikes every too often with teachers, doctors and lecturers being the most fanciful of this option of passing the message of dissatisfaction with their pay. These strikes have had far-reaching implications on our economy. We seem to seesaw within the same fulcrum, almost perpetually. This is a cycle from which we must break.

Liberating our minds to achieve greatness as a nation

As a nation, we find ourselves at this low point because we have blatantly refused to liberate our minds and move forward. We have refused to believe we can be a great nation. Our leaders have killed our optimism and quickly replaced it with pessimism. As a result of this backward mindset we seem to plan short term, implement the short term plans haphazardly and then fight for the meager results that get achieved from this process. In the words of the late Julius Nyerere, we have become a man eat man society. We have become grossly individualistic and increasingly myopic in our approach to both personal and national economic concerns.

Nations such as South Korea and Malaysia teach us some vital truths that we constantly have refused to accept and embrace. One such lesson is that we neither have to be rich to become rich

nor do we have to have jobs in order to create jobs. Great nations did not begin at a point of greatness. They began with and continuously embraced greatness until they became truly great. They did not just need to rid their nations of extreme poverty and joblessness; they wanted it so badly that they accepted to be bound together by the common war against poverty and joblessness. They identified these as common enemies and socialized their mindsets and forged common fronts against the enemies.

We see this level of common resolve replicated among progressive nations. The Israelis have accepted the Arab threat as a common threat and coalesced against it. As an Israeli, whether you hail from Haifa, Tel-Aviv or Jerusalem; whether you subscribe to Judaism, Christianity or Druzeism; whether you belong to the ruling Likud party, the left wing Zionist parties or the more religious political groupings, ultimately you are one with your brother when it comes to facing the Arab threat. Americans are united when it comes to fighting terrorism, whether they are democrats or Republicans. If poverty and joblessness are our common enemies, have we made them rallying ideologies like the Arab threat is to Israel or like terrorism is to the United States of America?

How patriotic are we as a people to the calling to fight poverty and create jobs? This fight requires selflessness by every leader and every citizen. It is a war that we cannot win singularly. We must change our mindsets and start seeing the jobless and the extremely poor as an extension of those of us that are endowed. We must adopt John S. Mbiti's spirit as enshrined in his literary gem, 'I am since you are, and since you are therefore I am'. I must accept that my wealth, health and security are directly tied to your wealth, health and security. Consequently, I cannot be safe until you are safe. We are simply one.

Our mindsets must, however, change before we can start noticing the myriad opportunities and the avenues available to us to significantly reduce joblessness and poverty. We must unblock our minds first. We must transit from mediocre pessimistic and intrinsic thinking to great optimistic and extrinsic thinking. We must see beyond the 'me' and the 'now'. This transition must begin from statehouse and trickle down to the villages. Rivulets of optimism must be created within our institutions and across the nation and then coalesced into a big wave that will carry all of us across. As a nation we cannot journey into greatness until we singularly feel great.

Once we shift our mindsets we can then clearly see the opportunities around us, for Kenya is a land of latent greatness. Kenya is blessed with a good climate, arable lands, regionally unrivaled human resource, a development-oriented constitution, a rapidly reforming justice system, a hard working population, a land mass whose underbelly is full of indescribable wealth in minerals and oil, a diverse cultural mosaic that can provide tourists with over 40 cultural options to sample, the most beautiful wilderness in the region, sprawling white beaches and God knows what else. We are simply a rich and beautiful country. The problem is we have remained latently rich for a long time, never quite realizing the true fruits of our wealth.

Theme Products

Every village in Kenya has something it is known for. Here, a village could mean an actual village, a location, a ward or any other geographical or demographic demarcation. For instance, in Ukambani some villages are known for carvings while others are known for honey production. In Western, some villages are known for chicken rearing while others are known for bull fighting. In Coast some villages are known for basket making while others are known for coconut farming and processing. In North-Eastern some villages are known for goat rearing while others are known for rich cultural dances. In central a whole village has dedicated itself to silk farming while another one has grabbed the niche of rabbit production and processing. In Riftvalley, tea, *mulsik*, high altitude training and a host of other things can be found there. Some of our rivers have such beautiful colored round pebbles while our forests have herbal vegetation that has high medicinal value. Indeed, JICA and the now transformed Ministry of Industrialization and Enterprise Development have already conducted a national baseline study under the auspices of the 'One Village One Product (OVOP) initiative' (which I was fortunate to be part of as a consultant) and documented these village specific economic gems. Whether or not this study has moved into implementation is a different story all together. The point is, we are a very rich nation.

I keep hoping that one day we can wake up to the reality that, like Israel, we can attract international cyclists in droves to do mountain biking in Mount Kenya, Mount Elgon, Nyambene hills, Mount Longonot and the Rift Valley escarpment; that we can sell internationally the high altitude training camps in Eldoret the way we have tried to sell our parks and beaches; that we can have and mainstream a bull fighting festival as a tourist attraction and package it for the greater world; that we can, instead of demonizing *miraa* tap its herbal benefits and sell it to the world as an anti-depressant or whatever else it can be; that we can have a *java*-like national chain of traditional brews from among our 43 tribes where we can invite international visitors to sample our heritage of alcoholic drinks; that we can tap venom from the millions of snakes that terrorize our citizens in the countryside and sell it to the world as anti-venom; that we can add value to our maize, potatoes, milk, beans and arrowroots and sell them in international markets as high value products; that we can organize our youths into groups and allocate them land to produce potatoes, maize and other products seasonally, on contract, for the theme industries engaged in value addition for export; that someone can find the formula to link our chicken farmers with the insatiable Chinese market.

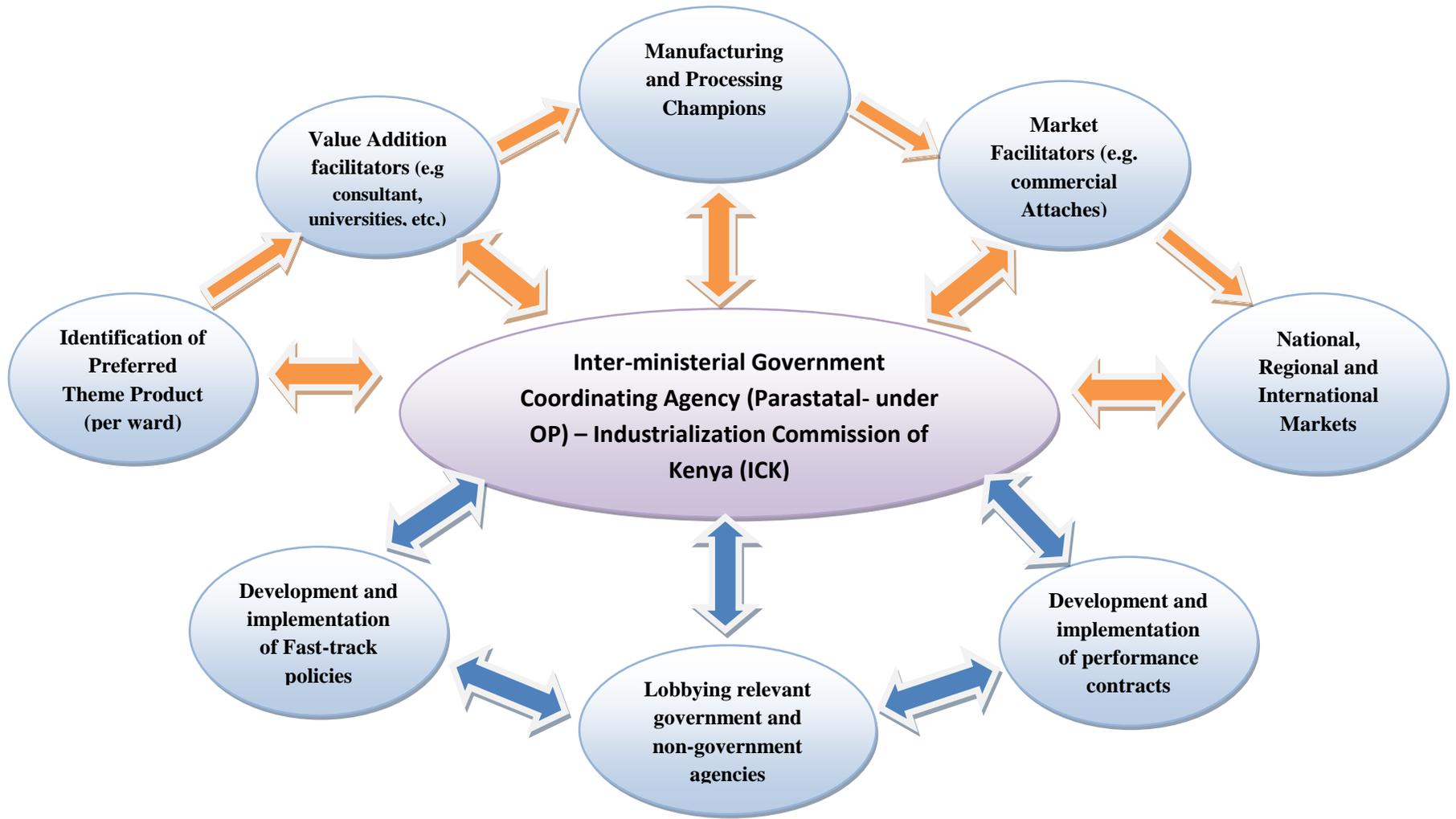
Theme Industries

To move forward in this direction, we need to create an inter-ministerial Industrialization Commission of Kenya (ICK) whose mandate would be to identify theme products, find wealthy champions who have the finances and the willingness to process these products, facilitate them through fast-track policies to put up manufacturing and processing plants, finance producers to

grow the raw materials the way tobacco farmers do under the auspices of BAT and Mastermind, and use our Commercial Attachés abroad to open up markets for these finished products. The performance contract of such an agency would cover things like the number of theme product chains developed in a year, the volume of theme products processed and sold nationally and internationally per year, the number of people brought into the mainstream of economic activity through the theme industries covered by the agency and the percentage increase in the levels of value addition of each product over time. We could begin by establishing one processing or manufacturing plant per constituency. That would give us over 200 strong companies almost immediately. Remember, all these companies would be funded by Kenyan and international industrialists, not the government. The role of government would remain active facilitation.

Of course for this proposal to succeed it must be protected selfishly by His Excellency the President himself. It must be cushioned from the ills that have reversed our gains in the past. It must be supported by all Kenyans of good will. It must be elevated to the fore of the national agenda. For this process to succeed it must be held in the highest esteem possible. This is the only way we are going to lift the over 17 million poor Kenyans from poverty and joblessness. I want to submit that at the economic point that we are in, which is characterized by high levels of joblessness, a balance between labor intensive and technology supported production is the way to go. China has balanced these two positions so well in the last three decades that it has been able to double economic output per citizen every ten years for over three decades. Other nations that have travelled this route include Japan, South Korea, Taiwan, Hong Kong, and Singapore. So China is merely following a proven formula that has worked magic to transform several Third World nations into First World nations within very short periods. This is a road we can and should travel as well.

Graphical Illustration of the Model



The Urgency

I suggest that this intervention is urgent. It must happen now, not next year or the year after. Poverty, like Malaria, gets worse and fatal with time. The beauty of this model is that rich industrialists will fund the process by capitalizing processing and manufacturing companies as long as they can see profits at the end of the tunnel. Millions of young people across the country will find gainful employment and our Commercial Attachés will have a real job to do in their foreign enclaves. If well supported and implemented, this model can gather speed quickly and develop a life of its own. This will create space for government to deal with the more involving concerns of infrastructure. This model does not elevate industrialization above important economic enablers such as roads, rail, water and energy in terms of completion for public resources. It actually recognizes the need to make use of these enablers not after we have developed them, but as we develop them. We must remember that we do not have the luxury of time. We must move with speed.

This is, to say the least, a classic model which has potential to fast-track redistribution of income and create wealth. This is the model that will get us out poverty and joblessness. Most importantly the model will help the Jubilee government to deliver several of the pledges contained in its manifesto. Implementing the model will certainly be challenging and with several teething problems. But if we focus on making it happen, it will certainly happen. We must approach this as a war; a war against poverty and joblessness. For, if we don't consume the enemy the enemy will consume us sooner than later.

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