

SPEECH BY HIS EXCELLENCY HON. WILLIAM SAMOEI RUTO, PhD., C.G.H. PRESIDENT OF THE REPUBLIC OF KENYA AND COMMANDER IN CHIEF OF THE DEFENCE FORCES ON THE OPENING OF THE 13TH PARLIAMENT ON 29TH SEPTEMBER, 2022.

Honourable Speakers,
Honourable Members,

1. It is my pleasure to address the inaugural session of the 13th Parliament following the August 9 General Election.
2. It is important to note that we have made very positive progress. This Parliament has recorded the highest number of re-elected MPs ever. In the National Assembly, a record 193 members have been re-elected, 50 more than in 2017, while in the Senate, 17 senators have been re-elected. It confirms the increased confidence of the people of Kenya in their leaders and institutions, affirming the maturity of our democracy.
3. Another milestone is in the election of women legislators elected into single-member constituencies. In this year's election, 29 women were elected members of the National Assembly, six more than in 2017. This is a manifestation of the growing confidence in the contribution of women leadership in decision-making in our governance and political institutions. I am certain that this positive trend will continue into the future.
4. It is also instructive that the same confidence in Parliament has been shown in the Executive. In 2013, the President was elected with at least 25 per cent of votes in 30 counties, 34 in 2017 and 39 in the just-concluded election, further demonstrating the deepening pluralism and inclusivity of our democracy.
5. I therefore take this special opportunity to congratulate all of you on your election in the last General Election and subsequent nominations.
6. The confidence demonstrated by Kenyans in us and our institutions should inspire us to raise the bar in our service to the nation and accountability to the electorate.
7. It is also my singular honour to congratulate our Speakers, the Honourable Moses Wetang'ula and Honourable Amason Kingi, for overwhelming confidence bestowed on them by members to preside over the respective Houses. I also congratulate members who have been elected to parliamentary leadership positions, and wish each one of you wisdom, strength and success in steering our legislative affairs.
8. We gather here on the tranquil side of a competitive election where we all came to grips with the turbulent energies of political competition that characterise our uniquely Kenyan brand of democracy. It is true this election was an intensely contested one. Nevertheless, that it was peaceful and democratic, again confirms the coming of age of our democracy.

9. I submit to you, that the fact that the election was so close is an indication that what unites us is always much more greater than what divides us. With the support of Kenyans, we have dislodged ethnicity as the central organising principle of our politics, thereby retiring – for good - the ethnic mobilisation and personality cults, together with their culture and practices of exclusion, discrimination, patronage, tribalism and nepotism.

10. We took this assignment further, with a paradigm shift of issue-based political leadership anchored in credible platforms, feasible programs and transformative commitments aimed at positively affecting the well-being of all Kenyans, from the bottom up.

11. In summary, and this only happens in Kenya, the sitting Deputy President became the candidate of the Opposition and the Leader of Opposition became the candidate of the government, and as things would be, the opposition candidate won the election and became President and the President became the leader of the opposition party. That's the beauty of our democracy.

12. In the process, we affirmed the sovereignty of the people of Kenya as the ultimate decision makers as envisaged in the constitution.

13. I promised to lead an administration dedicated to the just and fair government of all Kenyans, in order to deliver a Kenya for everyone. I commit to be the loyal, hard working, devoted President of every Kenyan, and my administration will serve all, without regard to any distinction, real or imagined. Certainly, service delivery under my administration shall be impartial regardless of political affiliation or voter preference. Kenya is our home, and we remain united as one strong family.

14. For these reasons, I want to persuade you that the legislative agenda I stand here to prosecute deserves the bi-partisan support of this House. My administration is pursuing a transformational program that offers a uniquely all-Kenyan moment which calls for unity of purpose in the legislature. We are committed to serving all people, in all wards of each constituency and all counties in every region, throughout the Republic of Kenya. After all, we all serve the same boss: the people, and their sovereign interests are our operating principle and purpose.

15. I will run an administration that is open, that is transparent, and my administration will rely on oversight from this House to make sure the public gets value for every cent invested in every policy, program and project.

16. Consequently, I ask Parliament to consider a mechanism in the Standing Orders to facilitate Cabinet Secretaries articulate government agenda, explain policy and answer questions on the floor of the House to enhance executive accountability to the people of Kenya through their elected representatives. On this matter of oversight and holding government accountable, my administration commits to restore place of Parliament in our democracy by respecting the autonomy and oversight authority of Parliament on the executive.

17. Equally, I am a firm believer in democracy and the rule of law. That is why my first executive action when I took office was to undo a legacy of acts and omissions that had incrementally undermined the independence of the Judiciary. For avoidance of doubt, the Judiciary is an arm of

government just like this Parliament, and my administration will be intentional in respecting the constitutionally mandated system of checks and balances.

18. It is in this spirit that I will be seeking additional resources to support the bottom-up scaling of justice and empower the Judiciary to acquire capacity and develop the infrastructure needed to more efficiently adjudicate and expeditiously conclude corruption cases, commercial disputes and all other matters.

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19. To implement the pledges and commitments set out in our 'PLAN', my administration is committed to investing in the requisite enablers and infrastructure to provide a sound foundation for its execution. These are interventions intended to create a conducive environment for effective, efficient and sustainable realisation of our national transformation.

20. We are on a mission to dramatically scale up productivity in agriculture and make sure that every Kenyan farmer, fisherman and pastoralist contributes to sustainable economic growth by contributing to adequate and affordable food, generating greater incomes and producing the raw materials required by the agro-industrial and manufacturing value chains. This will boost Kenya's export performance, and create millions of jobs.

21. Consequently, we have been deliberate in our efforts to restore sanity and introduce greater responsibility in the management of public resources. One significant intervention is the resolve to abandon consumption subsidies in favour of supporting and investing in production. This is why we have made available fertilizer for our farmers at cheaper rates of Ksh3500 per 50 kg bag down from Ksh6500. We are exploring further mechanisms to bring these prices down.

22. We have an obligation to redeem our pledge to our small traders; the hawker, mama mboga, kinyozi, makanga, that every person who sells any good or service, gets to work, and earns a decent livelihood enough to place them on the path to wealth, through saving and investment. The Hustler Economy has to flourish and form the foundation of broader economic transformation, while catalysing the widening of the national revenue base. Our agenda here is to take necessary measures to create an enabling environment for business people to thrive and decriminalise enterprise.

23. Affordable credit makes a huge difference in the rate of business growth. Access to affordable credit is like a magic formula. The current Credit Reference Bureau approach of blacklisting debtors is zero-sum, punitive and has arbitrarily locked millions of businesses out of the credit system. It is time to shift the formula to a credit scoring system, which allows lenders to apply customer segmentation and at the same time end the stigma of blacklisting.

24. We have held productive conversations with operators of the Fuliza and M-Shwari platforms on the modalities of reducing their lending rates. I am happy to report today that yesterday, our engagement finally culminated in an undertaking by the platform operators to reduce the cost of

credit by about 40 per cent. This is a significant step towards unlocking billions of shillings needed to spur economic activity by once again expanding financial inclusion.

25. My administration will allocate Kshs50 billion every year to the Hustlers Fund from which micro, small, and medium enterprises can access affordable credit to start and expand their businesses. We will leverage on technology in the management and disbursement of the Hustler Fund.

26. There is tremendous opportunity for this House to fully take up its role in resolving the systemic issues that limit access to affordable homes and affordable financing. This administration will unlock housing for the nation by supporting :

- (i) the provision of land for affordable housing; and
- (ii) providing access to cheap and stable funding. These two measures will allow us to undertake mass housing production, and thereby shape our approach to urban development and spatial planning, which unlike before, will deliver sustainable and inclusive human settlement.

27. I also wish to express our intention to bring to this House legislative proposals to provide a framework for a housing off-take plan, which will create incentives for developers to invest more money into our housing strategy on the strength of guaranteed off-take of the completed units.

28. To actualise the enabling infrastructure, we intend to take the following measures: A Public-Private-Partnership funding framework is envisaged for large capital projects. In order to achieve our target of raising access to water from the current 60 per cent to 80 per cent, KSh500 billion is required. The Government can provide this gradually, but the private sector can mobilise it all at once. We will thus adopt a PPP framework by entering into water purchase agreements with investors. This way, we will achieve water for all in less than a decade.

29. Concerning electricity, we shall facilitate the development of innovative and effective modalities to provide better off-grid systems, including enabling consumers to form small cooperatives for that purpose.

30. In health, we are bound by duty to take measures to make Universal Health Coverage a reality and liberate Kenyans and their families from the threat harrowing poverty that stalks them every time a family member falls seriously ill. In our plan, and through your support, we will restructure our primary healthcare system so that we put more resources into promotive, preventive and early diagnosis of diseases.

31. A key driver to this realisation is the National Health Insurance Fund, whose restructuring is not only necessary for efficiency but also enables it become a fit for purpose social insurance scheme that caters for all, including chronic diseases.

32. Digital technologies have become a critical player in economic growth.

We will capitalise on existing technology and innovation in public and private sector to distribute the Hustler Fund as promised in our Plan. I call upon financial institutions and our young people in

innovation hubs to participate in the digital economy by redesigning their products to serve the goal of empowering millions armed with grand ideas and are only waiting for the fund to finance their dreams to reality

Honourable Speakers,
Honourable Members,

33. I have news, and it is not very good news. Our financial situation is not very good.

34. For Kenya to grow to an upper middle-income country, we need to invest at least 25 per cent of our GDP. Our current national savings rate is below 10 per cent of our GDP which translates to an investment-savings deficit of 15 per cent of GDP.

35. Over the last decade, we have sought to close this gap with public borrowing. This year alone, we budgeted to borrow Ksh900 billion to finance both development and recurrent expenditure.

36. The Government should never borrow to finance recurrent expenditure. This is not right, prudent or sustainable, it is simply wrong. We must bring ourselves back to sanity.

37. Over the next three years, we must reverse this and go back to the situation where government contributes to the national savings effort by keeping recurrent expenditure below revenue. To this end, I have instructed National Treasury to work with ministries to find savings of Ksh300 billion in this year's budget. Next year, we will bring it further down so that, by the third year, we have a recurrent budget surplus.

38. On the revenue side, I am committed and determined to ensure that our tax system is responsive to the needs of the economy. It must be equitable, efficient and customer-friendly. The economic principles of equitable taxation require that the tax burden reflects ability to pay. This is best achieved by a hierarchy that taxes wealth, consumption, income and trade in that order of preference. Our tax regime currently falls far short of this. We are over-taxing trade and under-taxing wealth. We will be proposing tax measures that begin to move us in the right direction.

39. We will also work with the Kenya Revenue Authority on a culture change to make it a people-friendly, customer-centric organisation. I am of the view that we should rename it the Kenya Revenue Service in line with the proposed transformation.

40. The very large Government borrowing requirement has also undermined the business sector contribution to the national savings and investment effort. These measures outlined above will also address the problem of government crowding out the private sector from the credit market. It will encourage banks to go back to lending to businesses and also bring down interest rates so that the private sector can also contribute to reducing the savings-investment deficit.

41. In many countries, social security and particularly pension system contributes significantly to the national savings. Our current social security infrastructure, both public, that is NSSF, and private only cater for people in formal employment, thereby excluding the vast majority of working Kenyans.

There is no retired Kenyan today who is living on their NSSF retirement benefits. The meagre current contribution of Ksh200 a month adds up to Ksh72,000 over 30 years. There is no rate of return on earth that can grow this into an adequate pension.

42. Not surprisingly, many Kenyans scramble to provide for themselves by investing in 50 by 100 plots of land, thereby exacerbating the problem of land fragmentation, price inflation as well as land fraud.

43. We intend to overhaul our social security infrastructure to make it inclusive. To encourage those excluded to save, I will be proposing a national savings drive to encourage those in the informal sector to set up their retirement savings plan. For every two shillings saved in the scheme, up to a maximum of Ksh6,000 a year, the government will contribute one shilling.

44. As part of the response to the ongoing drought, we have embarked on distribution of relief supplies to 3.5 million Kenyans who are affected by drought in 23 arid and semi- arid counties. The ultimate solution to the drought cycle in our country is mitigation of climate change and its adverse effects. We must act urgently to keep global heating levels below 1.5 degrees centigrade, help those in need, promote the use of renewable energy and thus end addiction to fossil fuels

Honourable Speakers,
Honourable Members,

45. I know the contribution the National Government Constituency Development Fund (NG-CDF) has made in making life better for our citizens. Having served in Parliament for 15 years, before and after the establishment of NG-CDF, I know the difference it makes is monumental. I believe there is a way NG-CDF can be aligned to the tenets of the Constitution. In this regard, I also hasten to add that both Houses should also be adequately resourced for oversight duties.

46. With regard to the Senate and its constitutional mandate, I believe the two Houses should work together to set up the Senate Oversight Fund. This will be used to provide oversight over millions allocated to counties.

Honourable Speakers,
Honourable Members,

47. The people of Kenya rightly expect much of us. We have our work cut out for us. This is our chance to achieve real change by working together to make Kenya a land of equal opportunity for all where every Kenyan is proud to call home.

Let us all play our part in the service of our employers, the people of Kenya. God bless you, and God bless the great people of Kenya.

I THANK YOU.