

**REMARKS BY THE DEPUTY PRIME MINISTER AND MINISTER FOR FINANCE, KENYA,
DURING THE “PROMISE OF LEADERSHIP CONFERENCE” ORGANIZED BY THE NELSON
MANDELA FOUNDATION ON MARCH 20, 2009 IN JOHANNESBURG, SOUTH AFRICA**

Distinguished Delegates,

Ladies and Gentlemen,

1. It gives me great pleasure to be accorded the privilege of delivering this keynote address on the theme “***Social Entrepreneurship: Delivering on Promise of Leadership***”. I would also like to take this opportunity to thank the Nelson Mandela Foundation for inviting me to this important event.

Ladies and Gentlemen,

2. In my remarks today, I will focus on the critical role of social entrepreneurship in the social and economic transformation of nations, the critical nexus between social entrepreneurs, the state and the private sector, and what we all need to do to make social entrepreneurship play its vital role in bringing about meaningful change in the lives of our people. But before I do this, let me first discuss briefly, what Social Entrepreneurship is all about.

3. Put simply, **Social Entrepreneurship** is the work of identifying and analyzing a social problem and coming up with solutions that can effectively bring positive social change and improved welfare of the people involved. In this sense, a social entrepreneur is therefore someone who is able to diagnose a social problem and use entrepreneurial principles to organize, create, and manage a venture to effect positive social change.

4. Whereas a business entrepreneur typically measures performance in terms of profit and return, a social entrepreneur assesses success in terms of the impact he or she has on society. While social entrepreneurs often work through nonprofits and citizen groups, their channels of operation typically involve working closely with both the private sector as well as the government. The main distinguishing characteristic is

that social entrepreneurship aims at furthering social and environmental goals. Just like their private counterparts, they are people who are ambitious, self-driven, innovative, resourceful and focused on results. They use their skills to identify opportunities and approaches that can be exploited to change society for the better.

Ladies and Gentlemen

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5. As you are all aware, the global economy has changed substantially over the last fifty years or so. Many countries including those in Africa have experienced rapid and sustained economic growth that has helped to improve the lives of many of their citizens. These successes have been driven by a combination of sound economic policies implemented by governments as well as the recognition of the private sector as the key driver of the growth and development process. However, despite the progress made, **poverty and inequality remain a major challenge in many countries particularly in Africa where we have the highest concentration of the poor and vulnerable**. Moreover, the world is continuously changing and new challenges are emerging such as climate change and those brought about by the global financial economic crisis.

6. One important lesson we have learned from the growth and development experience over the years is that sound economic policies and market oriented solutions, though important, are not enough to bring about the social and economic transformation required to improve the livelihoods of every one. There are many socio-cultural and political constraints that cannot be solved by the government alone, and the private sector is not well placed to address them either. In an effort to address these challenges, we have seen the phenomenal growth of the non-profit organizations to fill this “development gap”.

7. However, it is important to recognize that it is not just any non-profit organization that can help to address these development challenges that continue to confront us. It is those non-profits and other citizen-driven organizations that have adopted business-like approaches to solving the social problems that have succeeded in bringing about meaningful socio-economic change in society. In short, it is the organizations that have been managed on the principles of social entrepreneurship that have been most successful.

Ladies and Gentlemen,

8. It is against this background that I would like to now focus on the main message of my remarks today, which is the critical importance of social entrepreneurship in the economic and social transformation of our societies. By combining the business-like ideals and approaches with their relentless quest to radically improve the livelihoods of their people in a sustainable manner, social entrepreneurs have become a force to reckon with and have truly claimed their rightful niche in the development arena. They have become the so called **“Third Pillar”** in the development discourse and practice, and I would like to take this opportunity to recognize and underscore their critical role in solving the social and economic problems we face in our countries today.

9. But let me add that the critical role and importance of social entrepreneurship in development is not just a theoretical construct. Social entrepreneurship has come of age and we have seen the results and impact of the work of many social entrepreneurs in practice. Without going into a detailed listing of many of the well accomplished ones, allow me to just mention one whose work stands out to demonstrate why social entrepreneurship is at the center of development practice today.

10. All of us gathered here today are very much aware of the revolutionary work of **Muhammad Yunus**, who **revolutionized micro finance by founding the “Grameen Bank” in Bangladesh in 1976**, an organization that has helped to lift thousands of

people out of poverty. His development model is today replicated in many countries around the world and has not only earned him the Nobel Peace prize, but has also made him the talk of all those involved in reformation and transformation of society in the world.

11. Muhammad Yunus was setting out to find a new solution to a social problem that has bedeviled many of our countries in Africa, that of providing the much needed capital and credit to small enterprises. Mohammad Yunus' work is a clear illustration of a "more-than-profit" enterprise that uses good business sense and a desire to bring about social change, craftfully merged into one. The effect on the communities affected by the new innovation were enormous, but more importantly it showed the rest of us that we can find real and practical solutions to our problems if we **think outside the proverbial box, solutions that will alleviate many of the social ills that affect our societies.**

12. Social Entrepreneurships should ideally work hand in hand with the government and not in competition as is the case in many instances. The Social Entrepreneurships and the government are not in competition but are complimentary institution with the common goal of working for the betterment of the people. With this intertwined objective they should share experiences and find better ways of co operating with one another, it is in both their interest and in the interest of development that they co-operate.

13. But, the Social Entrepreneurships should be as open, transparent and espouse the principle of best practices in the same way they demand of the government. They should lead by example in the way they conduct themselves, always being mindful that they are ultimately responsible to the people they serve in the same way the government is.

Ladies and Gentlemen

14. Let me also emphasize that social entrepreneurship cannot just thrive in any environment. In order to have social entrepreneurs effectively play their role in society, it is important to have the requisite policies and institutional arrangements that ensure an enabling environment for their success. In this regard, social entrepreneurs require an enabling environment to create effective partnerships with both the government and the private sector. Just like the way we have embraced Public Private Partnerships by creating the legal and regulatory frameworks for their operationalization, I believe that we can also think of **“Public-Private-Social” partnerships** between governments the private sector, and social entrepreneurs.

15. We should not view the three pillars as distinct and separate, we find that people either pursue a career in either government, the private sector or that of Social Entrepreneurship. I believe that people should cross from one to the other so that they can experience both sides, then they can have a better understanding of how each side works in order to properly share experiences. It is important that all the pillars work in harmony for the betterment of the people.

16. As part of our public sector reform the Kenya government has introduced measures to allow for mobility within the public sector. To allow, for example, a government officer who has worked for a number of years within government to move into the private or social sector without losing his or her pension, while at the same time allowing for middle or high level entry into the public sector of individuals with skills and experiences that may be lacking within the public sector.

17. Kenya is now implementing our Vision 2030 whose key objective **is to transform Kenya into a newly industrializing “middle-income country providing a high quality of life to all of its citizens by the year 2030.”** A key component of this vision is the social pillar through which the government plans to not only partner with the private sector but also with **key change agents of society to build a just and cohesive society** that enjoys equitable social development in a clean and secure environment. It is the basis of transformation of our society in key sectors, including:

education and training; health; water and sanitation; the environment; housing and urbanization; as well as gender, youth, sports and culture.

18. The Government of Kenya and Kenyans in general have wholly embraced the **Muhammed Yunus principle** with regard to microfinance institutions. We have recognized the important role that microfinance can play, not only in uplifting the lives of the underprivileged who have no access to capital or credit, but to the economy as a whole. If one is to consider that the informal sector in Kenya accounts for 80% of the jobs, then it is clear that it is the government's duty not only to protect and nurture the sector, but also to ensure its sustained growth.

19. In this regard the government has created a conducive environment for the development of microfinance in the country by putting in place all the necessary legislation to enable them to effectively operate. We have enacted the Microfinance Act in 2006 after which we effected the regulations in 2008, giving the industry the legal framework in which to operate. We have seen the emergence and growth of various institutions around the country that have taken advantage of this opportunity and have reached out to the underprivileged all over the country. As a result, Kenya has become **a leader in microfinance in Africa.**

20. Again, recognizing the role **social entrepreneurship** plays, the government of Kenya has embarked on a plan to make capital and credit available directly to those who have **good community based programs that can uplift the society.** We have launched two funds, a **Youth Fund and a Women's Fund**, which are given to deserving projects at the local level that will not only generate income for the neighborhood community but will help in one way or another to improve their society.

21. Our government believes that without partnering with social entrepreneurs, the objectives of our vision will not be realized. It is for this reason that we have recognized the critical role that this segment of society can play in improving the welfare of the people. The government has been working hard to provide the requisite environment for the effective participation of social entrepreneurs in development.

22. Recently, we launched a new endeavor called “Kazi Kwa Vijana”, literally translated means “Work for the Youth” which is an innovative way of constructing infrastructure by involving youth at the community level to provide labour and other skills as opposed to the use of capital intensive equipment, thereby create both the much needed jobs as well as boosting the local economy as a result of the increase in incomes.

23. with the participation of Social Entrepreneurships. The way the scheme works is the government wanting to construct any infrastructure will get the local organization involved in a labour intensive partnership. This will not only lead to the necessary job creation

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24. As I conclude, let me emphasize that these opportunities are in many other countries in our continent and I believe that by embracing social entrepreneurship and taking it seriously, we can deliver on the **promise of leadership by resolving the social and economic problems** that face our people in Africa and provide a better future for them. The promise of leadership is the promise to uplift the lives of our people, the promise to resolve not just some, but all of their social and economic problems. **This can only be achieved if we all work together, the government, the private sector and the social entrepreneurs as the three pillars of development and social change.**

25. It is also of vital importance for us all to appreciate that to succeed, we need to learn, share ideas and experiences, and adapt to changing circumstances. But more importantly, we must remain focused on exploiting the opportunities created through social entrepreneurship because I believe that this will be a major determinant of our ability to achieve our development visions. In the course of our deliberations today, I expect us to come up with ideas and recommendations on what needs to be done in order to place social entrepreneurship at the core of our development visions.

Thank You.

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