

TALKING NOTES FOR THE DEPUTY PRIME MINISTER & MINISTER FOR FINANCE ON THE OCCASION OF SIGNING PART FINANCING EURO 12.3 MILLION CREDIT AGREEMENT BETWEEN THE ING BANK OF NETHERLANDS AND THE REPUBLIC OF KENYA TO SUPPORT THE “STRENGTHENING OF 6 PROVINCIAL HOSPITALS AND 17 ADHERENT DISTRICT HOSPITALS IN KENYA” PROJECT, JUNE 16, 2009 AT 10.00 AM AT THE TREASURY BUILDING

Your Excellency, Laetitia Van den Assum, Ambassador of Netherlands,
Representatives of the ING Bank of the Netherlands,
Permanent Secretaries,
Ladies and Gentlemen,

1. On behalf of the Government and the people of the Republic of Kenya, I would like to take this opportunity to **warmly welcome** you all to the Treasury.
2. Let me take this early opportunity to express our **sincere gratitude** to the Royal Government of Netherlands for the financial support in form of loans, grants and technical assistance that Kenya has received throughout our development cooperation. I am happy that today we have just signed an agreement to support the health sector.
3. The commitment of the Government to the development of the health sector can be demonstrated by the steady increase in funding to the sector since 2002/03 to date. During this period funding to the sector has been doubled. However, most of this funding has gone towards increasing the number of human resources in the sector. In this regard, funding for infrastructure improvement, equipment and health commodities has not been fully addressed.
4. In order to further improve our cooperation, I am aware of the on-going negotiations with Stitching ORET and ORIO on various projects and programmes such as the Technical Teachers Rehabilitation (TIVET); Njoro-Egerton Community water Supply and the Lake Turkana Wind Power Project among others.
5. Your Excellency; we note with **appreciation the new ORIO funding Facility** opened to Kenya early this year and are confident that this facility will help our

country in boosting infrastructure development in the selected sectors: **social (health and education) environment and water.**

6. In addition, we also wish to further express our gratitude to the Government of Netherlands for the support extended to various sectors of our economy such as Environment, Water & Sanitation, Agriculture, Health and Education. These are very crucial sectors in addressing poverty in the country.

7. Let me **assure** you Your Excellency, that this assistance is indeed in-line with our Government's development strategy of turning Kenya into a middle income country as stipulated in the first Medium Term Plan-2008-2012 of the Vision 2030.

8. Your Excellency; we sincerely appreciate the commitment of the Royal Government of Netherlands to support the implementation of the Governance, Justice, Law and Order (GJLOS) Reform Programme with Grant amounting to **Kshs. 882 Million** during the period 2005-2009 under the basket funding arrangement.

9. Your excellency, today I am delighted to have signed with the ING Bank of Netherlands a **concessional Credit Agreement amounting to Euro 12.3 (or Ksh. 1.3 Billion) which is part financing of the rehabilitation and modernizing equipment in 6 provincial hospitals and 17 adherent district hospitals Project countrywide.** Stitching ORET of your Government has already provided a Grant amounting to Euro 12.3 Million (Ksh. 1.3 Billion) to cover other costs of this project of which the Grant Agreement was signed on April 17, 2009. It is for this reason that the support that the Kenya Government is receiving from the Government of the Kingdom of the Netherlands is very welcome. The project will support the rehabilitation and strengthening of basic hospital utility and medical services in 23 selected hospitals to guarantee quality of services and enhance an adequate medical services mix assuring equity, affordability and access. We note that the Project will contribute to the health of the poor by targeting the most vulnerable groups and also strengthen the secondary and tertiary level to improve effectiveness as well as the referral system. This will greatly strengthen the hospital reforms that are currently being implemented.

10. The spread of the facilities to be supported through the project across the country means that the benefits will also be spread with specific target to the poor. It is definitely a rare kind of support that the Government does not always receive. The specific hospital facilities to be assisted are in Kakamega and Busia in Western Province; Migori, Gucha, Bondo, Kisumu and Kehancha in Nyanza; Transmara, Kapsabet, Nanyuki, Kabarnet, Narok, Longisa and Nakuru in Rift Valley; Nyeri, Thika, Nyahururu, Muranga and Kirinyaga in Central Province and Kitui, Machakos and Meru Central in Eastern Province. Of course all areas in the country are needy, but we would like to see impact created by the use of these funds.

11. When complete, this Project is expected to reinforce and enhance hospitals' ability to provide quality health care services and local referral systems in Kenya.

12. Your Excellency; I wish to assure you that the support from the Royal Government of Netherlands as indicated above will contribute to our effort in reviving our economy. Let me therefore, assure you that the Government is committed to maintaining a stable macroeconomic framework, within the context of structural reforms stipulated in the Vision 2030. We hope that the reforms we continue to implement, including the ones I have proposed to the August House in the 2009-2010 Budget Speech, will lead to economic growth, wealth, employment creation and thus significantly reducing poverty in our country.

13. Through the economic Pillar in the Vision 2030 strategy, the Government is committed to providing quality medical care services to all Kenyans through the public healthcare providers. Deliberate efforts have been made to extend medical care services to both the rural population and the urban poor. The assistance that we have concluded today is therefore, timely.

14. Your Excellency; in conclusion I wish to retaliante that the assistance that we have received today is in line with our National Sector Strategic Plan (NSSP II) 2005-2010 in which we aim at up-scaling and sustaining economic growth rate to an annual average of 10% in order to transform Kenya into a middle income country by 2030. We are confident that the Royal Government of Netherlands

will continue to partner with us and indeed scale up its support as we travel this journey to prosperity.

15. Ladies and Gentlemen, let me assure you that the Government will implement this project with due diligence while also ensuring through monitoring and evaluation institutions, that the resources provided by the Royal Government of Netherlands are utilized for the intended purpose.

THANK YOU.