

SPEECH BY HIS EXCELLENCY, HON. MWAI KIBAKI, CGH., MP., PRESIDENT AND COMMANDER IN CHIEF OF THE ARMED FORCES OF THE REPUBLIC OF KENYA DURING THE OFFICAL OPENING OF THE 2005 CONSULTATIVE GROUP MEETING, SAFARI PARK HOTEL NAIROBI, 11TH APRIL 2005

Mr. Chairman,

Distinguished Guests,

Ladies and Gentlemen,

I am glad to join you for this **Consultative Group Meeting** for Kenya. I welcome this second consultative meeting which is taking place in Nairobi for the second time since the **NARC** Government took over the stewardship of this country. This meeting offers an opportunity for broader participation of the private sector and the Kenyan people as a whole.

During the last meeting, the Government tabled the Economic Recovery Strategy for Wealth and Employment Creation. We are now going to present the investment programme for the Economic Recovery strategy.

Let me take this opportunity to welcome all the visitors to Nairobi. I hope that you will take advantage of this visit to tour various parts of the country to see more of our people and enjoy the beauty of our countryside.

Ladies and Gentlemen,

As a Government, we are encouraged by the tremendous strides we have made in the implementation of the Economic Recovery Strategy since 2003. On the whole, the major economic indicators are positive. For example, the tourism sector has recorded a high growth rate of **24 percent**. Power and cement consumption have both recorded an **8 percent** growth rate. The volume of trade increased by **46 percent** last year alone and our tax revenue has increased by **24.5 percent** over the previous year. Overall, the economic growth rate last year was **2.4 percent**.

The Government has within a short time turned around the economic performance and set it on a growth path. We recognise, however, that in order to achieve our key objectives of wealth and employment creation, we need to attain a much higher economic growth rate of **7 percent**. In this regard, we do appreciate that we need to do much more, if we are to realise the high levels of economic growth we seek. But this is only possible if we work together as a Government, the people of Kenya and with support from development partners who are here with us today. The path we have to tread is clear to all of us but there are some challenges we have to overcome together.

One such challenge is honouring commitments and the time within which projects are realised. Let us examine causes of implementation delays from both the Government's side and the Development partners' side and find solutions together. This way, we will be able to speed up program utilization of funds and achieve our overall goal of poverty alleviation and economic growth. For example, in as much as we appreciate the importance of procedures for orderly management of resources, we should not allow these to become a hindrance to the achievement our objectives within the set time frames. We also need to be pragmatic and to improve our communication.

In this regard, proper utilization of resources in a transparent and accountable manner is essential. This is crucial to us because of the urgency with which we need to address the problems facing our people.

We want to increase the number of health centres and improve the quality of the services they provide, build more schools for our children, construct more roads and create more jobs and a brighter future for the youth of this country. In principle, therefore, there should be no disagreement between ourselves as Government and our Development Partners.

Ladies and Gentlemen,

Another challenge is improving the policy and legal framework needed for attainment of our goals. Since the last consultative meeting, we have undertaken several legislative measures. As a result, we now have in place:

The Anti-Corruption and Economic Crimes Act;

The Public Officers' Ethics Act;

The Kenya National Audit Act;

The Investment Code; and

The Financial Management Act.

These laws have tremendously improved transparency and accountability in this country.

In addition, the government has already tabled in parliament bills that will further enhance accountability and provide an enabling environment for the growth of the private sector. These Bills include the Public Procurement and Disposal Bill, the Privatization Bill and the Deposit Taking Micro-finance Bill. We will also soon be publishing the Companies Bill.

The new laws that we have introduced in the last two years clearly demonstrate the determination of my Government to eradicate corruption. We are achieving this by establishing strong and permanent mechanisms and institutions embedded in law. These institutions include:

1. The Kenya Anti-Corruption Commission, to which the government has allocated a very generous budget of **1.2 billion** shillings;

2. An autonomous National Audit Office which has succeeded in reducing the Government audit backlog. We expect the backlog to be completely eliminated by the end of this year.

Indeed, this is an important departure from the previous practice where the audit of Government accounts was in arrears of up to more than four years.

3. We are strengthening prosecution by increasing the number of staff, remuneration and operational capacity of the State Law office and in particular the prosecution department.

Furthermore, we are strengthening the capacity of the judiciary by substantially increasing the number of judges and magistrates.

Let me also add that my Government came to power on an anti-corruption platform. I wish to assure you all that we have not wavered in our commitment to improve governance and specifically to eliminate graft. This is a promise I made to the Kenyan people and it is a promise I will deliver.

Ladies and Gentlemen,

A third challenge has been weaknesses in public service delivery that have impeded development. In recognition of this, my Government has embarked on comprehensive public service reforms. These reforms are intended to increase efficiency and accountability in the public service by shifting the focus from a process-based system to a result-based management system. In this regard, all Permanent Secretaries, Heads of Departments, Chief Executives and Boards of parastatals will be on performance contracts by July 1st, this year.

This result-based management system will be applied throughout the public service. Implementation of these performance contracts is based on an accountability framework. Furthermore, Government departments will be required to establish and work within their service charters. Improved efficiency will make it possible to contain the wage bill within sustainable levels.

Another area we are according special attention is improvement of security in the country. In this regard, we are undertaking major police reforms in order to improve the efficiency of the Police Force. This is being done through retraining, improving mobility and communications, increasing the number of police officers to the internationally recommended levels and by introducing community policing. We are also undertaking programmes to improve co-operation between the Police and Private Security firms.

Ladies and Gentlemen,

A fourth area of concern has been inadequate infrastructure. For a number of years, the development of infrastructure has fallen behind our development targets. There is need for partnership between the Government and the Development Partners, as well as between the Government and Private sector so as to speed up development of this sector. Currently, we are in the process of developing railway links between Kenya and our two neighbours of Sudan and Ethiopia. At the same time, we are upgrading the existing Kenya-Uganda Railway link through

a concessioning programme. We are also modernising and expanding the Port of Mombasa to meet increased demand that is being created by these developments.

To be able to spur economic growth across the country, we also need to expand rural electrification programmes in order to encourage the development of rural communities where the majority of our people live. However, rapid increase in consumer and industrial demand for power will soon exhaust our supply capacity. We are looking for investors to enhance our Geothermal and Coal generation capacity, as well as to support grid linkages with the Southern Africa power pool. In the roads sub-sector, we are inviting the Private sector to invest in our major roads through concessioning.

Ladies and Gentlemen,

In the social sectors we are facing numerous challenges. These challenges are in our lack of capacity to provide adequate education, health services, water and sanitation. We are also falling behind in our ability to provide adequate housing and ensuring food self-sufficiency.

In the education sector, my Government has successfully implemented the free primary education programme. This has substantially increased the education budget which currently absorbs up to **40 percent** of our revenues. We however remain confident that this is an appropriate investment, since an enlightened population will make it easier to tackle both economic and health related challenges. For example, tackling Malaria and HIV/AIDS epidemics, providing basic health care, water and sanitation are crucial if we are to meet the millennium development goals. These are areas that require substantially expanded funding.

Ladies and Gentlemen,

The poor are the most affected by the unavailability of adequate social services. We need to find new ways of speeding up the delivery of these services. For example, a person who is sick

requires immediate attention and therefore does not have the luxury of waiting endlessly for solutions. Every minute that passes by may mean the life or death of a child, a mother or a young man whose future prospects are yet to be realised.

Ladies and Gentlemen,

During the last consultative meeting, you were briefed about the constitutional review process which at that time was underway. Constitution making is not an easy process.

This has been our experience from the time we embarked on this process. However, we have not given up and are now in the final stages of concluding the process through consensus building within parliament. Thereafter, the agreed draft constitution will be presented to the Kenyan people for approval in a referendum. My Government has opened up the democratic space and I want to assure you that the will of the people will be respected.

Ladies and Gentlemen,

In regard to regional co-operation, the prospects of our economic agenda have been enhanced by the achievement of the East African Customs Union, by the comprehensive Peace Agreement for Southern Sudan as well as the formation of the Transitional Government of the Federal Republic of Somalia. We are happy with the role that our country has played in facilitating these achievements, and the good economic prospects that have been generated by these milestones.

In conclusion, I wish to thank all our development partners who are participating in this meeting for your continued development support and for continuing to co-operate with our country for our mutual benefit. We know that the support you extend to this country both in the form of grants and loans is money coming from tax payers of your respective countries.

I want to assure you that we value this assistance and we shall use it in the most effective way and for the purpose for which these funds are intended. Let us dialogue whenever we are faced with a problem because there is no problem that we cannot resolve together as partners.

Finally, Ladies and Gentlemen,

In the year 2003, we embarked on a journey to turn around the economy of this country and improve the livelihoods of the people of Kenya. Development Partners have joined us in this journey to enable us achieve economic recovery and prosperity. As a result, the people of Kenya are looking towards the future with confidence.

With these remarks, it is now my great pleasure to declare this Consultative Group Meeting officially open. I wish you all fruitful deliberations.

Thank you.