

**KEYNOTE ADDRESS BY THE DEPUTY PRIME MINISTER AND
MINISTER FOR FINANCE DURING THE STAKEHOLDERS'
WORKSHOP ON THE REGULATORY REFORM STRATEGY
(RRS) AND THE BUSINESS REGULATION BILL (BRB), HELD ON
TUESDAY 28TH JULY, 2009 AT THE KICC NAIROBI.**

Permanent Secretaries present;

Senior Government officers;

Private Sector Representatives;

Development partners;

Distinguished Guests;

Ladies and Gentlemen:

1. It gives me great pleasure to be with you here today to officiate this important Stakeholder Consultative Workshop on the Draft Regulatory Reform Strategy and the Draft Business Regulation Bill. I notice with appreciation that stakeholders have turned out in large numbers to discuss these two important instruments that will ensure that we have a robust Strategy and Bill, necessary for the regulatory reform process in Kenya today.

2. This is very encouraging indeed and it demonstrates the interest and importance you attach to regulatory reforms in this country. Your presence here today is a powerful testimony of the importance you attach to these reforms and more importantly your patriotic desire for an efficient and predictable regulatory business environment. For this, I wish to thank you wholeheartedly.

3. As you are aware, both the Economic Recovery Strategy and Vision 2030 explicitly recognize private sector as the main engine of economic growth in Kenya, while the role of Government is confined to being a facilitator for private sector activities and to intervene where there is market failure. To this end, the Government has implemented a number of reform measures with a view to creating an enabling environment for private sector activities and to arrest the decline in our global and regional competitiveness.

4. With regard to reducing the administrative barriers to private sector development, the Government seeks to ensure a future business-licensing regime that is simple, more transparent and less costly to both the regulating agencies and businesses. In that direction, the Government was able, for the first time ever, to have a comprehensive overview of the number (1,325) of business licenses and fees in Kenya. In addition, following the recommendations of the committee, the Government eliminated 315 business licenses and simplified a further 379.

5. The government has also taken measures to assure that the results of these reforms are not eroded by new licenses coming up. We have established an Electronic Regulatory Registry, which will host all business licenses in force. If a license is not in the registry, it will not be legal. The government has also established a Business Regulatory Reform Unit at the Ministry of Finance, to “guard the gates” to the regulatory registry, and assure that only truly needed and the most cost-efficient licenses and other types of business regulation are being implemented.

6. We are delighted that our efforts to reduce the cost of doing business have been recognized globally as attested by the World Bank and IFC Doing

Business Report 2008 which places Kenya as one of the World's top ten reformers and a pace setter in Africa in improving the environment for doing business.

7. Following implementation of the above measures and working closely with all stakeholders, Kenya has now created an irreversible momentum for broader regulatory reforms to improve business climate. And the Government remains fully committed to deepening these reform efforts in order to further improve Kenya's business regulatory environment. This meeting, therefore, demonstrates our collective commitment and resolve to creating enabling business environment for our private sector as the engine of Kenya's growth and development. As we have stated again and again, the private sector has been a key partner in this process and will remain so in moving this agenda forward.

8. Burdensome business regulations in Kenya have continued to impose high risks and costs on formal businesses, which, in turn, affect economic growth. The reforms we are implementing are, therefore, aimed at removing these costs and hindrances to investment and business operation in order to promote productivity and total output of our economy.

9. As part of this effort, the Government has developed a new Regulatory Reform Strategy (RRS), whose implementation will ensure a more transparent, fair and less burdensome business regulatory regime in Kenya, consistent with our Vision 2030 policy objectives and the Private Sector Development Strategy (PSDS). To further improve business climate, the Government will deepen business license reforms; simplify and make more transparent the regulatory environment; entrench a system of regulatory

reforms; and establish the institutions and processes required to effectively implement the strategy in a transparent and accountable manner.

10. The Strategy sets out six components for implementation over a five-year period. These are: implementation of the licensing reforms; targeting “doing business” indicators; implementation of regulatory impact assessment; ensuring good regulatory governance at the local authorities by improving the sub-national doing business indicators; inspections and enforcement; and, targeting specific areas for regulatory streamlining, for instance, tax administration, tourism, trading across borders, just to mention a few.

11. A draft Business Regulatory Bill, on the other hand, provides for regulation of business activities, establishment of a business quality review Committee and a Business Regulatory Reform Unit. The Bill, therefore, aims to institutionalize and consolidate the business regulatory reform efforts going forward. As part of the reform agenda, the Government will continue to direct its effort, through the Bill, the Strategy and other policy measures toward addressing outstanding burdensome regulatory costs and bolstering gains made thus far in our reform effort.

12. **Ladies and gentlemen**, we take pride in the progress we have made to date, having worked together with all stakeholders to develop a strategy on regulatory reforms and the Bill we will be discussing today. I am aware that the Regulatory Reform Working Committee (RRWC) constituted sub-committees that have been addressing specific areas such as; the Regulatory Reform Strategy, the Business Regulation Bill, the continuous implementation of licensing reforms; finalization of the e-Registry and addressing the Micro Small and Medium Enterprises (MSMEs) in the regulatory process. This is a

highly commendable step taken by the RRWC and we believe that it will sustain the momentum currently in place in our reform agenda.

13. However, we recognize that we cannot meaningfully finalize the process without the input of all other partners who have not had the opportunity to present their valuable views. To this end, this workshop will consolidate views on the various aspects of the Bill and the Strategy, and also provide you with the opportunity to discuss comments submitted earlier, so as to reach a consensus on the kind of business regulation we need in this country. These two documents will indeed provide the policy and legal underpinning of business regulation reforms going forward.

14. **In conclusion ladies and gentlemen**, the successful implementation of the components under the Bill and the Strategy will deliver: a more transparent and equitable regulatory system for all Kenyans; a reduction in the administrative compliance costs imposed on businesses; and, clearer institutional responsibilities within central and local government entities.

15. **In conclusion**, I urge you all to deliberate constructively on these two instruments, and as you do, you should not forget to mainstream important cross-cutting issues such as environmental protection, security, health, gender equity and good governance.

16. I also take this opportunity to commend our partners, the private sector, as represented by the Kenya Private Sector Alliance (KEPSA); the Kenya Association of Manufacturers (KAM), all other stakeholders and my officers at the Ministry who have contributed toward setting up this workshop, which I believe will be a great success.

17. With these few remarks ladies and gentlemen, I now declare this workshop officially opened and wish you a fruitful deliberation.

Thank you

28th July 2009