

Global Competitiveness: Implications for Kenya

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Nairobi, Kenya
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This presentation draws on ideas from Professor Porter's articles and books, in particular, [The Competitive Advantage of Nations](#) (The Free Press, 1990), "Building the Microeconomic Foundations of Competitiveness," in [The Global Competitiveness Report 2006](#) (World Economic Forum, 2006), "Clusters and the New Competitive Agenda for Companies and Governments" in [On Competition](#) (Harvard Business School Press, 1998), and ongoing research on clusters and competitiveness. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise - without the permission of Michael E. Porter. Further information on Professor Porter's work and the Institute for Strategy and Competitiveness is available at www.isc.hbs.edu

The Changing International Competition Across Locations

Drivers

- Fewer barriers to trade and investment
- Rapidly increasing stock and diffusion of knowledge
- Competitiveness upgrading in many countries

Market reaction

- Globalization of markets
- Globalization of capital investment
- Globalization of value chains
- Increasing knowledge and skill intensity of competition
- Value migrating to the service component of the value chain

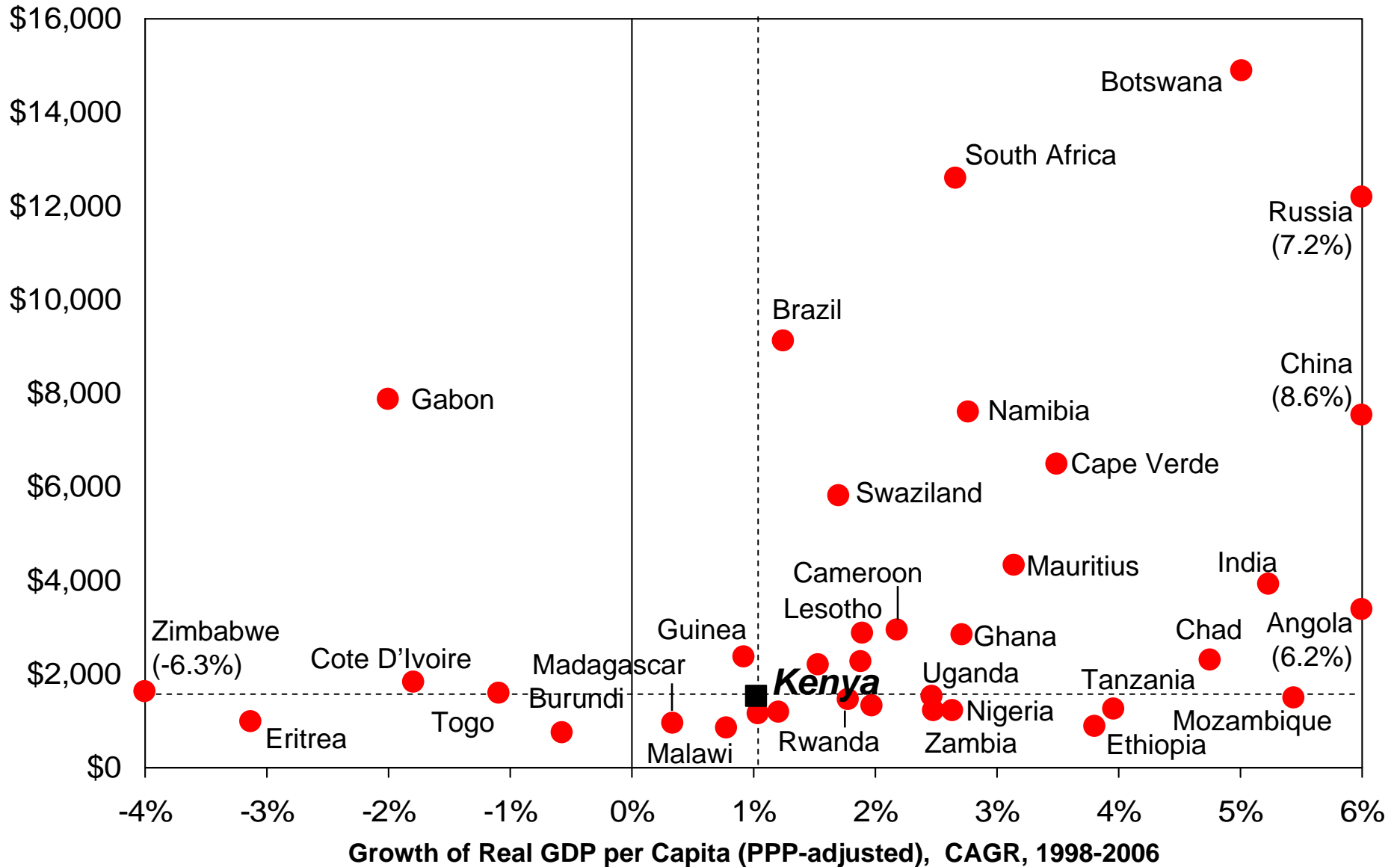


- Microeconomic competitiveness is **increasingly important** to succeed in the global economy

Prosperity Performance

Selected Countries

Real PPP-adjusted GDP per
Capita, 2006

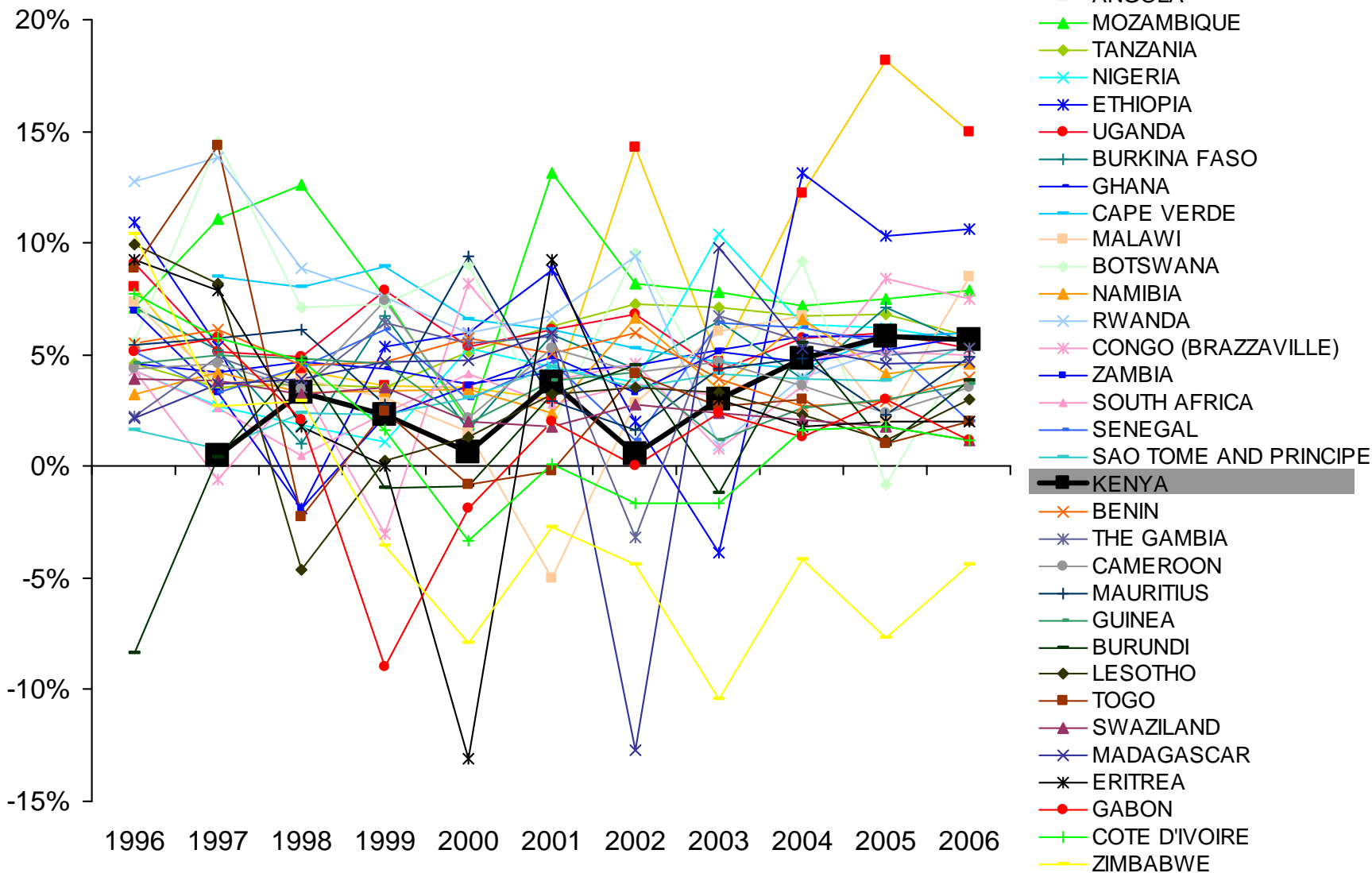


Comparative Economic Performance

Real GDP Growth Rates

Annual growth rate of real GDP

Countries sorted by 2001-2006 annual real GDP growth rate (CAGR)



The Kenyan Economy in 2007

- Economic growth rates have been **strong** since 2004
- Parts of the economy that have been **opened up** (airlines, telecom) have performed well
- Areas where Kenya has built **clusters**, e.g. cut flowers, have done well

However

- The **global economic environment** has been favorable
- Kenya's Growth rates have **not been exceptional** relative to the Sub-Saharan average
- Overall prosperity in Kenya remains very **low**
- Success has been **uneven**; many Kenyan citizens and businesses are not participating



- Kenya must dramatically **improve its competitiveness** to enhance the nation's standard of living

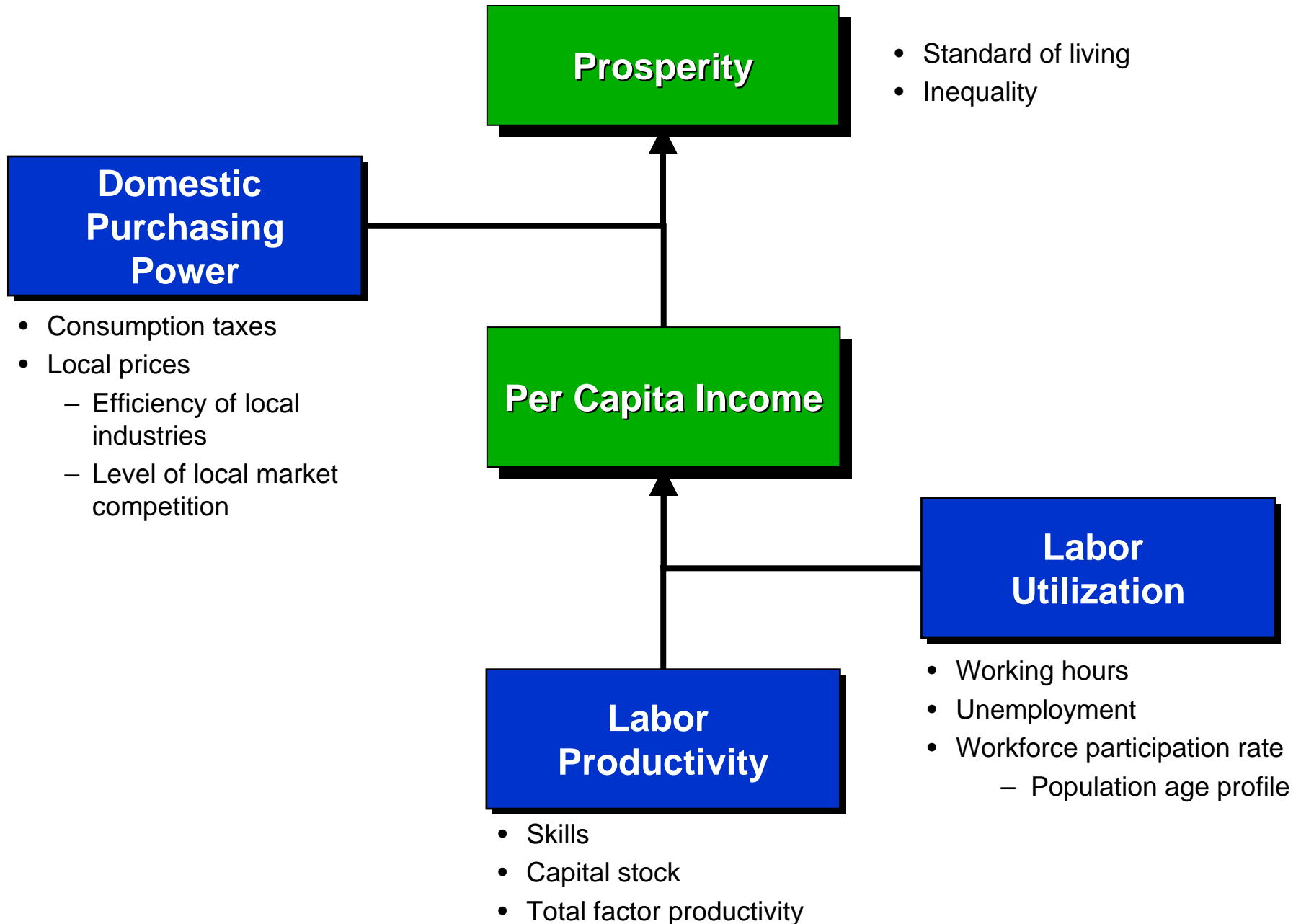
What is Competitiveness?

- Competitiveness is determined by the **productivity** (value per unit of input) with which a nation uses its human, capital, and natural resources.
 - Productivity sets a the standard of living (wages, returns on capital, returns on natural resources) that a nation can sustain
 - Productivity depends not just on **efficiency** but also on the **prices** that a nation's products and services command (e.g. uniqueness, quality)
 - It is not **what** industries a nation competes in that matters for prosperity, but **how** firms compete in those industries
 - Productivity requires a **combination of domestic and foreign firms** operating in the nation. Who owns a company is secondary for the level of prosperity
 - The productivity of **“local” or domestic** industries is fundamental to competitiveness, not just that of traded industries
 - Devaluation does **not** make a country more competitive



- Only **business** can create wealth
- Nations compete in offering the **most productive environment** for business
- The public and private sectors play **different but interrelated roles** in creating a productive economy

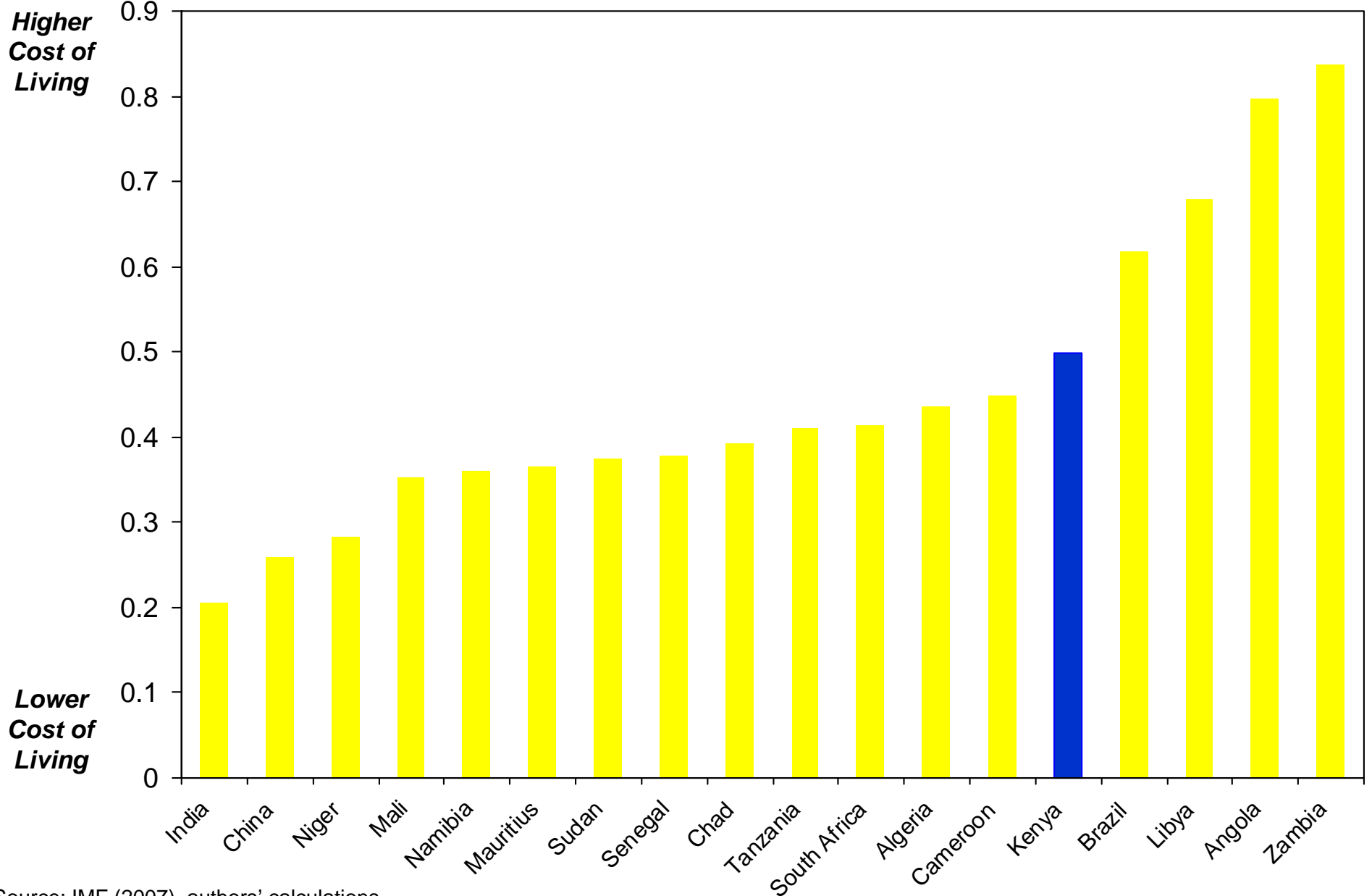
Decomposing Prosperity



Domestic Purchasing Power

Normalized Purchasing Power Across Countries

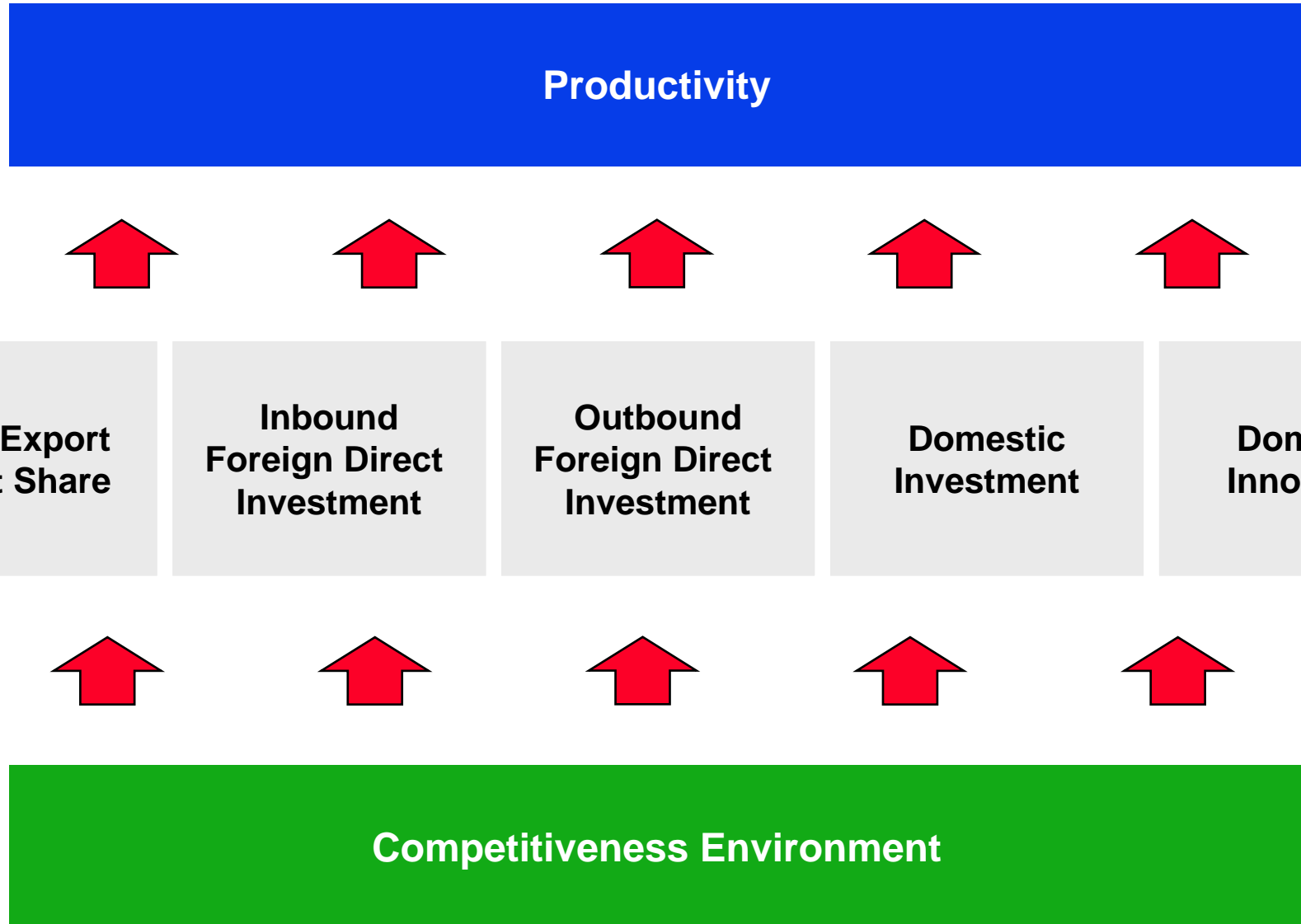
Purchasing Power Factor,
2006, (USD = 1)



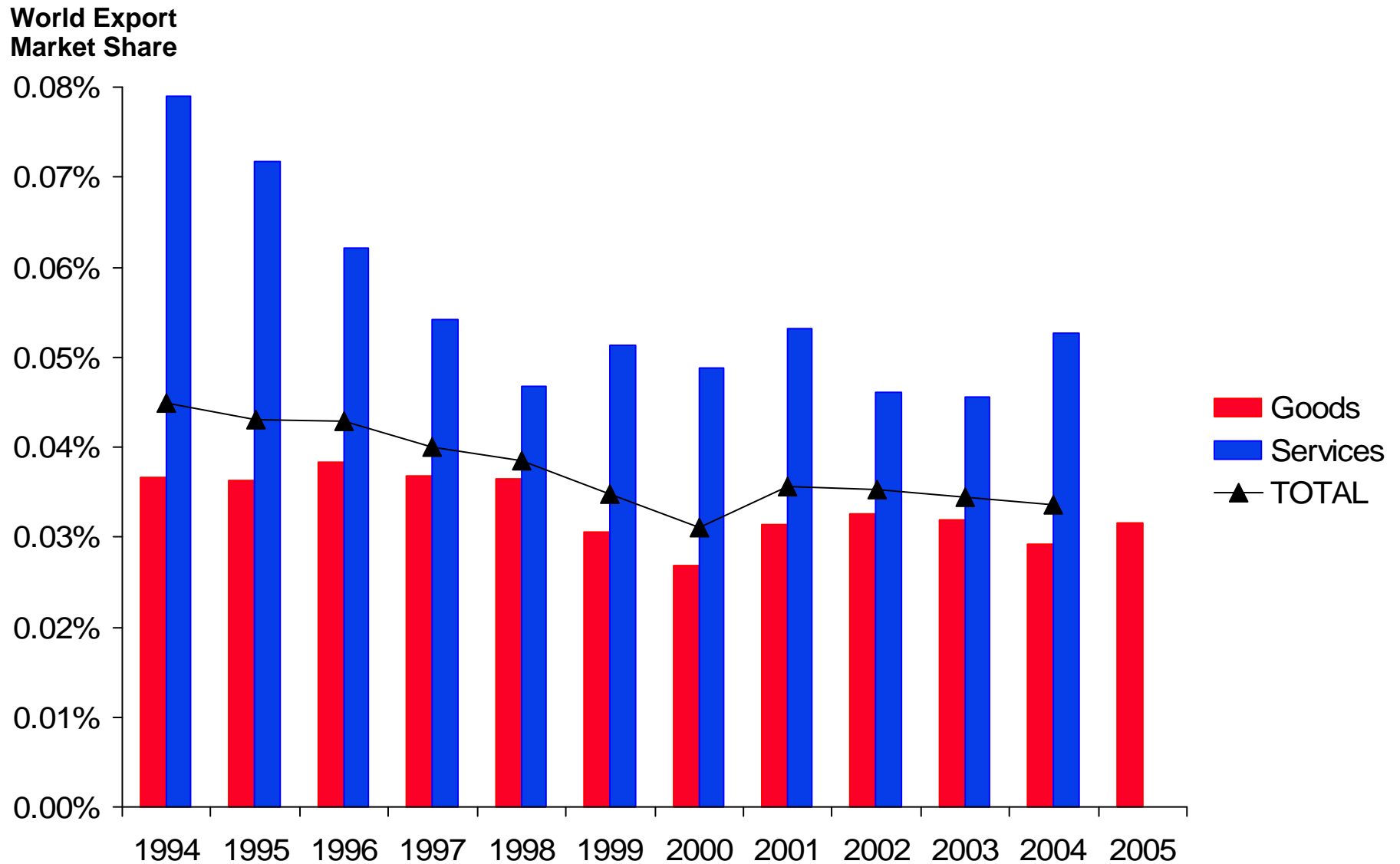
Source: IMF (2007), authors' calculations

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Enablers and Indicators of Competitiveness



Kenya Export Share Trends



Note: Services export data not available for 2005.

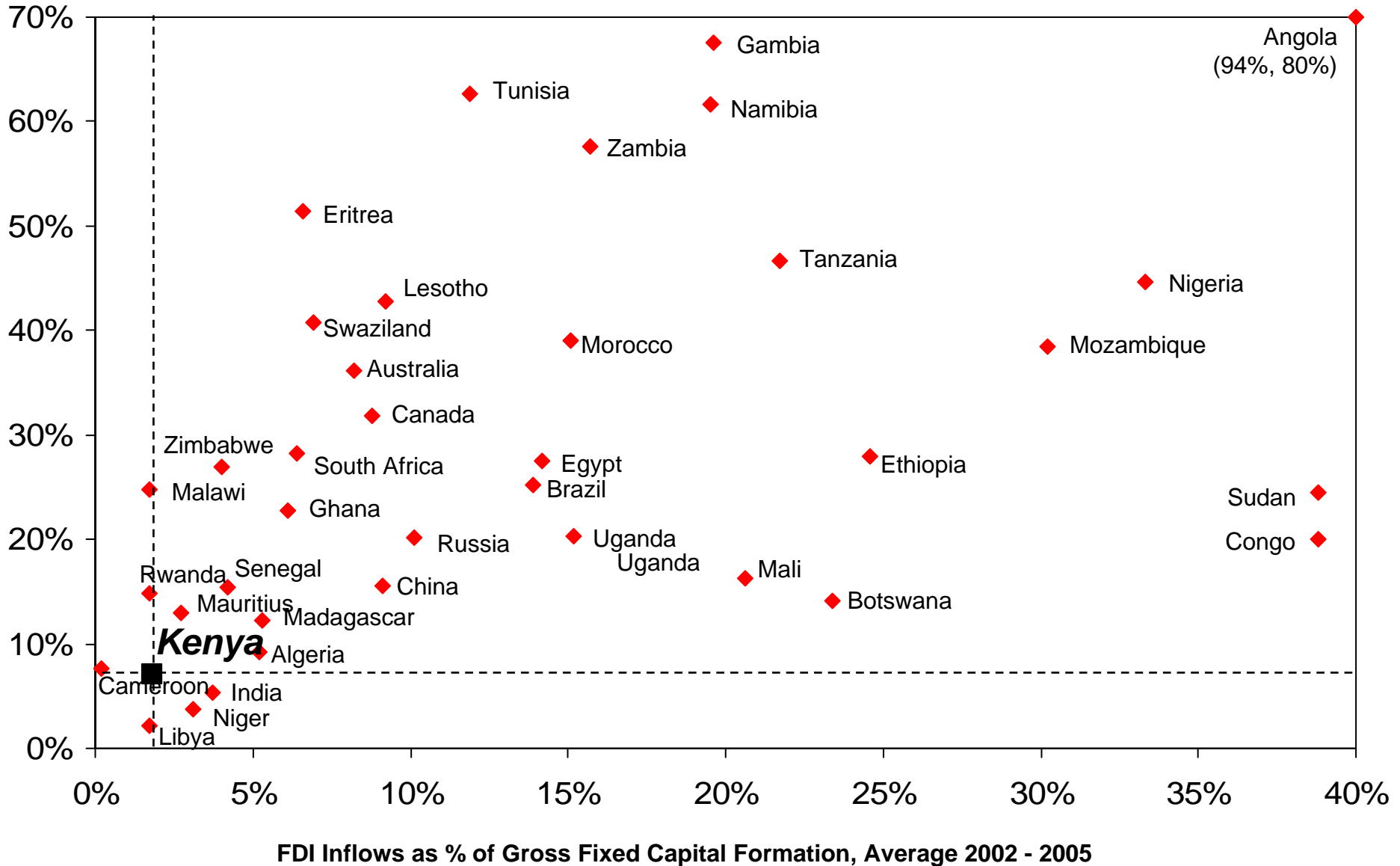
Source: WTO (2007)

Kenya CAON 2007 June-07.ppt

Foreign Inward Investment Stocks and Flows

Selected Countries

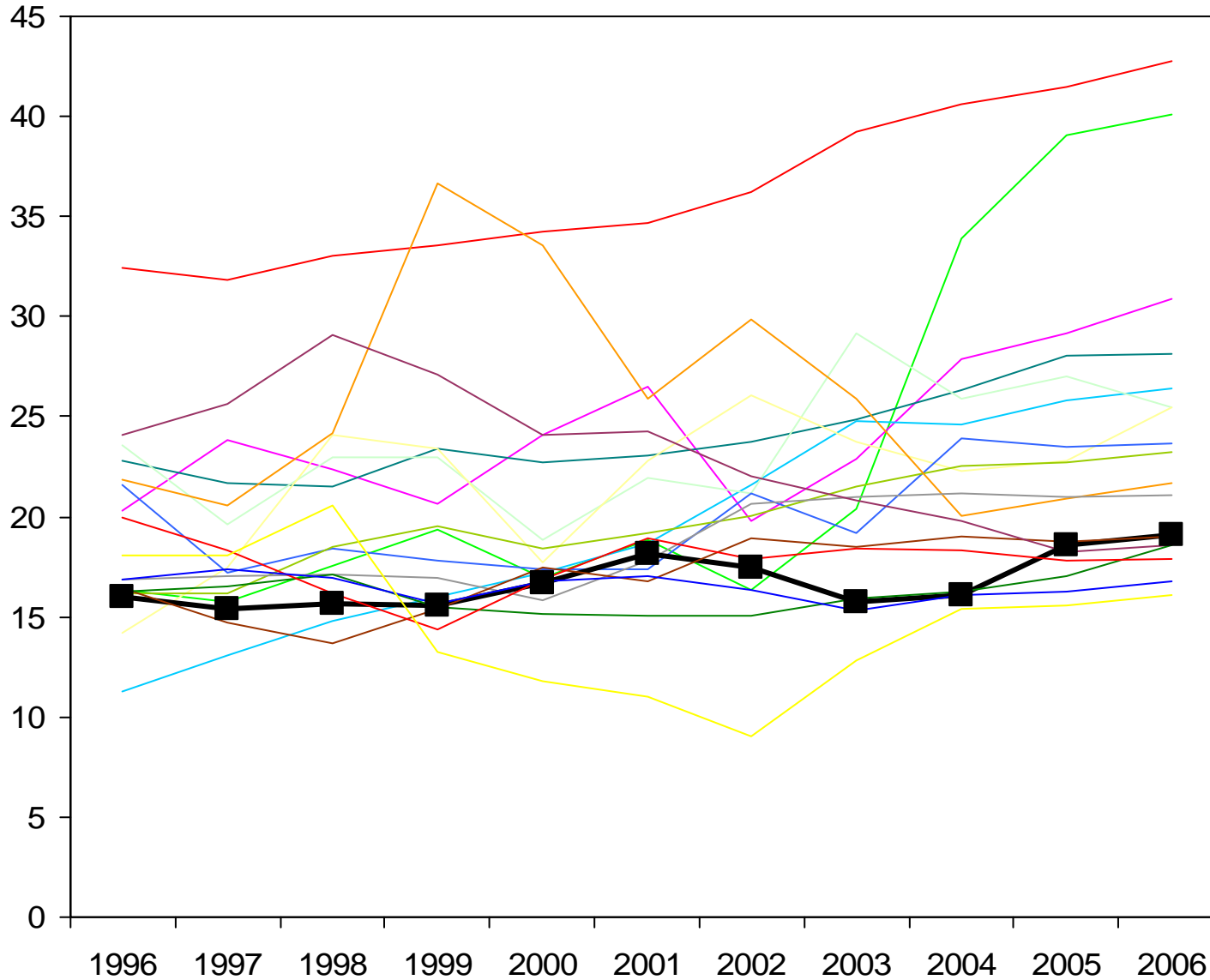
FDI Stocks as % of GDP,
Average 2002 - 2005



Investment Rates

Selected Countries

Gross Fixed Investment as
% of GDP

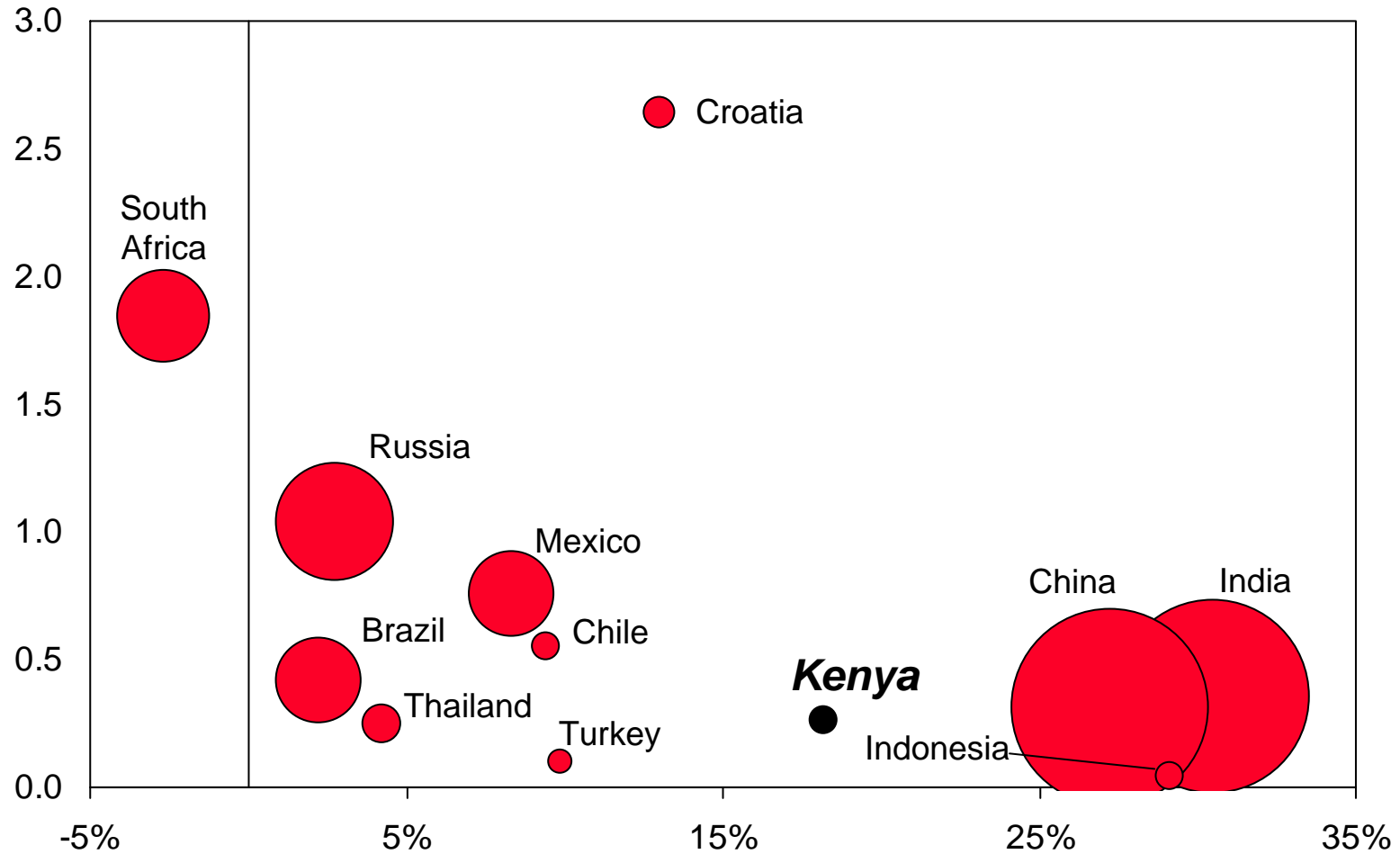


Sorted by 2006 Share

- China
- Senegal
- Ghana
- India
- Zambia
- Namibia
- Nigeria
- The Gambia
- Uganda
- Mozambique
- Ethiopia
- Kenya
- Tanzania
- Botswana
- South Africa
- Russia
- Brazil
- Zimbabwe

International Patenting Output Selected Countries

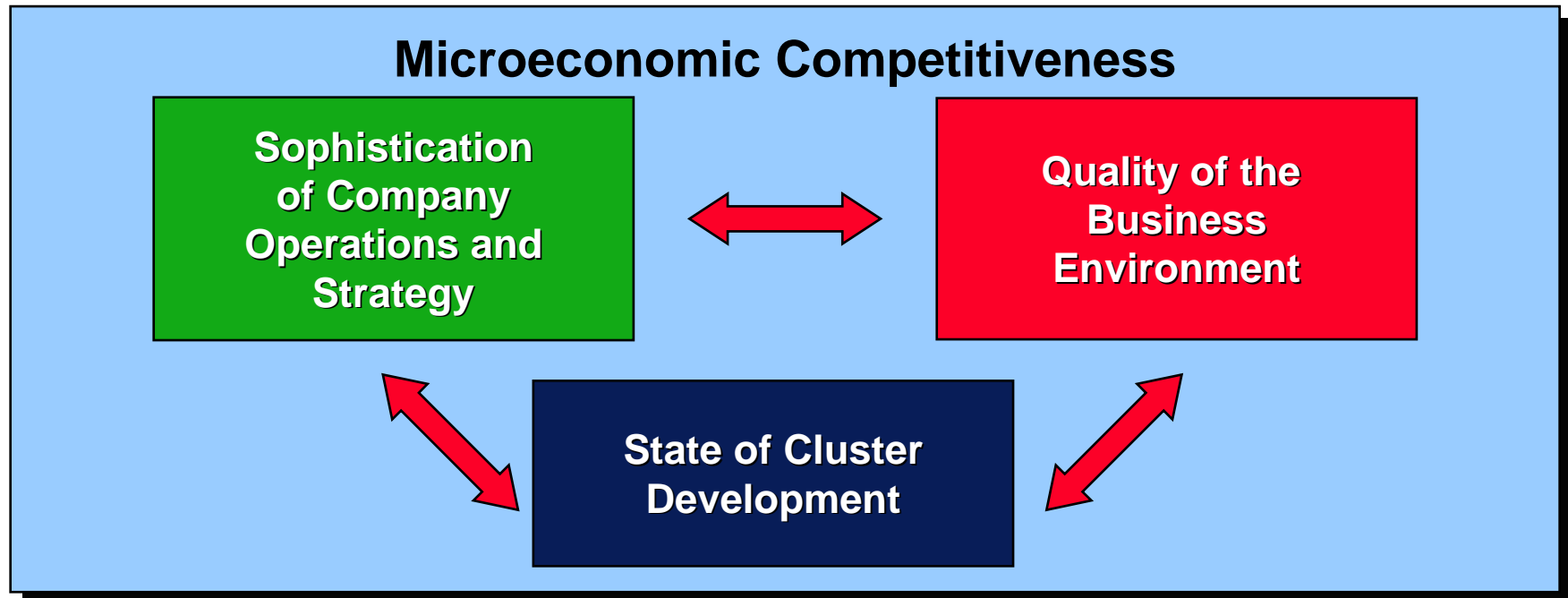
Annual U.S. patents per 1 million population, 2005



Compound annual growth rate of US-registered patents, 1996 – 2005

Determinants of Competitiveness

Macroeconomic, Political, Legal, and Social Context



- A sound context creates the potential for competitiveness, but is **not sufficient**
- Competitiveness ultimately depends on improving the **microeconomic capability** of the economy and the **sophistication of local competition**

Macroeconomic, Political, Legal, and Social Context

Macroeconomic policies

- **Sound fiscal and monetary policies** create stability and encourage business investment and upgrading
- **Sound macroeconomic conditions** allow market prices to provide accurate signals for economic decisions

Political governance

- **Due process in political decisions** and **orderly transfers of power** create a stable planning horizon for business
- **Checks and balances** in the political system mitigate instability and the abuse of power

Legal system

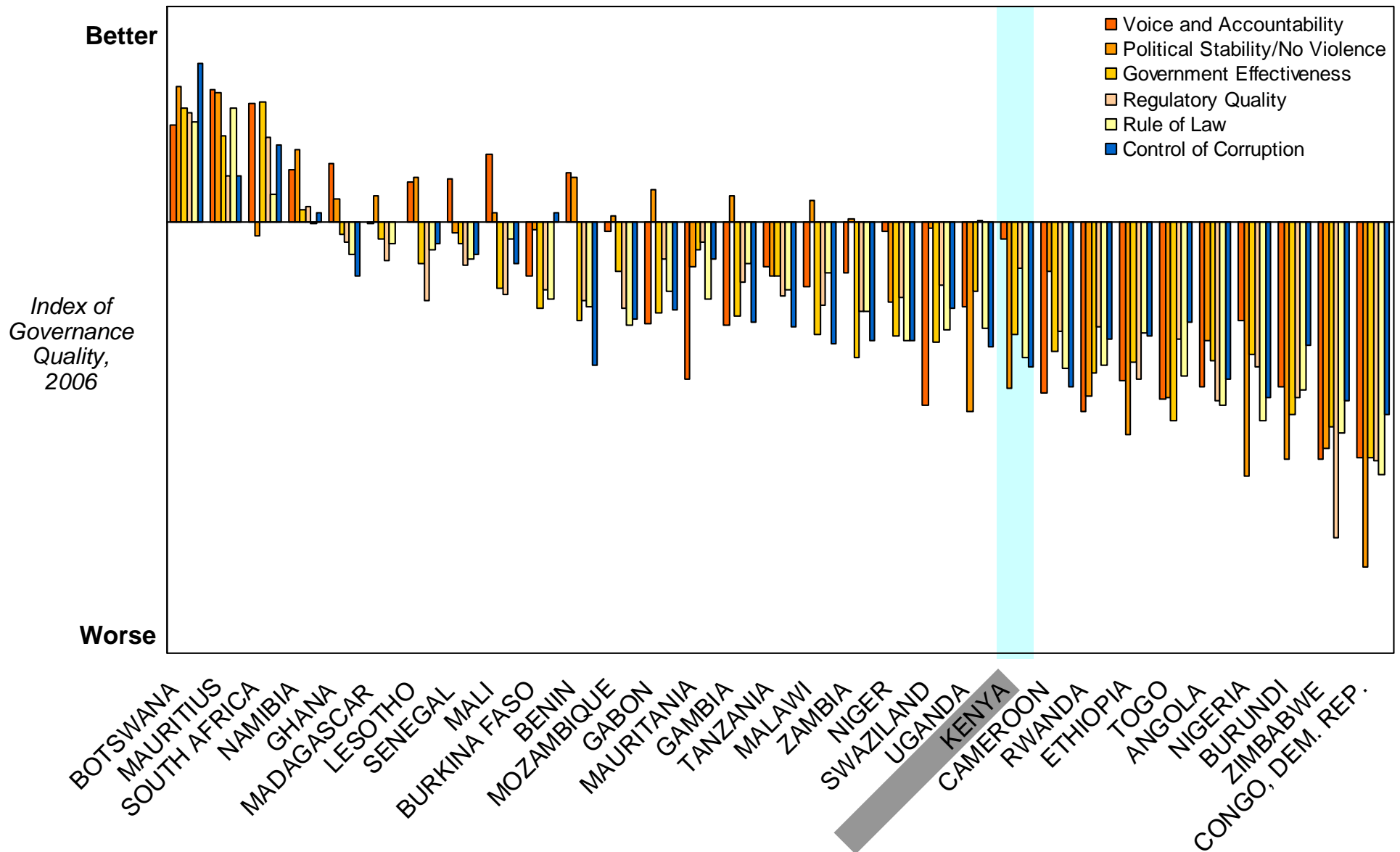
- An **independent, timely, effective and trusted legal system** upholds the rule of law and enables a **fair environment for business** transactions, encouraging investment
- Unwillingness to tolerate **corruption** encourages productivity

Social conditions

- **Improving social conditions** in basic education, housing, health, and absence of discrimination support more productivity
- A **functioning social safety net** gives citizens confidence to accept and deal with change
- **Improvements of social conditions** signal the benefits of reforms and **increase the political support** for policies to enhance competitiveness

Governance Indicators

Selected Countries

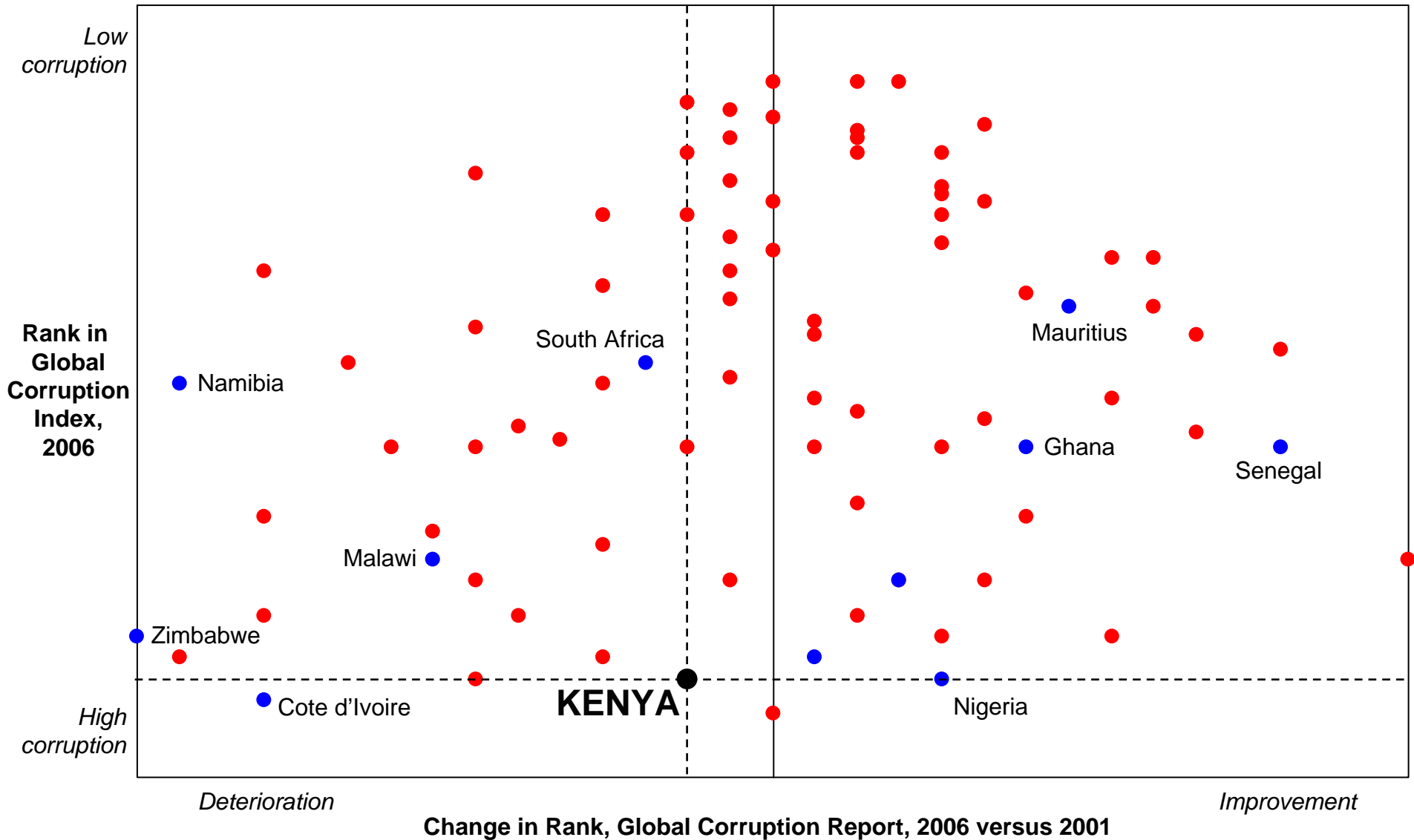


Note: Sorted left to right by decreasing average value across all indicators. The 'zero' horizontal line corresponds to the median country's average value across all indicators.

Source: World Bank (2007)

Corruption Perception Index

Identify other African countries



Note: Ranks only countries available in both years, other African countries in blue
 Source: Global Corruption Report, 2006

Determinants of Competitiveness

Macroeconomic, Political, Legal, and Social Context

Microeconomic Competitiveness

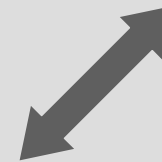
Sophistication
of Company
Operations and
Strategy



Quality of the
Business
Environment



State of Cluster
Development

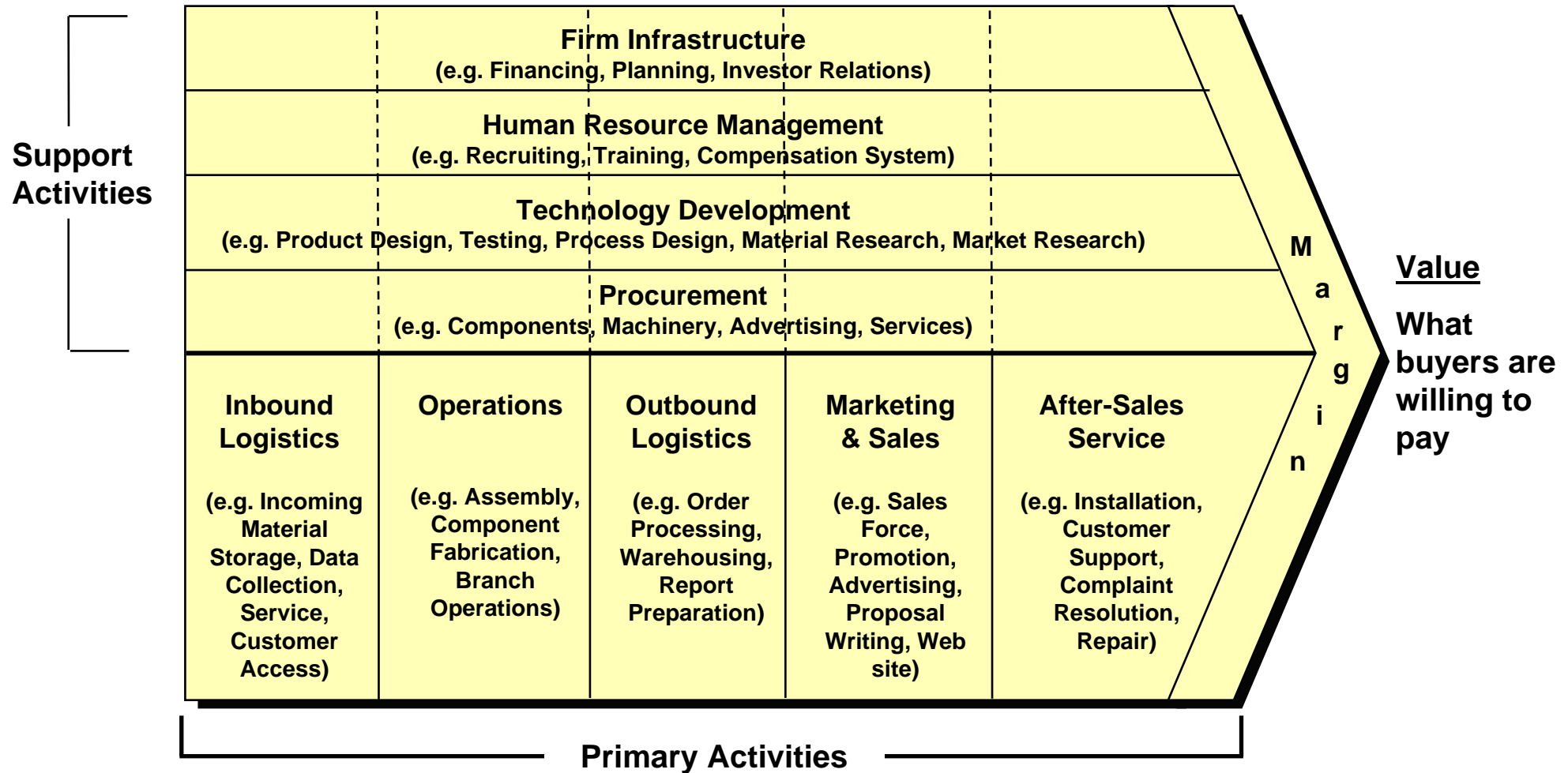


Determinants of Relative Performance



Foundations of Competitive Advantage

The Value Chain



- Competing in a business involves performing a set of discrete **activities**, in which **competitive advantage resides**

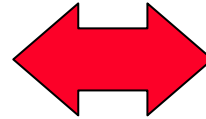
Operational Effectiveness is Not Strategy

Operational Effectiveness

- Assimilating, attaining, and extending **best practices**



Run the same race faster



Strategic Positioning

- Creating a **unique** and **sustainable** competitive position



Choose to run a different race

Common Strategy Errors in African Companies

- **Opportunistic**

- Short term
- Fast pay-back

vs.

- **Strategic**

- Medium and long-term
- Build a competitive advantage

- **Operational improvement**

vs.

- **Strategic positioning**

- **Imitation**

vs.

- **Define a unique value proposition**

- **Low price**

vs.

- **Lower cost or differentiation**

- **Local, broad line**

vs.

- **Focused, regional**

- **Many unrelated businesses**

vs.

- **Group of interrelated businesses**

Strategic Positioning

Pollo Campero, Guatemala

Value Proposition

- Low cost fast food chicken tailored to the tastes and preferences of the Central American customer

Set of Activities

- Service with a “human touch,” including some table service
- Heavy and distinctive marketing and promotion
 - “An affordable treat for the whole family”
 - Frequent gimmicks and promotions, targeting every member of the family
 - Strong civic pride and social awareness
- Emphasize high productivity in the labor force through incentives, education, and training
- Engineering department studies motion to improve restaurant efficiency
- Company-owned chicken farms to ensure high quality product



- **The low cost strategy expands the market**
- **Pollo Campero competes effectively against U.S. fast food companies in Central America through better understanding of local customer needs**
- **Pollo Campero is penetrating the Latino segment in the U.S. West Coast**

Kenyan Company Operations and Strategy

Selected Strengths And Weaknesses, 2006

Competitive Advantages Relative to GDP per Capita

Country Ranking, Arrows
indicate a change of 5 or more
ranks since 2003

Extent of regional sales	28
Degree of customer orientation	43
Reliance on professional management	52
Extent of staff training	53
Breadth of international markets	57
Nature of competitive advantage	61
Presence across the value chain	61
Extent of marketing	63

Competitive Disadvantages Relative to GDP per Capita

Country Ranking, Arrows
indicate a change of 5 or more
ranks since 2003

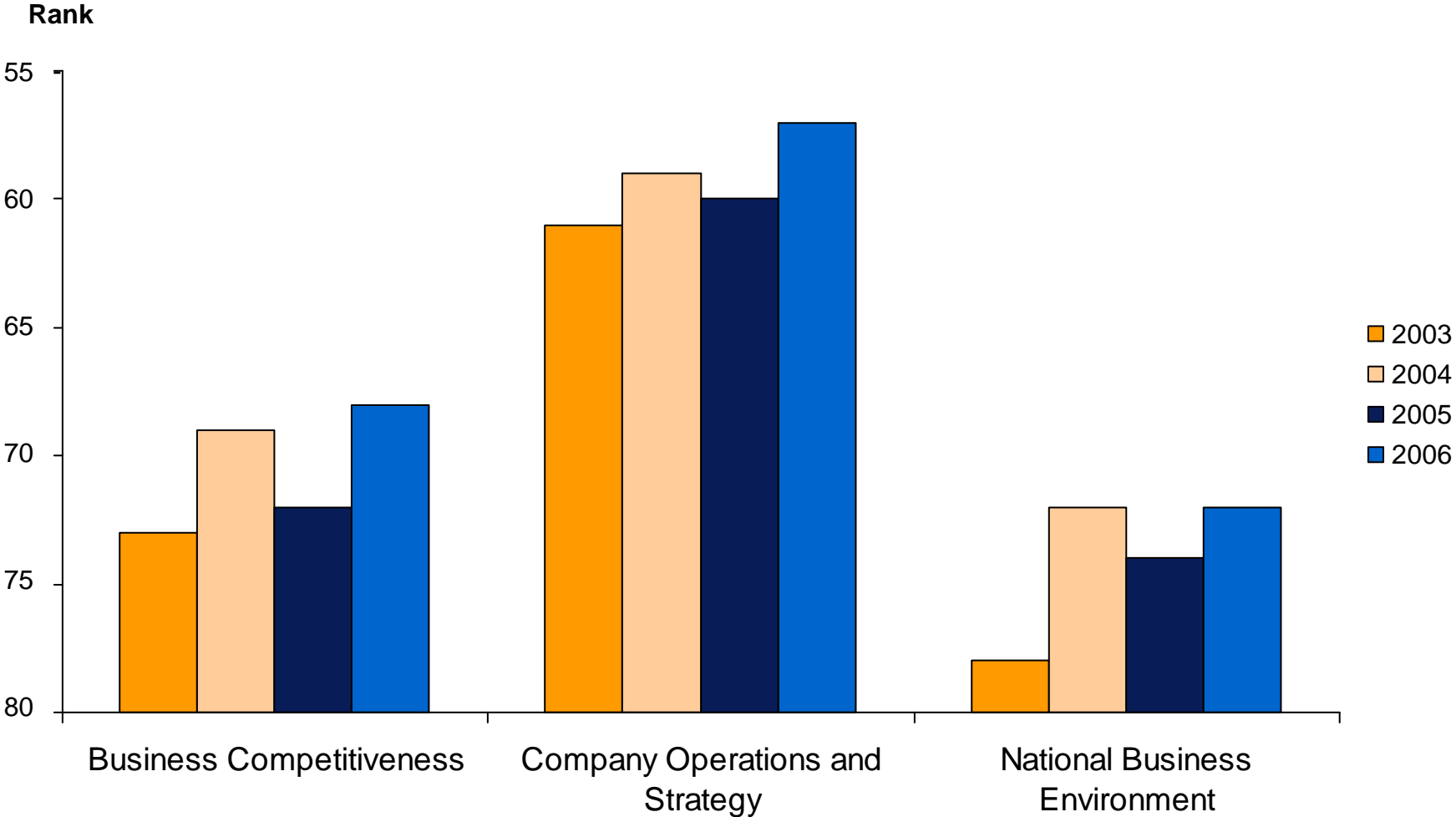
Production process sophistication	111
Extent of incentive compensation	91
Control of international distribution	74
Willingness to delegate authority	73

Note: Rank versus 121 countries; overall, Kenya ranks 110th in 2005 PPP adjusted GDP per capita and 68th in Business Competitiveness.

Source: Global Competitiveness Report 2006-2007.

Business Competitiveness Index

Kenya's Position over Time



Note: Values prior to 2006 may differ from historical published values, as the rankings have been adjusted to include a constant sample of countries over time.

Source: Global Competitiveness Report 2006

Determinants of Competitiveness

Macroeconomic, Political, Legal, and Social Context

Microeconomic Competitiveness

Sophistication
of Company
Operations and
Strategy



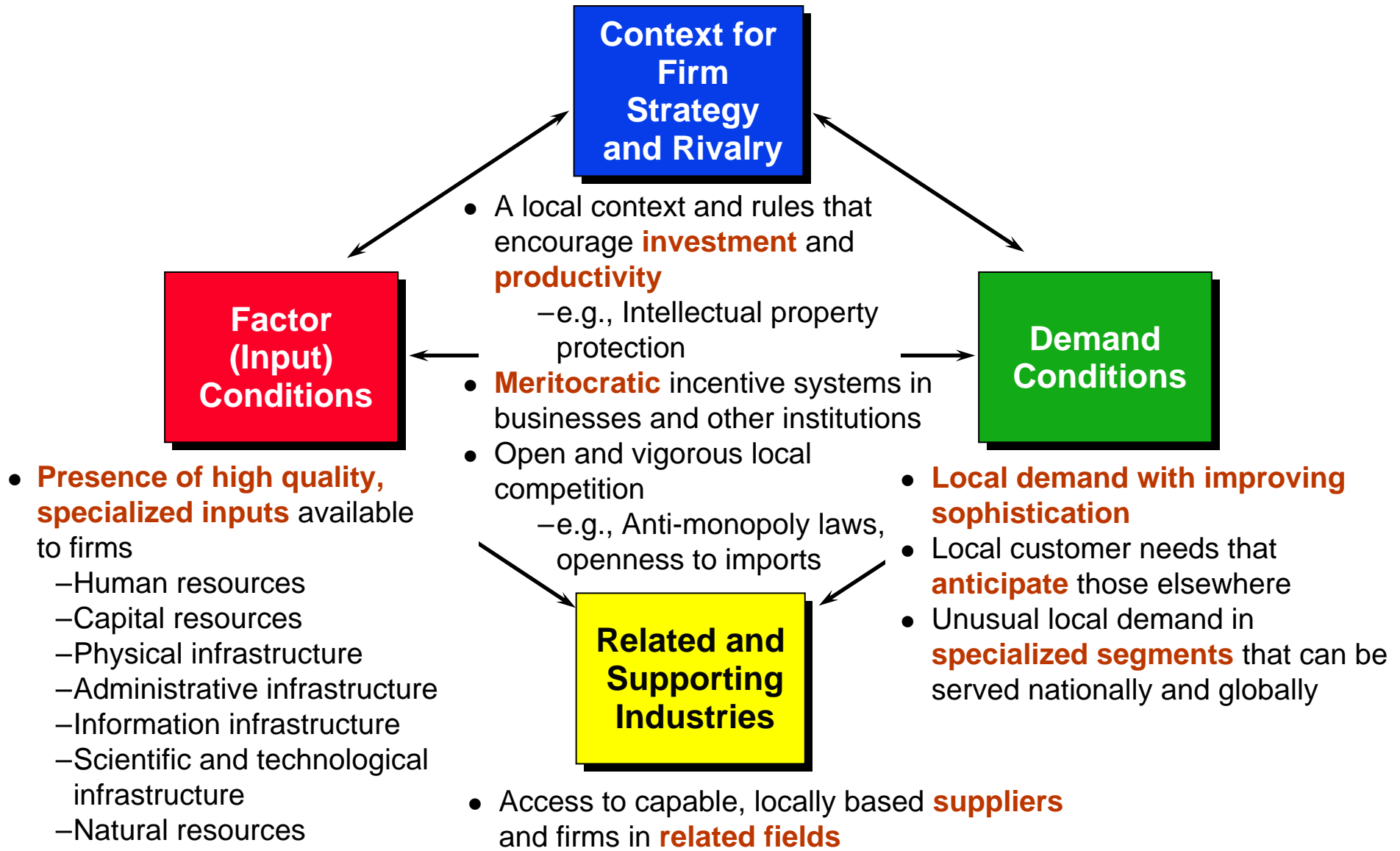
Quality of the
Business
Environment



State of Cluster
Development



Improving the Business Environment: The Diamond



- Successful economic development is a process of **successive upgrading**, in which the business environment improves to enable increasingly sophisticated ways of competing

Kenyan Factor (Input) Conditions

Selected Strengths And Weaknesses, 2006

Competitive Advantages Relative to GDP per Capita

Country Ranking, Arrows
indicate a change of 5 or more
ranks since 2003

Air transport infrastructure quality	44	↑
Ease of access to loans	56	↑
Availability of scientists and engineers	57	
Venture capital availability	63	↑
Quality of management schools	67	↑
Financial market sophistication	67	↑
Port infrastructure quality	70	↑

Competitive Disadvantages Relative to GDP per Capita

Country Ranking, Arrows
indicate a change of 5 or more
ranks since 2003

Telephone/fax infrastructure quality	114	
Overall infrastructure quality	101	
Quality of electricity supply	94	
Efficiency of legal system for business	88	
Judicial independence	85	
Quality of public schools	85	↑
Reliability of police services	82	↑
Quality of math and science education	80	
Railroad infrastructure development	80	

Note: Rank versus 121 countries; overall, Kenya ranks 110th in 2005 PPP adjusted GDP per capita and 68th in Business Competitiveness.


Source: Global Competitiveness Report 2006-2007.

Kenyan Context for Strategy and Rivalry

Selected Strengths And Weaknesses, 2006


Competitive Advantages Relative to GDP per Capita

Country Ranking, Arrows
indicate a change of 5 or more
ranks since 2003

Effectiveness of antitrust policy 49 


Competitive Disadvantages Relative to GDP per Capita

Country Ranking, Arrows
indicate a change of 5 or more
ranks since 2003


Business costs of corruption 108 

Prevalence of trade barriers 110

Strong centralization of economic
policymaking 94

Cooperation in labor-employer relations 93 

Favoritism in decisions of government
officials 92

Extent of dominance by large
business groups 80 

Intellectual property protection 77 

Note: Rank versus 121 countries; overall, Kenya ranks 110th in 2005 PPP adjusted GDP per capita and 68th in Business Competitiveness.


Source: Global Competitiveness Report 2006-2007.

Kenyan Related and Supporting Industries

Selected Strengths And Weaknesses, 2006

Competitive Advantages Relative to GDP per Capita

Country Ranking, Arrows
indicate a change of 5 or more
ranks since 2003

Local supplier quality	64
Local availability of process machinery	65 

Competitive Disadvantages Relative to GDP per Capita

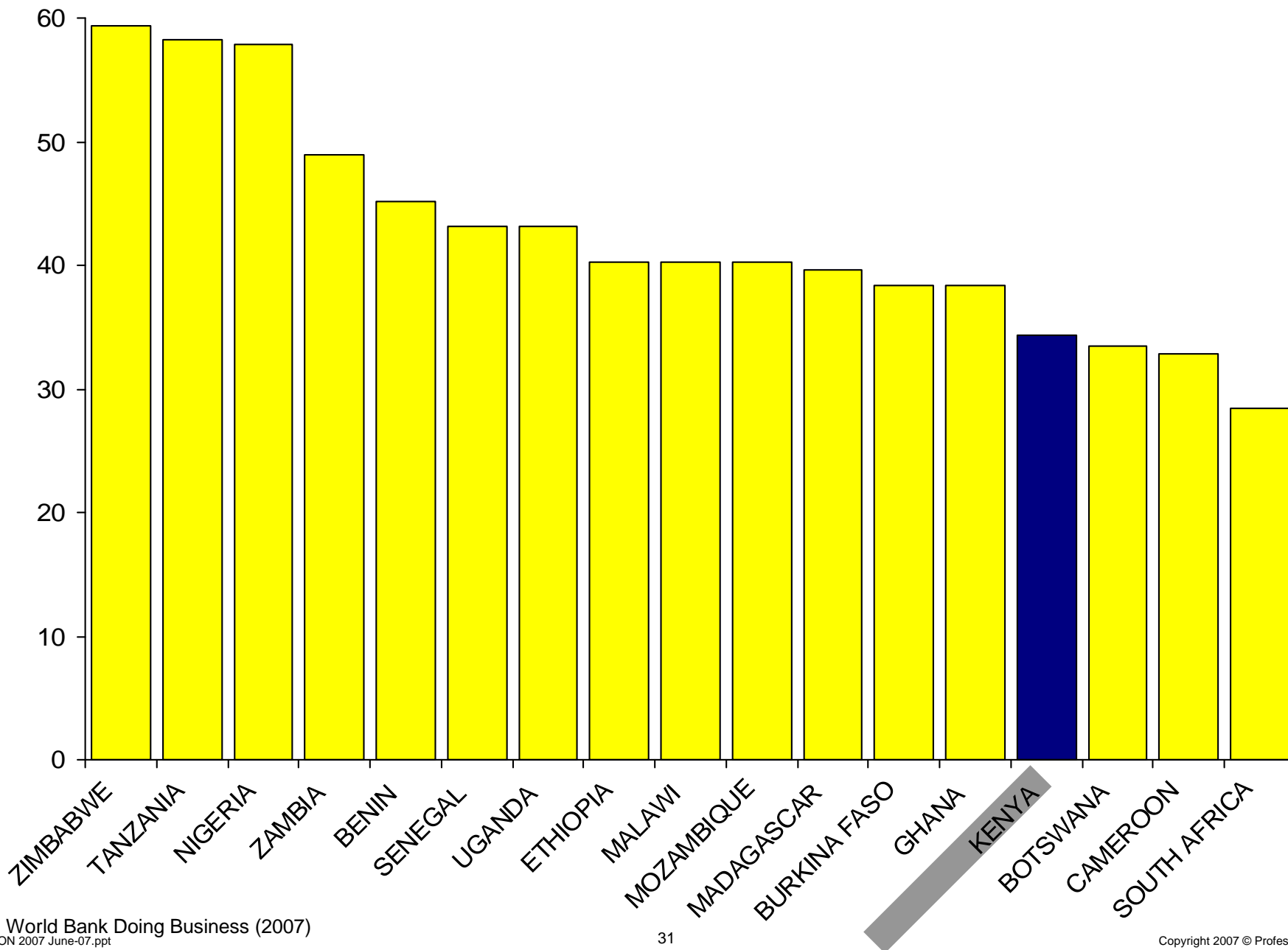
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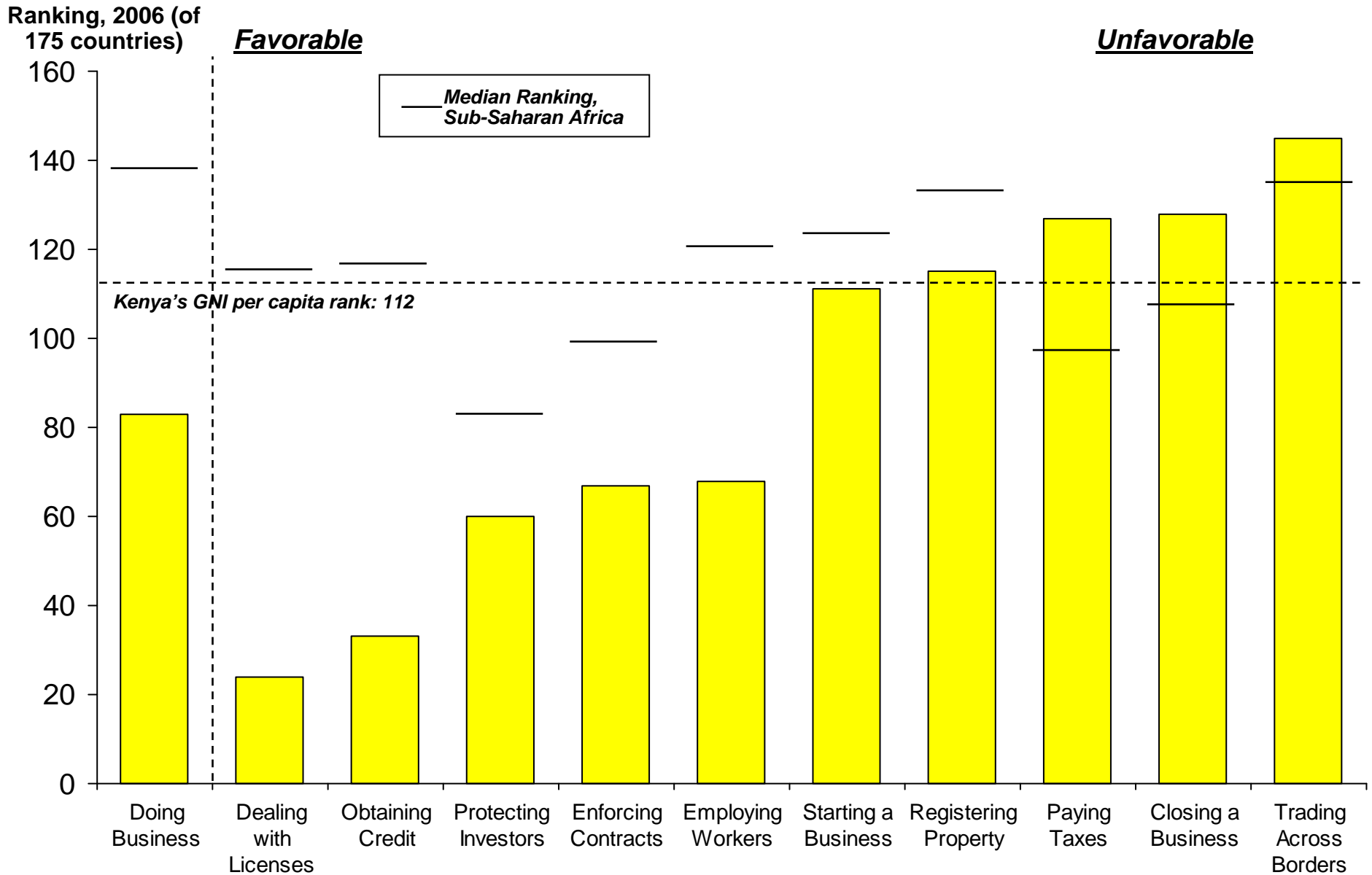
Size of the Informal Economy

Selected Countries

% of GDP in the Informal Economy, 2006



Ease of Doing Business Kenya



Determinants of Competitiveness

Macroeconomic, Political, Legal, and Social Context

Microeconomic Competitiveness

Sophistication
of Company
Operations and
Strategy

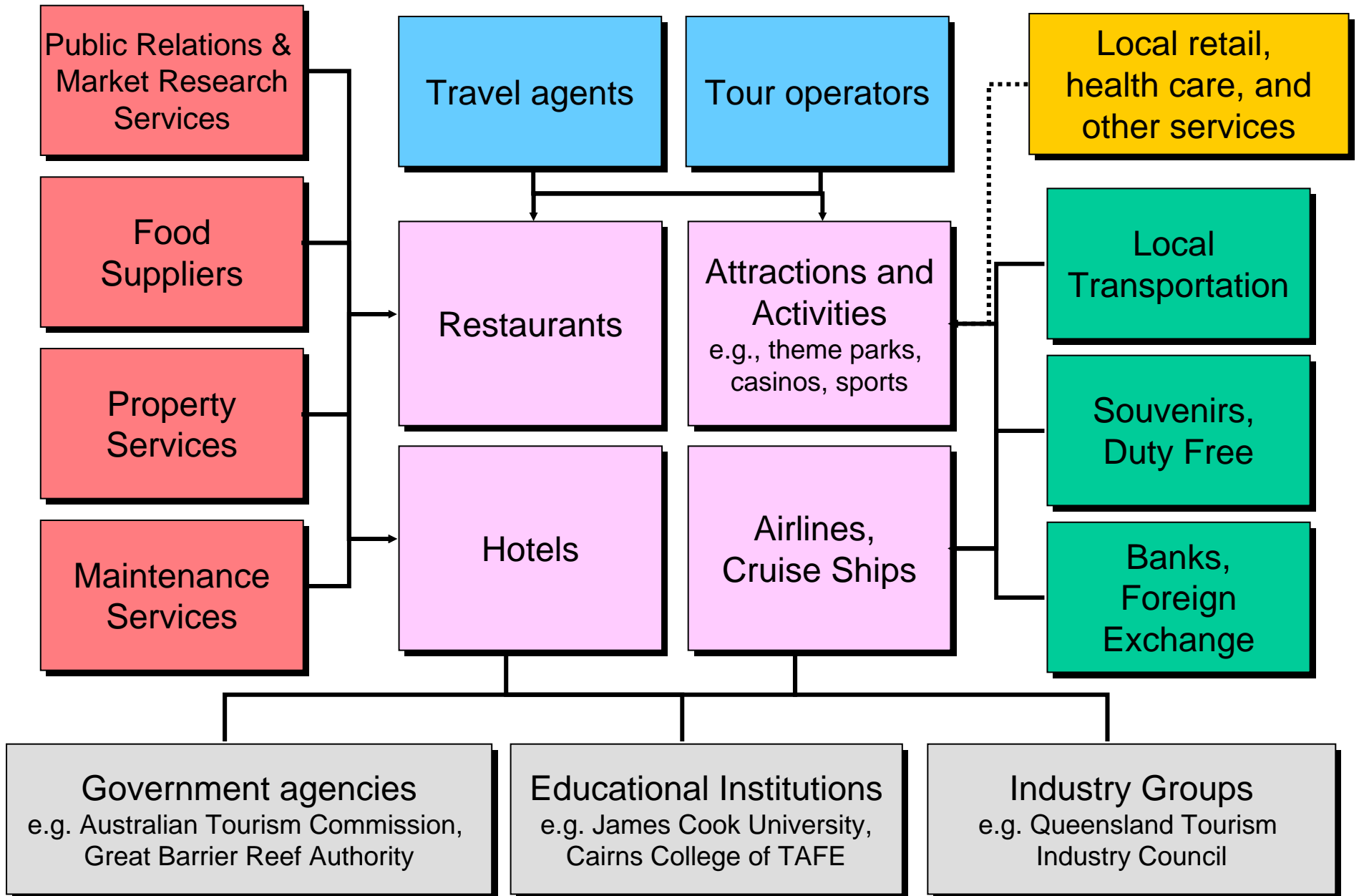


Quality of the
Business
Environment

State of Cluster
Development

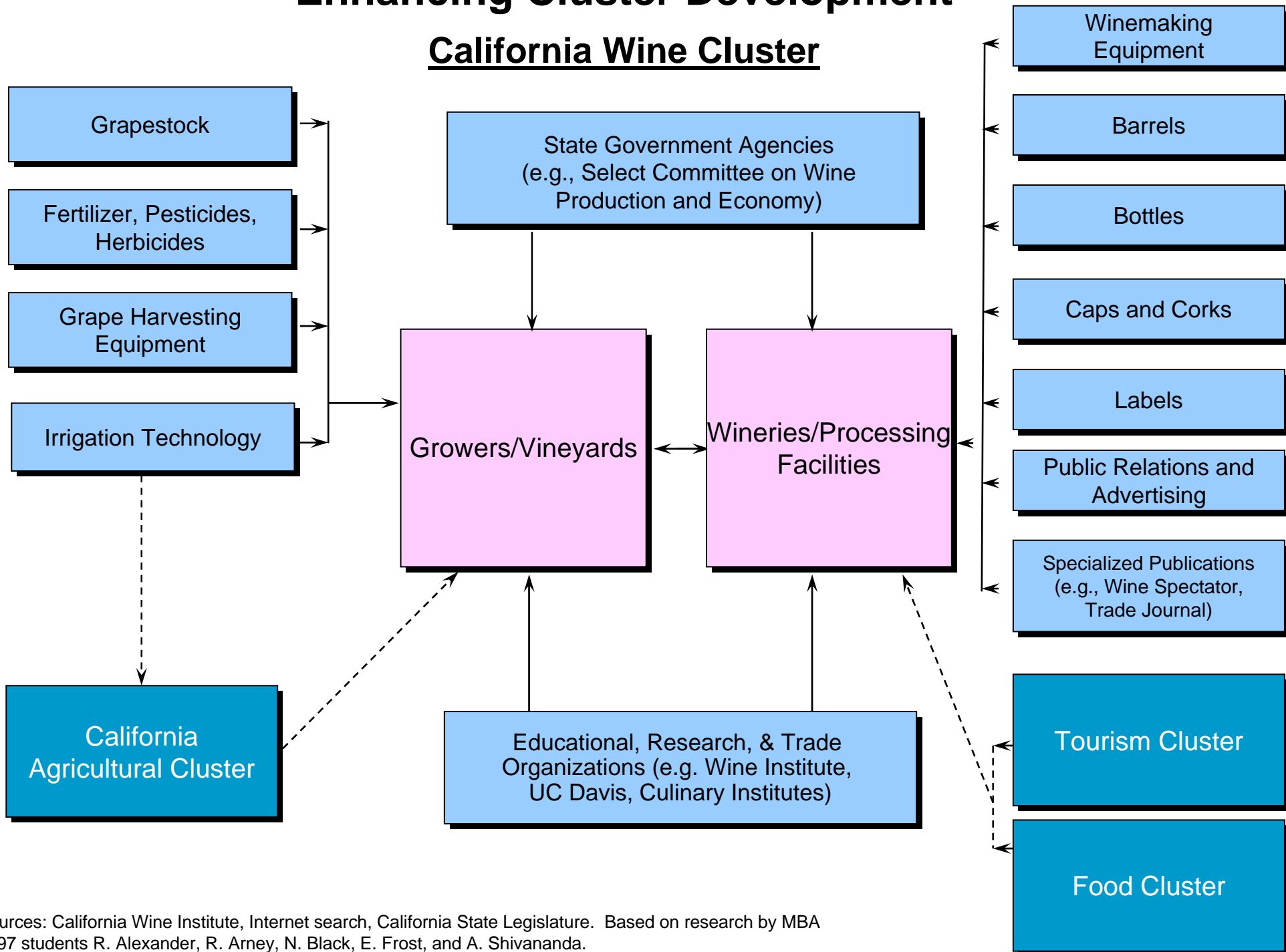
Enhancing Cluster Development

Tourism Cluster in Cairns, Australia



Enhancing Cluster Development

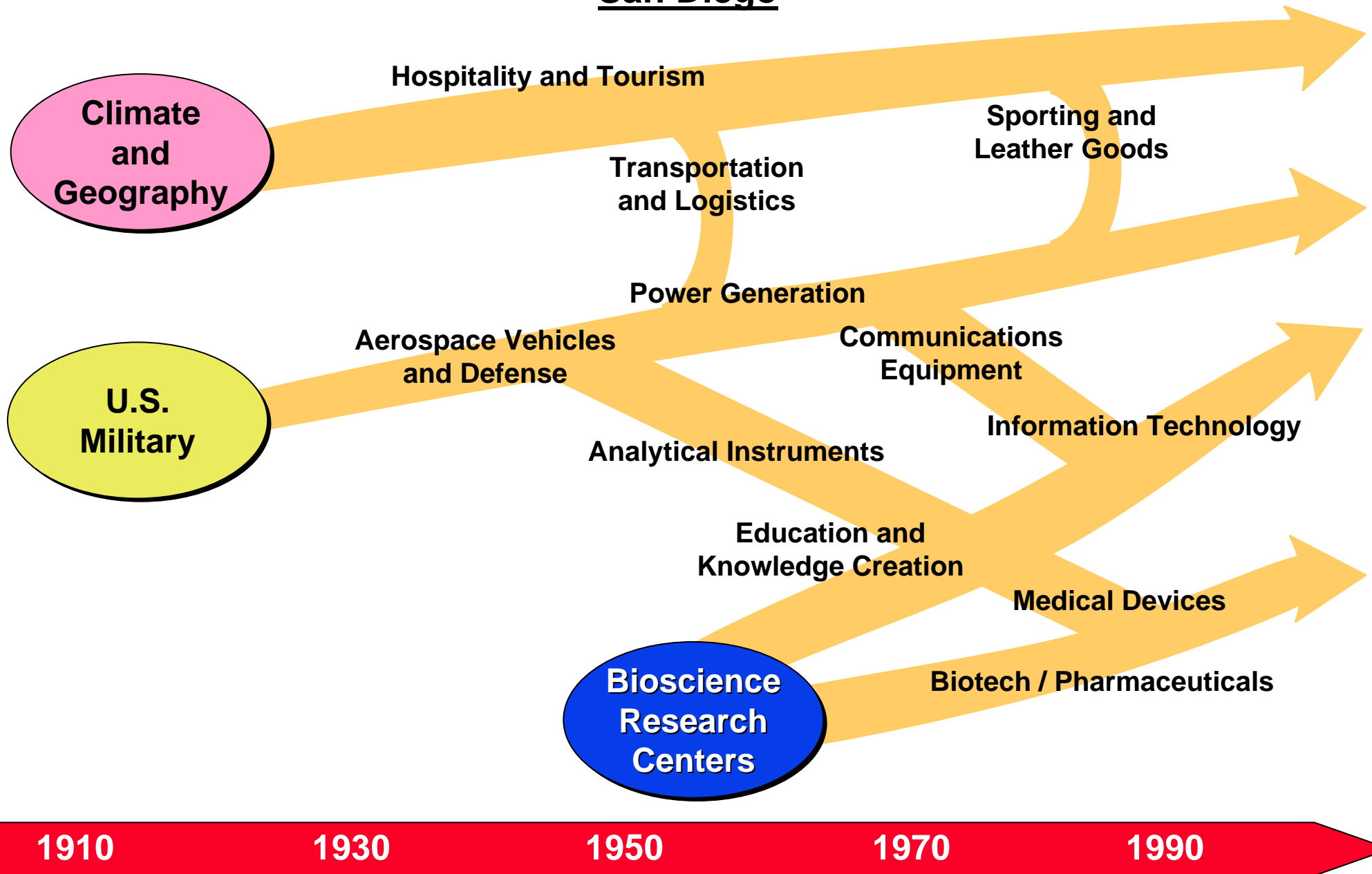
California Wine Cluster



Sources: California Wine Institute, Internet search, California State Legislature. Based on research by MBA 1997 students R. Alexander, R. Arney, N. Black, E. Frost, and A. Shivananda.

The Evolution of Economies

San Diego

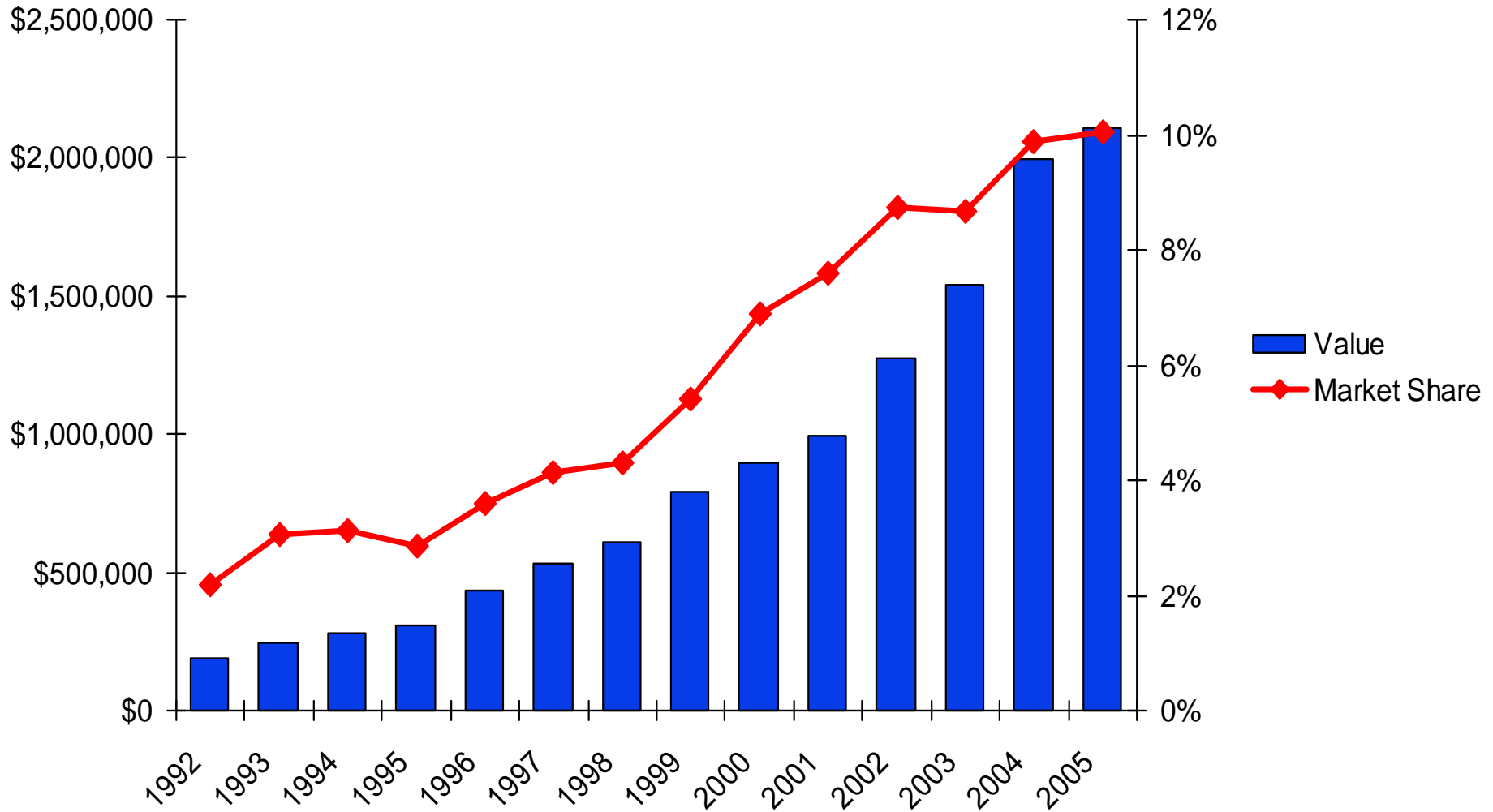


The Australian Wine Cluster

Trade Performance

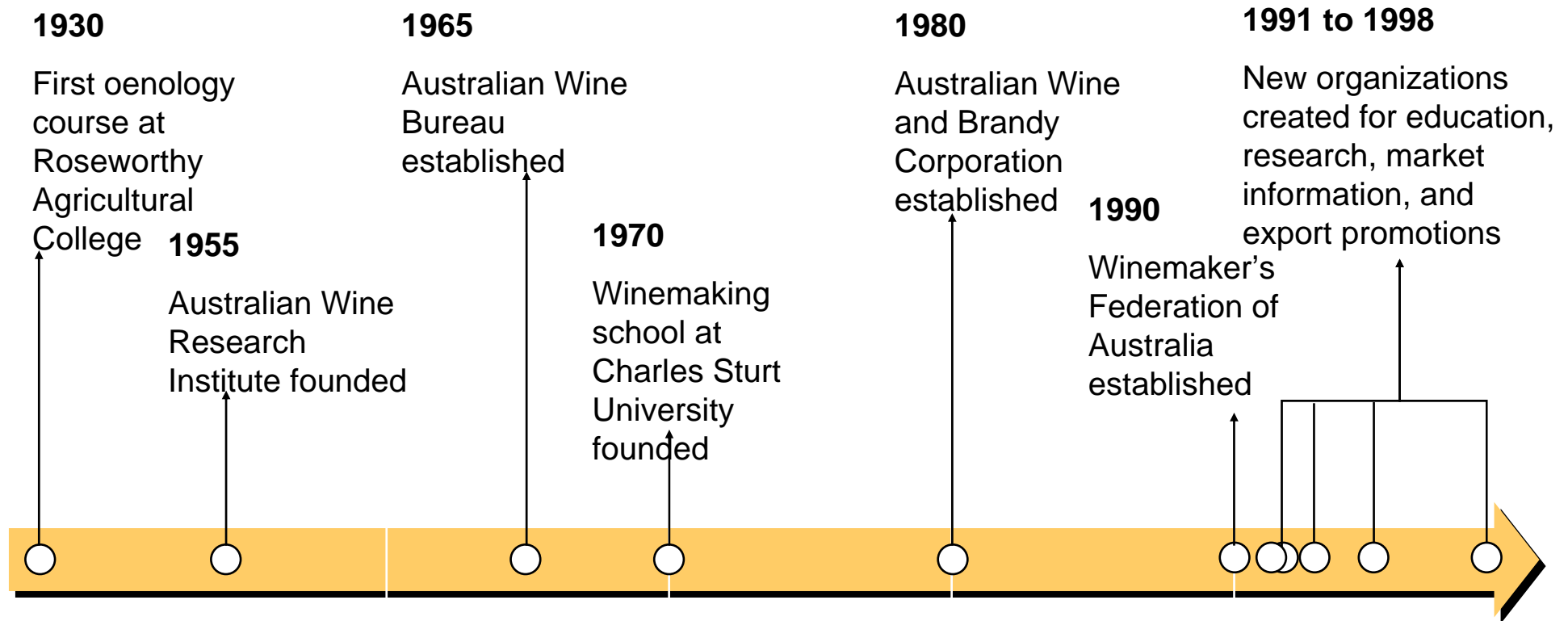
Australian Wine Exports in thousand US \$

Australian Wine World Export Market Share



The Australian Wine Cluster

Time Line



1950s

Import of European winery technology

1960s

Recruiting of experienced foreign investors, e.g. Wolf Bass

1970s

Continued inflow of foreign capital and management

1980s

Creation of large number of new wineries

1990s

Surge in exports and international acquisitions

The Australian Wine Cluster

Recently founded Institutions for Collaboration

Winemakers' Federation of Australia

- Established in 1990
- Focus: Public policy representation of companies in the wine cluster
- Funding: Member companies

Cooperative Centre for Viticulture

- Established in 1991
- Focus: Coordination of research and education policy in viticulture
- Funding: other cluster organizations

Australian Wine Export Council

- Established in 1992
- Focus: Wine export promotion through international offices in London and San Francisco
- Funding: Government; cluster organizations

Grape and Wine R&D Corporation

- Established in 1991 as statutory body
- Focus: Funding of research and development activities
- Funding: Government; statutory levy

Wine Industry Information Service

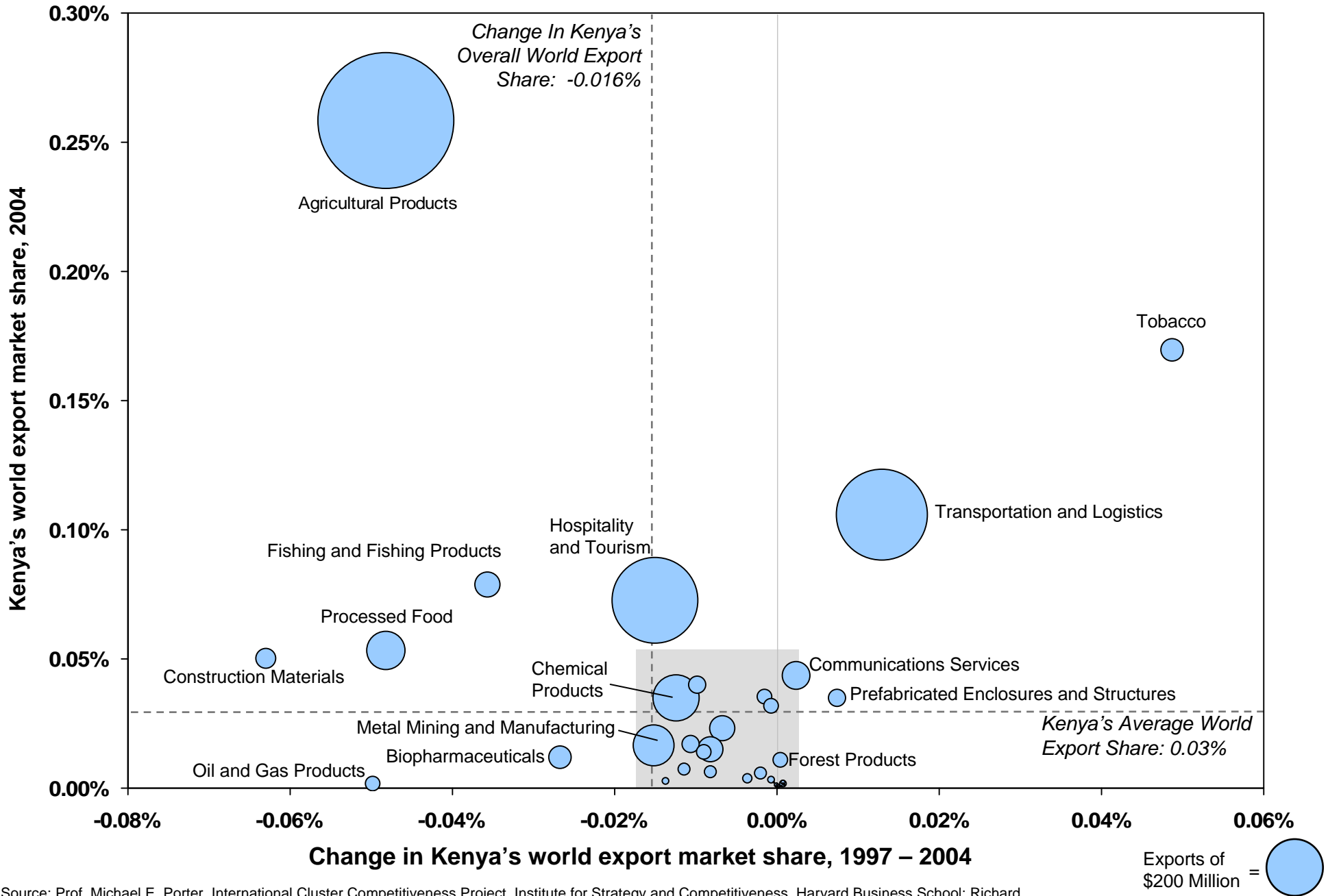
- Established in 1998
- Focus: Information collection, organization, and dissemination
- Funding: Cluster organizations

Wine Industry National Education and Training Council

- Established in 1995
- Focus: Coordination, integration, and standard maintenance for vocational training and education
- Funding: Government; other cluster organizations

Kenya Cluster Portfolio Measured by Exports

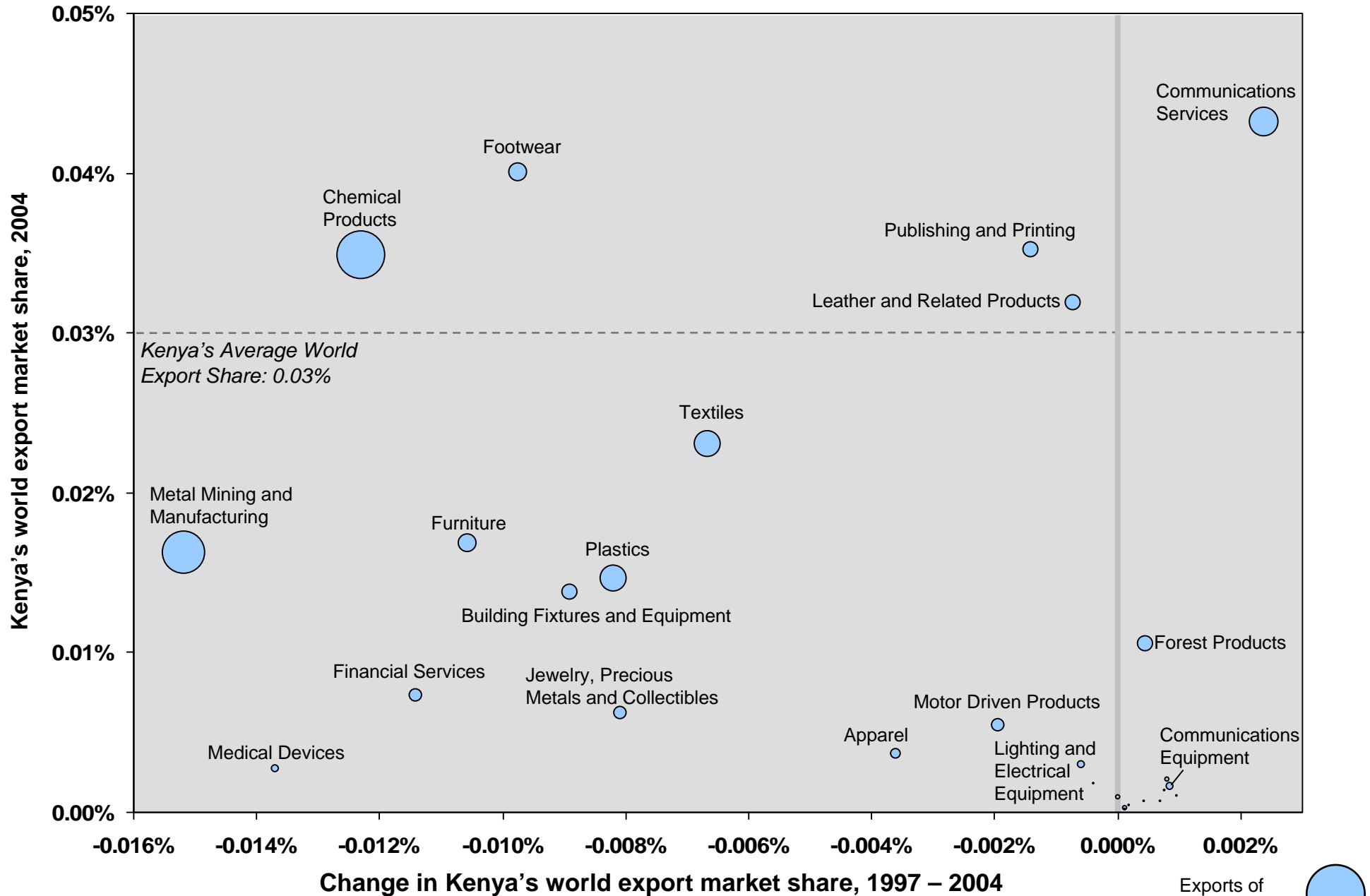
Goods and Services Exports, 1997-2004



Source: Prof. Michael E. Porter, International Cluster Competitiveness Project, Institute for Strategy and Competitiveness, Harvard Business School; Richard Bryden, Project Director. Underlying data drawn from the UN Commodity Trade Statistics Database and the IMF BOP statistics.

Kenya Cluster Portfolio Measured by Exports

Goods and Services Exports, 1997-2004



Source: Prof. Michael E. Porter, International Cluster Competitiveness Project, Institute for Strategy and Competitiveness, Harvard Business School; Richard Bryden, Project Director. Underlying data drawn from the UN Commodity Trade Statistics Database and the IMF BOP statistics.

Kenya's Competitive Subclusters Based on Export Share Goods, 1997-2004

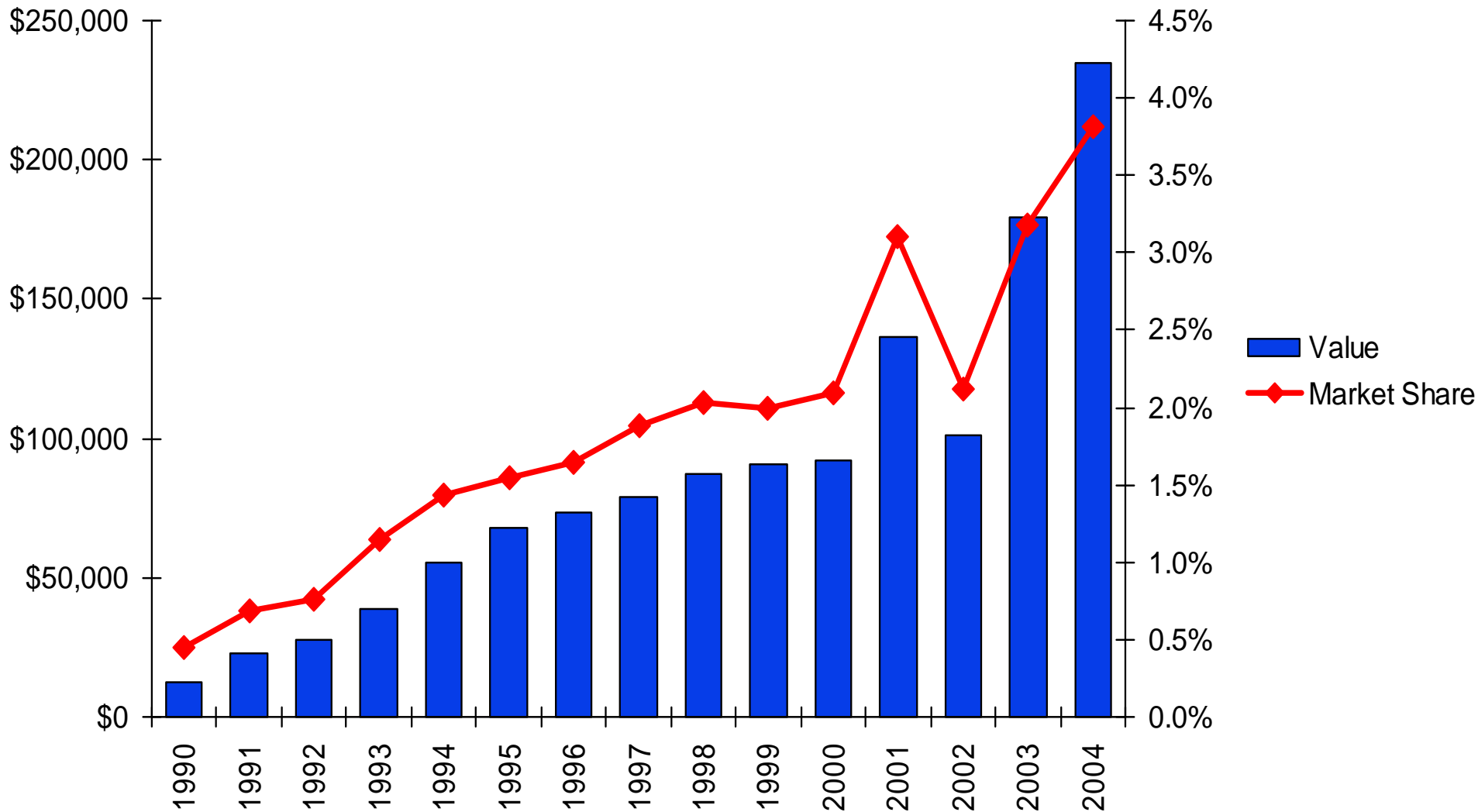
Cluster	Subcluster	Export Value (\$000)	Share	Share Change
Agricultural Products	Plants and Flowers	\$273,335	2.09%	1.04%
	Coffee, Tea, Cocoa and Spices	\$559,527	1.87%	-0.76%
	Miscellaneous Vegetable Materials	\$1,714	0.61%	-0.27%
	Vegetables and Fruits	\$289,959	0.27%	0.05%
	Oils and Fats	\$36,338	0.06%	-0.04%
	Specialty Agricultural Products	\$2,408	0.05%	-0.05%
Chemical Products	Miscellaneous Crude Materials	\$88,907	1.49%	0.58%
	Packaged Chemicals	\$32,612	0.11%	-0.15%
	Pesticide and Other Agricultural Chemicals	\$5,358	0.03%	-0.06%
Construction Materials	Cements	\$28,439	0.31%	-0.33%
	Crushed Stone, Sand and Lime	\$2,526	0.07%	-0.06%
Fishing and Fishing Products	Fishing	\$52,629	0.08%	-0.04%
Footwear	Footwear	\$19,240	0.05%	-0.01%
Metal Mining and Manufacturing	Iron and Steel Mill and Foundry Products	\$93,929	0.04%	-0.04%
Prefabricated Enclosures and Structures	Recreational Vehicles and Parts	\$801.40	0.06%	-0.02%
	Aluminum Forgings and Other Processing	\$13,379.23	0.05%	0.00%
	Trucks and Trailers	\$3,595	0.05%	0.04%
Processed Food	Candy and Chocolate	\$32,164	0.17%	0.05%
	Paper Containers and Boxes	\$15,851	0.13%	0.02%
	Metal and Glass Containers	\$9,744.10	0.08%	-0.01%
	Specialty Foods and Ingredients	\$35,794	0.07%	-0.13%
Publishing and Printing	Paper Products	\$5,890	0.15%	-0.04%
	Office Supplies	\$5,664	0.11%	-0.02%
	Signs and Advertising Specialties	\$316	0.05%	0.01%
Tobacco	Cigarettes	\$39,464	0.17%	0.05%

The Kenyan Cut Flower Cluster

Trade Performance

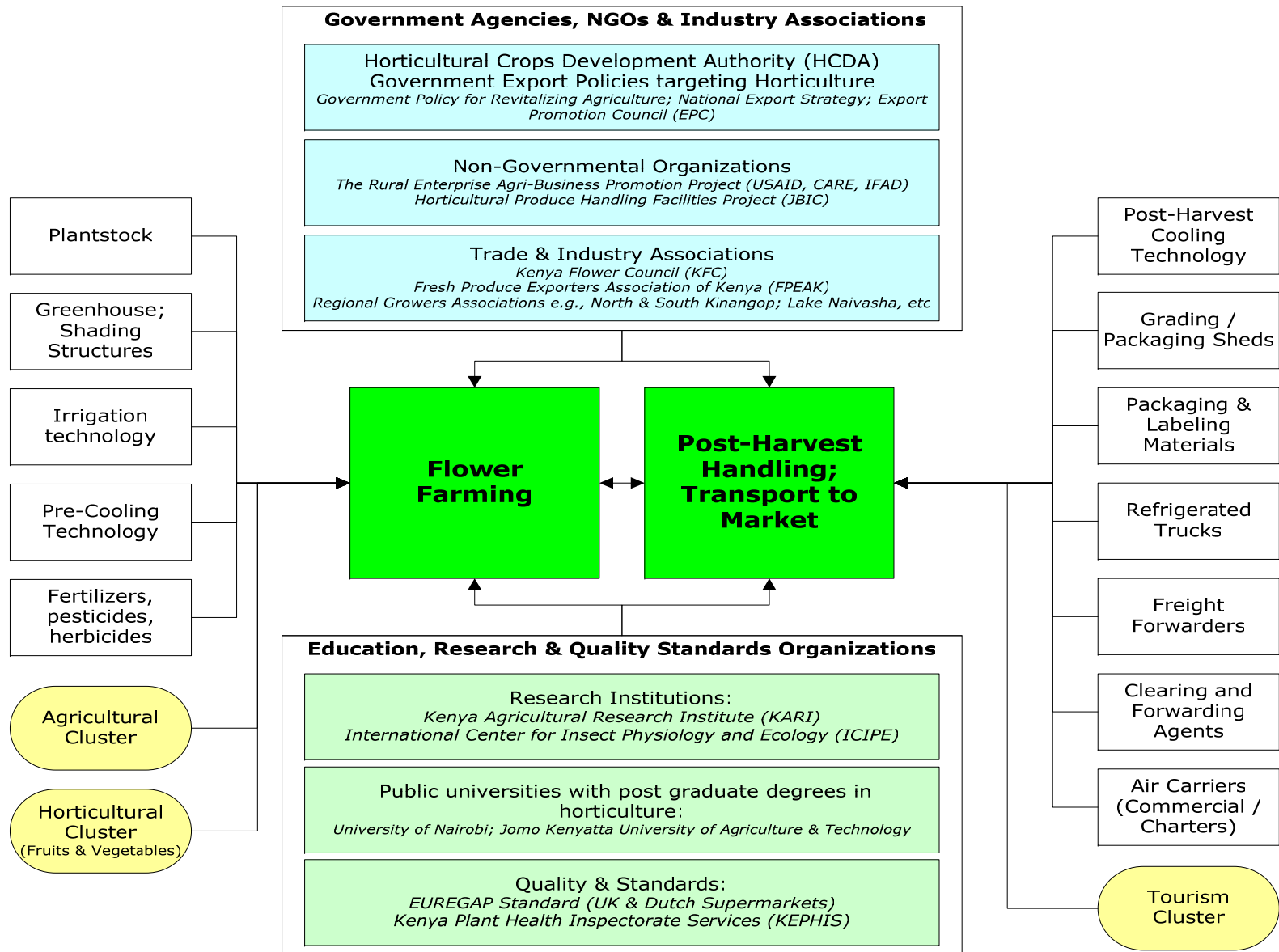
Kenyan Cut Flower Exports in thousand US \$

Kenyan Cut Flower World Export Market Share



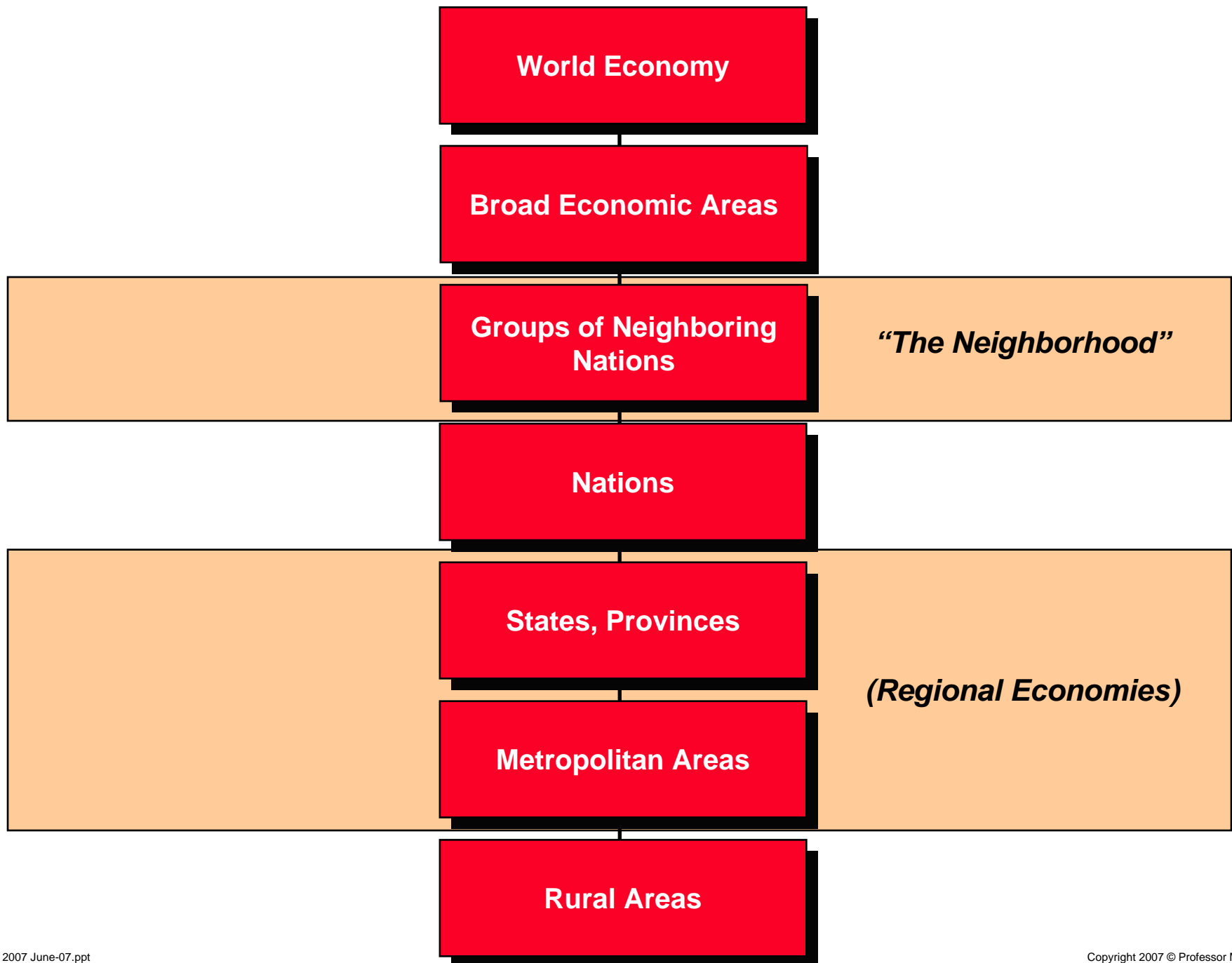
Source: Prof. Michael E. Porter, International Cluster Competitiveness Project, Institute for Strategy and Competitiveness, Harvard Business School; Richard Bryden, Project Director. Underlying data drawn from the UN Commodity Trade Statistics Database.

Kenya's Cut Flower Cluster



Geographic Influences on Competitiveness

Levels of Influence



The Composition of Regional Economies

United States, 2004

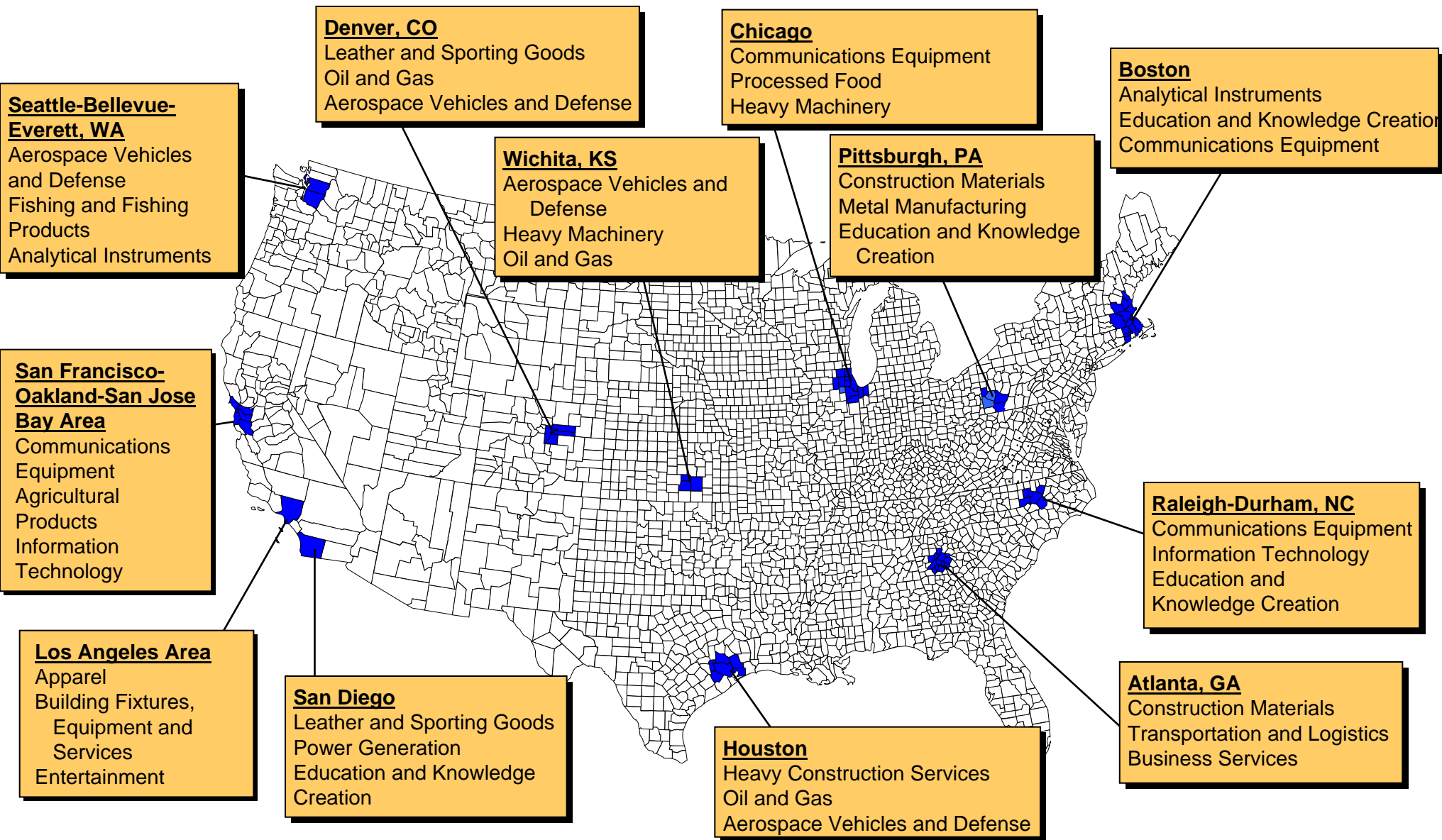
	Traded	Local	Natural Resource-Driven
Share of Employment	29.3%	70.0%	0.7%
Employment Growth Rate, 1990 to 2004	0.7%	2.4%	-1.2%
Average Wage	\$49,367	\$30,416	\$35,815
Relative Wage	137.2%	84.5	99.5
Wage Growth	4.2%	3.4%	2.1%
Relative Productivity	144.1	79.3	140.1
Patents per 10,000 Employees	23.0	0.4	3.3
Number of SIC Industries	590	241	48

Note: 2004 data, except relative productivity which uses 1997 data.

Source: Prof. Michael E. Porter, Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School

Specialization of Regional Economies

Select U.S. Geographic Areas



Note: Clusters listed are the three highest ranking clusters in terms of share of national employment

Source: Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School

Kenya's Role in the Neighborhood



Cross-National Economic Coordination

Illustrative Policy Areas

Factor (Input) Conditions

- Improve regional **transportation infrastructure**
- Create an efficient **energy** network
- Upgrade/link regional **communications**
- Upgrade/link **financial markets**
- Upgrade **higher education** through facilitating specialization and student exchanges
- Expand cross-border business and financial **information access and sharing**
- Coordinate activities to ensure **personal safety**

Context for Strategy and Rivalry

- Coordinate **macroeconomic** policies
- Eliminate **trade and investment barriers** within the region
- Simplify **cross-border** regulations and paperwork
- Guarantee minimum basic **investor protections**
- Agree on foreign **investment promotion guidelines** to limit forms of investment promotion that do not enhance productivity
- Coordinated **competition policy**

Demand Conditions

- Set minimum **environmental standards**
- Set minimum **safety standards**
- Establish reciprocal **consumer protection laws**

Related and Supporting Industries

- Establish ongoing upgrading process in **clusters that cross national borders**, e.g.
 - Tourism
 - Agribusiness
 - Transport & Logistics
 - Business services

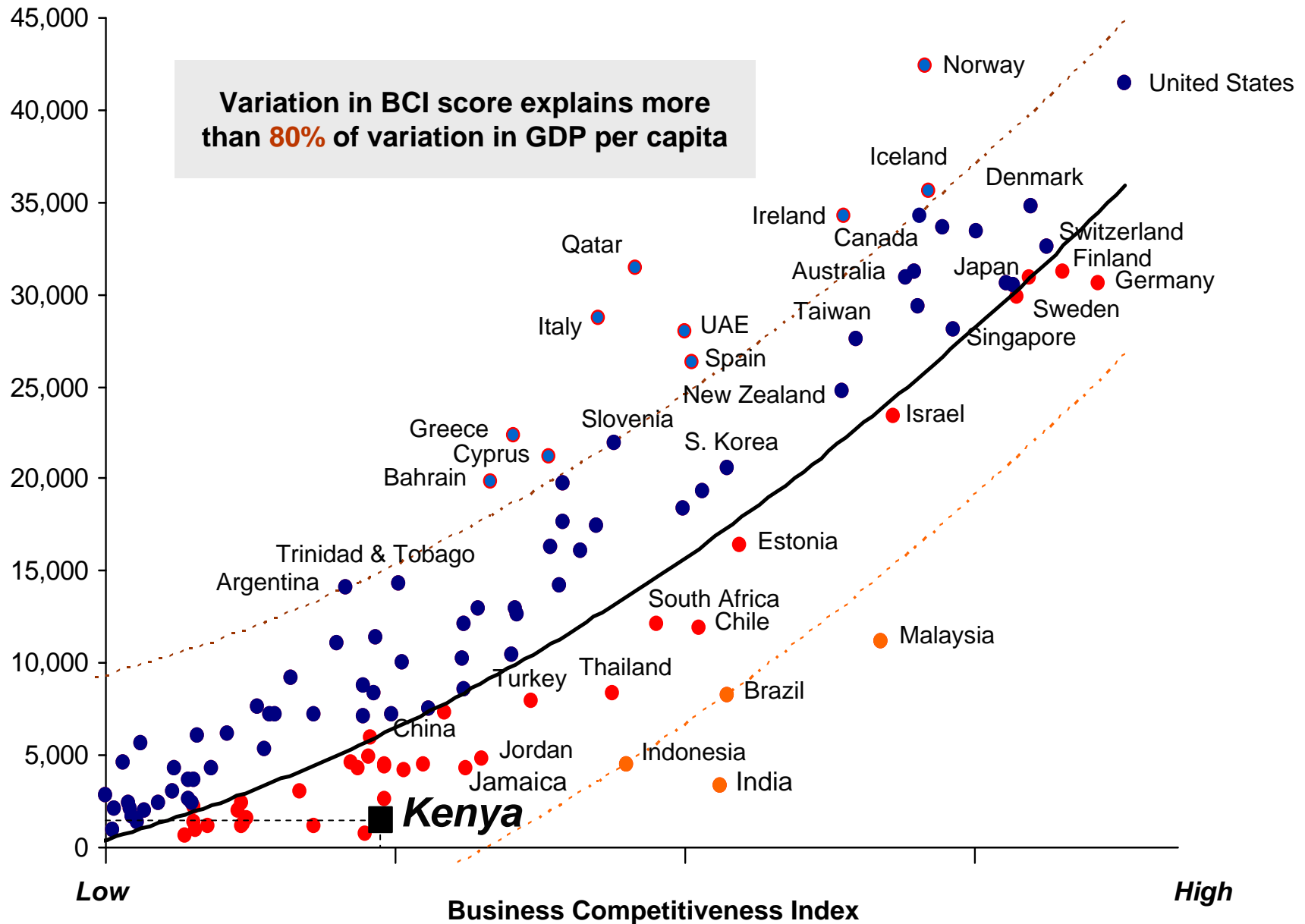
Regional Governance

- Share **best practices** in government operations
- Improve regional **institutions**
 - Dispute resolution mechanisms
 - Policy coordination body
 - Regional development bank
- Develop a regional **marketing strategy**

Ranking Microeconomic Competitiveness

Business Competitiveness Index, 2006

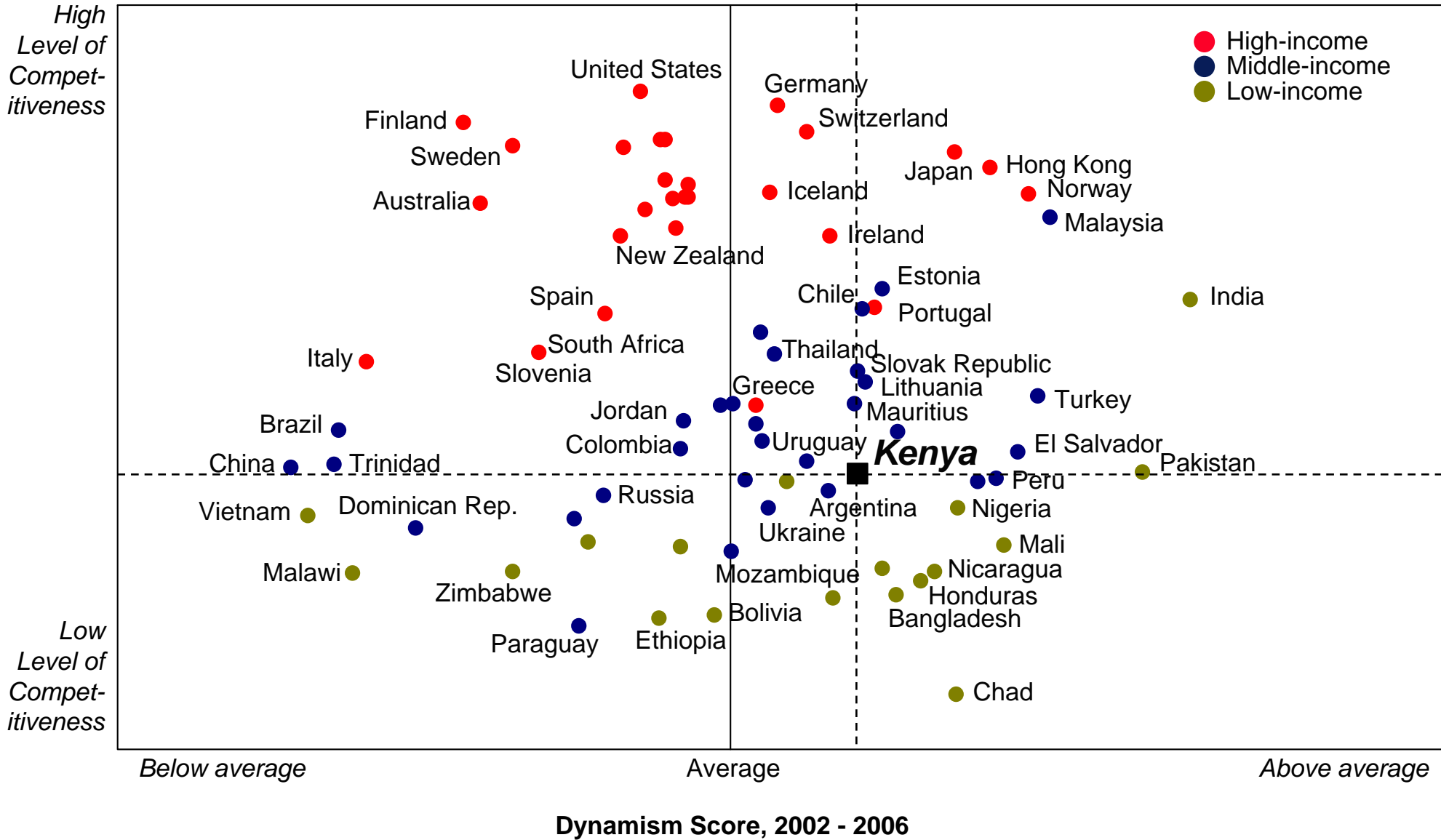
2005 GDP per Capita
(Purchasing Power Adjusted)



Source: Global Competitiveness Report 2006

Medium-Term Dynamism in Competitiveness

BCI Value, 2006

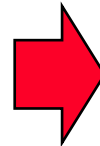


The Process of Economic Development

Shifting Roles and Responsibilities

Old Model

- **Government** drives economic development through policy decisions and incentives



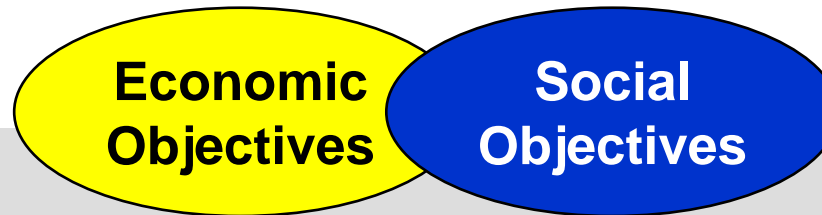
New Model

- Economic development is a **collaborative process** involving government at multiple levels, companies, teaching and research institutions, and institutions for collaboration

- Competitiveness must become a **bottom-up process** in which many individuals, companies, clusters, and institutions take responsibility
- **Every** region and cluster can take steps to enhance competitiveness
- Successful competitiveness efforts set clear **priorities** reflecting the specific barriers companies face

Integrating Economic and Social Policy

- In the new thinking on competition, there is **not an inherent conflict** between economic and social objectives, but a long term synergy



- The **competitiveness of companies** depends heavily on
 - Rising skill levels
 - Safe working conditions
 - A sense of equal opportunity
 - Low levels of pollution (pollution is a sign of unproductive use of physical resources)
- However, efforts to meet “social” objectives must be **aligned with productivity** and prepare and motivate individuals to **succeed in the market system**
- Efforts to meet “economic” objectives must include explicit programs to **raise human capability**, improve the lives and **sense of opportunity** for individuals, and enhance the broader business environment

Integrating Economic and Social Policy

Examples

Training

- Organize training investments around clusters

Housing

- Create mechanisms to encourage home ownership; provide incentives for new company formation in the construction cluster; reduce unnecessary costs of housing construction due to regulatory and approval requirement; secure property rights to residents

Health Care

- Create incentives for private health insurance; open health care delivery to competition

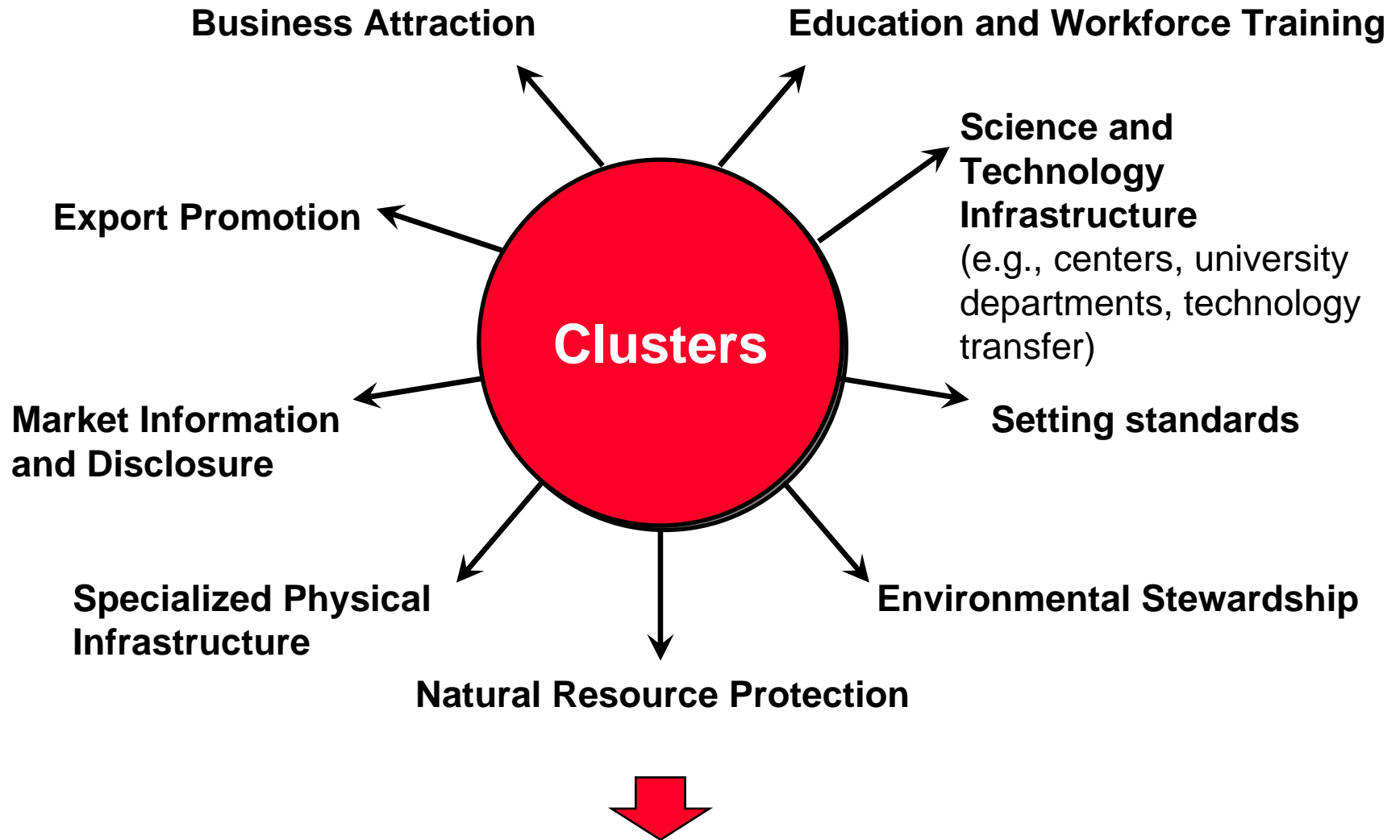
Social Security

- Create incentives for saving; encourage a private pension system that agglomerates investment capital

Environmental Quality

- Institute a regulatory regime that encourages movement to more environmental friendly methods; invest in technical assistance in eco-efficient processes and practices

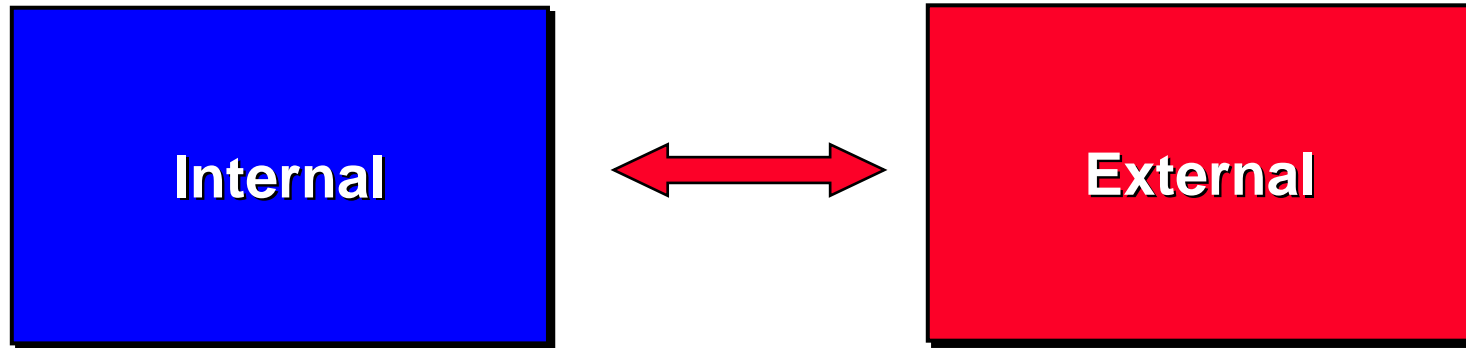
Clusters and Economic Policy



- Clusters provide a framework for **organizing the implementation** of public policy and public investments towards economic development

The Role of the Private Sector in Competitiveness

Perspectives on Firm Success



- Competitive advantage resides solely **inside** a company or in its industry
- Competitive success depends primarily on **company choices**
- Competitive advantage (or disadvantage) resides partly in the **locations** at which a company's business units are based
- **Cluster participation** is an important contributor to competitiveness

Role of the Private Sector in Economic Development

- A company's competitive advantage depends partly on the **quality of the business environment**
- A company gains advantages from being part of a **cluster**
- Companies have a strong **role to play** in upgrading their business environment



- Take an **active role** in upgrading the local infrastructure
- Nurture **local suppliers** and attract foreign suppliers
- Work closely with local **educational and research institutions**, to upgrade their **quality and create specialized programs addressing the cluster's needs**
- Inform government on **regulatory issues and constraints** bearing on cluster development
- Focus **corporate philanthropy** on enhancing the local business environment



- An important role for **trade associations**
 - Greater influence if many companies are united
 - Cost sharing between members

Kenya's Competitiveness Agenda

• Context

- Eliminate **corruption** and **favoritism**
- Create an effective and trusted **legal system**
- Continue improving **security** and **safety**
- Streamline the **taxation** system

• National Business Environment

- Improve **telecom infrastructure**
- Upgrade **logistical links** internally and with neighboring countries
- Improve **electricity supply**
- Enhance **public education**
- Improve **business regulatory processes**
- Reduce **trade** and **investment barriers**
- Maintain focus on **opening competition**

• Cluster Development

- Initiate a formal **cluster development program** that covers all established and emerging clusters
- Organize **business support programs** and government agencies around clusters

• Company Capabilities

- Introduce **quality certification**
- Assist companies in **upgrading production methods**

• Geographic Levels

- Play a leadership role in **economic integration with neighbors**
- Push responsibility for economic development to **provinces**

• Economic Development Process

- Develop a bold **investment promotion strategy**
- Engage the **private sector** in development

Defining a National Economic Strategy

Value Proposition

- What is the **unique competitive position of the** nation given its location, legacy, and existing and potential strengths?
 - What roles in the neighborhood, the broader region, and the world?
 - What unique value as a business location?
 - For what range and types of activities in the value chain, business, and clusters can the nation be competitive?

Developing Unique Strengths

- What **elements of the business environment** are essential strengths to realize the national value proposition?
- What areas of **macroeconomic / political / legal / social context** must be advantages versus neighbors or peers?
- What **existing and emerging clusters** must be activated?

Achieving and Maintaining Parity with Peers

- What areas of the **general business environment** must improve to maintain parity with peer countries?
- What **macro / political / legal / social context improvements** are necessary to maintain parity with peer countries?

Competitiveness cannot be achieved only by reducing weaknesses, but by building on **existing and potential strengths**

National Economic Strategy

Singapore

National Value Proposition

- What roles in regional and world economy?
e.g., Business, financial, and knowledge hub of Asian region
- What unique value as a business location?
e.g., High productivity, skill, and knowledge intensity; location for managing and coordinating low-cost activities in the region
- For what range of clusters, activities within clusters?
e.g., clusters benefiting from business hub but not dependent on a large home market or physical proximity to markets

Creating Unique Strengths

Macro/political/legal/social
e.g., Absence of corruption in Singapore

National Diamond

e.g., Singapore's physical infrastructure

Cluster Development

e.g., Singapore's logistical services, financial services, petrochemical processing, tourism

Company Capabilities

e.g., large number of world-class multinationals with regional headquarters and significant operations in Singapore

Geographic Levels

e.g., Growth Triangle, ASEAN

Mitigating Weaknesses

Macro/political/legal/social
e.g., Expand Singapore's cultural attractions

National Diamond

e.g., Upgrade Singapore's research institutions; improve the efficiency of Singaporean domestic economy

Cluster Development

e.g., Develop more Singaporean SMEs to deepen clusters; improve the number and quality of IFCs

Company Capabilities

e.g., build the capability of Singaporean companies and encourage regional strategies

Geographic Levels

e.g., Create friendly relationships with ASEAN neighbors

Toward A Kenyan Economic Strategy

What are Kenya's Unique Strengths?

- Gateway to east Africa
- Nairobi a regional business and air hub
- Distinctive culture
 - e.g. world class runners
- Competitive strengths in an array of clusters
 - Tourism
 - Agribusiness, e.g. cut flowers, coffee, tea
 - Logistics
- Strong and entrepreneurial local businesses

Some Implications

- Logistics and telecommunications infrastructure are crucial priorities
- Kenya must be highly open to trade and doing business
- Kenya cannot succeed unless it addresses corruption, security, and legal weaknesses
- Kenya's private sector is one of the country's greatest assets and must be mobilized