



REPUBLIC OF KENYA
THE NATIONAL TREASURY & ECONOMIC PLANNING
THE NATIONAL TREASURY
OFFICE OF THE PRINCIPAL SECRETARY

Speech by
FCPA Dr. Julius M. Muia, CBS
Outgoing Principal Secretary, The National Treasury

During the
OFFICIAL HANDOVER
to
Dr. Chris K. Kiptoo, PhD., CBS
Incoming Principal Secretary, The National Treasury

6th December, 2022.
Treasury Building, Nairobi.

The incoming Principal Secretary, Dr. Chris Kiptoo

Director-Generals and Directors present;

Members of the Fourth Estate;

Ladies and Gentlemen;

Good afternoon!

Thank you all and welcome to my last official function, as I handover the office of the Principal Secretary, the National Treasury to my successor and friend, Dr. Chris Kiptoo. As most of you know, Dr. Kiptoo is no stranger to Government, having served as Principal Secretary for the Ministry of Environment & Forestry and PS the State Department for Trade. He previously held other senior roles in the public and private sectors.

Ladies and Gentlemen;

As I was preparing my handover remarks, I reflected on my tenure as PS National Treasury and asked myself what piece of memorable advice I could share today. Certainly, there is a lot to talk about.

So, after lengthy reflections, I settled on what I would like to call, the eight 'P's, namely: (1) **the People** (2) our **Promises**, (3) the **Policies**, (4) **Progress**, (5) **Parliament**, (6) our **Partners**, (7) the **Private sector**, and the (8) the **Public**. In my evaluation, these 'P's have a great bearing on how we handle ourselves as **individuals**, how we handle our **stakeholders** and finally, how we manage **ourselves** in this important Office that sits at the heart of Government and of the economy of our country. Allow me to elaborate on each of the 'P's, as I also share a brief of our achievements since my appointment in July, 2019.

The first area of reflection is Our Work (KAZI)

Ladies and Gentlemen;

The Office of Principal Secretary is established under Article 151 of the Constitution of Kenya (2010). The Public Service Commission summarizes the specific duties and responsibilities a Principal Secretary as:

- i. Being the **Accounting Officer** of the State Department;
- ii. Implementing Government **policies** and the **Strategic Plan** for the State Department;
- iii. Facilitating the achievement of the goals and objectives of the Government and Inter-Governmental **programmes and projects**;
- iv. Developing and implementing an effective **performance management** system;
- v. Ensuring the efficient and effective utilization of Financial, Human and other **resources** in the State Department and submitting regular statutory **reports**; and
- vi. Promoting the **values and principles** set out in Articles 10 and 232 of the Constitution in the operations of the State Department.

My brother and sisters;

To succeed in this **work**, I have noted that one needs to focus clearly on the first four Ps, that is: the **People**, our **Promises**, the **Policies** and **Progress**.

Essentially, to be successful, one has to lead and work with **People** within the existing official structures as colleagues, teams, technical officers and support staff at the National Treasury. I found this to be extremely useful in the course of delivering various **Policies** in line with the **promises** made by the Government through various pronouncements and statements to engender socio economic **Progress**. Such **progress** is anticipated clearly in the Kenya Vision 2030 and political manifestos which in the Kenya Kwanza is the Bottom-Up Approach model of growth.

Looking back in the last 40 months of my tenure in the National Treasury, I am in the first instance most thankful to God and secondly very grateful for the support I have received from the exceptionally able and hard-working team in the National Treasury.

Indeed, our firmness has been and continues to be seriously tested by the never-ending onslaught of elephant-size shocks. If I can name a few: (i) Climate change-induced calamities such as drought, floods and famine; (ii) invasion by desert locusts; (iii) the unprecedented socio-economic challenge posed by Covid-19; (iv) recent externally-originated high cost of food, fertiliser and fuel leading to a global spike in inflation; and (v) a financing conundrum of elevated cost of finance and lack of market access for developing countries-leading to

reduced foreign exchange reserves and erosion of capacity to service import requirements for goods and services.

However, in the face of this conspiracy of many shocks we have been diligent to deliver the third Medium Term Plan (MTP III) of the Vision 2030 and have focused squarely on the Big Four Agenda, namely Food Security and Nutrition; Universal Health Coverage; Affordable Housing and Manufacturing, which were also aligned to the Sustainable Development Goals.

Ladies and Gentlemen;

Let me reiterate that I have been privileged to lead a very dedicated and diligent team of about 3,000 colleagues, both technical and support staff who are spread across six Directorates and 15 Departments. From Director Generals to officers at support level, the staff in the National Treasury are some of the highly talented, very capable and most committed professionals in the Public Service. Thank you colleagues and friends for giving me the opportunity to work with you in a very enabling environment of collaboration and open communication.

Indeed, we were able to deliver many **policy** interventions such as the Kenya Credit Guarantee Scheme Policy, alongside policies on Credit Information Sharing, Climate Finance, Public Procurement and Asset Disposal, Public

Investment Management, Government Assets and Liabilities Management as well as the Gazettement of the International Public Services Accounting Standards (IPSAS) for use by all public sector entities.

One observation that I must share is that on account of its Mandate, the National Treasury is frequently confronted with multiple and complex issues to resolve and provide informed solutions. In such situations I have found the deployment of task forces quite handy. Whereas some taskforces have been strictly within the National Treasury others have been at multi-agency level thereby harnessing and securing a wide array of inputs. Under these arrangements we are currently implementing 11 Task Force reports while 26 other Task Forces are yet to complete their work on key issues such as Pensions Reforms, IFMIS and Public Financial Management etc. Specifically, I request that the **full automation and full integration** of National Treasury processes be subjected to such multi-agency treatment to achieve **effectiveness and efficiency** in service delivery.

Let me also add that The National Treasury is also delivering on 64 Work Plans touching on very important areas such as the new Public Investments Management Information System (PIMIS), Climate Finance Information

System, e-Government Procurement and the 38-month IMF programme, amongst others.

Ladies and Gentlemen;

Specifically, I am happy to report that ultimately, through these policies, plans and taskforces, we have been able to deliver **progress** and results to Kenyans. The economy has demonstrated remarkable resilience, expanding by **7.5%** in 2021 from a contraction of **0.3%** in 2020. We have been able to protect jobs and provide much needed support to livelihoods. And these achievements and many more have been recorded despite the challenging global challenges in socio-economic and political space.

Our Stakeholders

Ladies and Gentlemen;

Based on my experience and observation that I have made it very clear how one deals with the remaining four 'P's of: the **Parliament**, our **Partners**, the **Private Sector** and ultimately, the **Public**, determines to a large extent, how one delivers on **Promises, People, Policies and Progress**. This is because the Parliament, Partners, Private sector and the Public are very important

stakeholders where excellent management skills are required to achieve fruitful engagement.

To reflect on this matter let me give a glimpse of the landscape. Currently, the National Treasury administers over **36** Statutes and oversees **48** State Corporations, Agencies and Regulators, within the financial and economic sectors. For this and many reasons, the **Parliament** in its important role to oversight public finances, has an immense interest in the work of the National Treasury. In this regard, the Parliament is a key stakeholder not only in the budget-making process, but also in the management of **public investments, public debt, privatization and public-private partnerships**. They are also critical in passing new laws and regulations, as well as in amending existing statutes to facilitate critical aspects of our work.

During my tenure, **Ladies and Gentlemen**, we brought three Budgets before Parliament as well as a raft of Bills and Regulations, some of which were still pending before the last Parliament such as: (1) the Income Tax Bill; (2) the County Government (Revenue Raising Process) Bill; (3) The National Rating Bill; (4) The County Governments (Additional Allocation) Bill and regulations governing supplies practitioners and public investments. It is my hope that all these will be reintroduced before the new Parliament.

Ladies and Gentlemen;

Our Development **Partners** do play a very important role in our economic progress. Specifically, our bilateral partners from Europe, the Americas, Middle East, Asia and Australia have been an important pillar of support especially for our physical and social infrastructure such as road construction, health and educational services. The National Treasury through the Public Debt Office has over the years built strong capacity to engage with our development partners in the organization and management of financial resources for project implementation, capacity building, institutional reforms, legal reforms and budget support. I pray that we will continue to cultivate and deepen these relationships.

Additionally, our multilateral partners have played a big role, especially in our dealing with Covid-19 and our recovery from the Pandemic. I would like to single out the World Bank support through Development Policy Operations (DPOs) where the government receives budget support after delivering on mutually agreed reforms of institutions or regulations, or laws or policies. We care currently implementing the DPO5. We are also running a similar programme with African Development Bank.

In the same vein, I would also like to thank the International Monetary Fund (IMF) whose support through the current 38-month economic program has made funds available for budget support through the Extended Fund Facility (EFF) and Extended Credit Facility (ECF). Specifically, the support by IMF has enabled us to enhance revenue mobilization and transparency and accountability in fiscal governance and public procurement alongside reforms in State-Owned Enterprises and other measures.

Ladies and Gentlemen;

The other key stakeholder that the National Treasury works with is the **Private Sector** who are indeed the engine of our economic growth and a critical cog in our national development. In this context, I am glad to report that credit to the private sector has increased from **KES 2.4 trillion** in 2017 to **KES 3.1 trillion** in 2021. The intervention at the bottom of the pyramid by the innovative hustler fund is expected to plug a major gap in financing the private sector.

The final and a very important stakeholder that I want to speak about is the **Public**. They are the reason we are here. As a matter of fact, they are the ones we really serve and owe this privilege to. We have sought to always capture and reflect their views and desires through rigorous **public participation** in the budget-making process, policy formulation as well as legislative proposals. We

have also engaged deeply with the media as a way of informing the public and breaking down what are usually complex financial and economic data into appealing messages.

Finally, **Ladies and Gentlemen**, I leave this Office, thankful for the privilege and support accorded to me by my colleagues during my tenure in the National Treasury. From our Director-Generals to the technical and support staff, especially those that have worked close with me on a daily basis – may your service to this country be greatly rewarded. A special thanks to the media too, for the great role they have played in helping us communicate with Kenyans.

Asanteni sana! God bless you all.

Dr. Chris Kiptoo, allow me to welcome you now to make your Remarks. *Karibu sana!*

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