

OPENING REMARKS BY THE CABINET SECRETARY FOR THE NATIONAL TREASURY, MR. HENRY K. ROTICH, DURING THE OFFICIAL OPENING OF THE HIGH LEVEL CONFERENCE ON “KENYA’S ECONOMIC SUCCESSES, PROSPECTS AND CHALLENGES” HELD AT FAIRMOUNT, THE NORFOLK HOTEL, IN NAIROBI ON TUESDAY, 17TH SEPTEMBER, 2013 AT 8.00 A.M.

**His Excellency the President of the Republic of
Kenya, Hon. Uhuru Muigai Kenyatta;
The Director of the African Department of the
IMF, Ms Antoinette Sayeh,
Your Excellencies the Ambassadors Present,
Cabinet Secretaries Present,
Principal Secretaries and Heads of State
Corporations Present,
Senior Civil Servants Present**

Our Distinguished Guests Ladies and Gentlemen:

1. **Your Excellency**, allow me to acknowledge your distinguished presence at this conference where you will share with us the progress we have made as a country under the Vision 2013. Allow me also, **Your Excellency**, on behalf of the Government of Kenya, to welcome all our Guests

and Participants that have accepted our invitation to this Conference, and particularly those who have flown here to be with us on this auspicious occasion. Again I say “Karibu”.

2. Your Excellency, we are all aware that this conference is about the Kenyan story. It's about where we are as a nation in terms of the reforms that we have undertaken to advance our

development agenda despite the challenges that we have faced. It is also about where we are going and the opportunities that lie ahead. It's also about the challenges that we must confront and overcome as we strive to get to our destination of becoming a middle income country by the year 2030.

3. **Your Excellency**, during this conference, we shall demonstrate how Kenya has implemented

sound economic management and reforms and how these economic reforms have delivered huge pay-offs. Arising from this implementation of broad based reforms, our economic growth rate has recovered steadily from as low as 1.6 percent in 2008 to 4.6 percent in 2012. This year we expect real GDP growth of around 5.6 percent rising to 7.0 percent in the medium term and

double digits by the end of the second Medium Term Plan in 2018.

4. The reforms that we have undertaken have been underpinned by a programme supported under the IMF's Extended Credit Facility (ECF), which was approved in January 2011. Throughout the programme period, Kenya has been able to use its own resources as well as from our development

partners to invest in priority areas including infrastructure and the social sectors. I am happy to note that we have successfully implemented the ECF Programme and are on course to conclude the last review of this programme in October 2013.

5. **Your Excellency,** Kenya has continued to be rated favourably by various International Rating Agencies based on the strong reforms that we have

adopted. The World Bank in their annual Country Policy and Institution Assessment Programme, rated Kenya the best country in Sub Saharan Africa in terms of institutional quality and policy making reforms for poverty - reducing growth.

6. **Your Excellency**, this conference will also highlight the growing contribution to our economic development by our partners from

Emerging Markets including The People's Republic of China, Brazil, and India. *This is why we have invited a wide spectrum of participants who are in one way or another, part of this journey that we are undertaking. We have Government representatives, private sector, development partners, civil society, international and local participants in various areas of expertise including finance, capital markets,*

infrastructure, social development and governance.

7. Your Excellency, allow me to underscore one important point in regard to the economic reforms we have undertaken. ***The reforms have been formulated and implemented by us and for our own benefit. It is this strong ownership that has underpinned***

the successful implementation of the reforms and without that ownership and commitment our economy would still be stagnat with economic growth well below our potential.

8. Just to illustrate my point, we started discussing about tax reforms more than five years ago and this was because of what Kenyans and

others were telling us. I recall then in the budget speech of 2010, when you were the Minister for Finance, in response to the views of Kenyans, you announced that we were going to have a comprehensive review of our entire tax regime and the starting point was VAT.

9. We started with VAT because we believed that it was priority. We were told that the compliance

burden was very high and this, together with the backlog of VAT refunds that businesses faced was a major factor contributing to the cost of doing business in Kenya. Our own local independent tax experts relentlessly kept on sending this message. We also came to learn that the VAT regime was subject to abuse and the Government was losing revenues.

10. Your Excellency, I want to tell Kenyans that we are now embarking on reforming other taxes to ensure that they are in line with our Vision 2030 objectives. We are now prioritizing Excise Tax and Income Tax and I want to assure Kenyans that we are doing this in accordance with our Constitution.

11. On the political front, we passed a new constitution which established key PFM reforms and we have set up institutions like the Commission on Revenue Allocation, the Salaries and Remuneration Commission and the Controller of Budget. We have passed many legislations including the Public Finance Management Act intended to ensure that public finances are managed efficiently and effectively in order to

provide service delivery to Kenyans at the least cost.

12. Your Excellency, I wanted to emphasize this important point of our ownership of reforms in order to dispel the notion that it is our development partners that push us to reform. Of course our partners in development, they do

underpin our reform efforts with financial and technical assistance which is equally valuable

13. With regard to this Conference, Your Excellency, we have identified seven broad themes that will be discussed in the two days cutting across the policy making environment. Allow me, **Your Excellency**, to mention the broad themes:

- In session 2: **“The Private Sector Poised to Lead the Way”** - *Here, Your Excellency, we will be sharing experiences on how the private sector can seize the opportunity to drive growth given our dynamic and private sector.*
- Session 3: **“Harnessing Natural Resources for Growth”** - *Here we will be sharing how efficient management of natural resources will*

create the opportunity for Kenya to accelerate growth, create jobs, and reduce poverty.

- **Session 4: “Fiscal Priorities to Support Growth”** - *Here we will be discussing how prudent fiscal management is critical for growth and service delivery.*
- **Session 5: “Anchoring a Stable Monetary and Financial Outlook”** - *Here our monetary experts will share ideas/on*

appropriate monetary framework to anchor growth.

- **Session 6: “The Financial Sector: Shifting Gears** – *Here we will share experiences on how to take our financial sector to the next level.*
- **Session 7: “Closing the Infrastructure Gap”**
 - *Given our focus on infrastructure, we will*

hear from experts how to bridge the infrastructure gap; and finally.

- **Session 8: ‘Making Inclusive Growth a Reality’** - *Here we will talk about how a wider majority of Kenyans can benefit from growth to guarantee lasting reduction in poverty.*

14. **Your Excellency**, we expect that the deliberations of this Conference will assist in shaping our economic policy formulation going forward by addressing some of the challenges that this Country has been facing previously as we gear ourselves for *TAKE OFF*.

15. **Your Excellency**, before I conclude, allow me to express our sincere gratitude to the people who

made this conference successful; the Organising Committee comprising representatives from the National Treasury, the IMF Resident Representatives Office in Nairobi, the Central Bank of Kenya as well as the public relations and communications firm, the Engage Burson-Marsteller and Aly Khan Satchu of Rich Management.

16. **Your Excellency**, with those few remarks, it is now my pleasure to invite **Madam Antoinette M. Sayeh, Director of IMF for African Affairs** to make a few remarks.

THANK YOU.

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