



**REPUBLIC OF KENYA
THE NATIONAL TREASURY & ECONOMIC PLANNING**

KEYNOTE ADDRESS BY

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Cabinet Secretary**

**LAUNCH OF THE FY23 – 28 WORLD BANK COUNTRY
PARTNERSHIP FRAMEWORK FOR KENYA**

6TH DECEMBER, 2022.

Fellow Cabinet Secretaries,

Principal Secretaries and Accounting Officers,

Governors and County Representatives,

Development Partners,

**Representatives of Private Sector and Civil Society
Organizations,**

Distinguished Guests,

Ladies and Gentlemen,

Good morning!

It gives me great pleasure to be officiating the launch of the FY23–28 World Bank Country Partnership Framework (CPF) for Kenya, this morning. This launch was delayed by two years due to the effects of the COVID-19 pandemic, that consequently allowed us to have an extended consultation process with key stakeholders from the public and private sectors, the diplomatic community and development partners, youth and marginalised groups. This extensive process has also allowed our alignment of the priorities of the CPF with the priorities of the Kenya’s new Administration.

With this in mind, I would like to thank all our stakeholders for their valuable feedback and insights that have enriched the CPF development process. I would also like to especially thank the Boards of the Executive Directors of the International Development Association (IDA), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) for unanimously endorsing this Country Partnership Framework – it is evidence of your continued solid support, trust and collaboration with the Government of Kenya.

Indeed, the World Bank remains our largest multilateral partner with approximately USD 6.7 billion or KES 800 billion in development projects' financing. Eighty percent (80%) of these projects continue to register moderately satisfactory performance in the last three years according to the World Bank Independent Evaluation Group (IEG). An issue we intend to address in the near future to cover deficit of 20%.

Ladies and Gentlemen,

Kenya like other economies in the region continues to carry the effects of multiple and persistent shocks. This has created supply

constraints and the outcome is rising inflation and cost of living in general. The Kenya situation has been made worse by the drought effects and the global market conditions that have constrained financing.

The current Administration will ambitiously pursue an all-inclusive economic growth model using the bottom-up approach that will establish appropriate institutional reforms to develop, regulate and protect markets that will ignite production and productivity downstream, and increased revenue upstream. This is the critical focus of the Bottom-Up approach; A focused effort

to ensure that the benefits of growth are distributed fairly across all clusters of society by creating equal opportunities for all through functioning markets.

Distinguished Guests,

The implementation of the Country Partnership Framework we are launching today, will support the Kenya economy in this development discourse and more so the constraints, particularly the emerging threat of food security and climate change.

CPF aims to achieve three (3) long-term High-Level Outcomes (HLOs), and seven (7) CPF Objectives:

- a. **High Level Objective One (HLO-1): Faster and more equitable labour productivity and income growth** that will require sustained economic growth, faster job creation and improved labour market outcomes, particularly for low-income & socially disadvantaged groups.

- b. **High Level Objective Two (HLO-2): Greater equity in service delivery outcomes** which will require closing existing gaps and more consistent efforts to tackle current and future inequalities across individuals and regions by

fortifying relevant institutions and programs, such as safety nets.

High Level Objective Three (HLO-3): Greater resilience and sustainability of Kenya's natural capital that is needed to safeguard growth and social welfare in the face of climate change and more frequent weather shocks. Kenya's overarching climate challenge is around food security and climate change. This will require improving water management systems for both irrigation

and its investments in innovative solutions, while reversing land degradation and loss of forest cover.

You will note that the CPF's High level outcomes are accompanied by attendant objectives that are well-aligned to our current national development priorities, the UN Sustainable Development Goals or SDGs, the World Bank Green, Resilient and Inclusive Development (GRID) strategy as well as other international treaties including those on climate change.

Ladies and Gentlemen,

Through the CPF, Kenya is expected to benefit not only from its National Allocation, but also from other windows that provide finance for specific goals.

We also note that new windows have been introduced and we shall engage further with the World Bank Country Office to determine the best options under these windows, for the financing of our pipeline and future projects considering efficiency, risk and costs. We endeavor to jointly address implementation challenges to ensure speedy utilization and absorption of resources to derive measurable outcomes.

Ladies and Gentlemen,

Since 2019, Kenya has received a combined resource envelope of USD 3.25 billion under the four World Bank Development Policy Operation or DPOs. These resources helped to reduce fiscal pressures by making public spending more efficient and transparent, while reducing the fiscal costs and risks.

This support was also key in strengthening the management of natural and human capital, as well as creating a strong platform and sustainable growth that will now support creation of fiscal

space and fiscal consideration that will signal public debt sustainability.

During the current IDA-20 Cycle, the Government has lined up an additional DPO of approximately USD 750 million for the current Financial Year. The proposed package under discussion with the World Bank aims at promoting sustainable, resilience and inclusive growth. That will also promote human capital development as a major input to economic management.

Distinguished Guests,

The current pre-occupation by the current administration is to enact innovative solutions for liability management that will also signal active public debt management and sustainability.

Indeed, the financing provided by the World Bank are aligned to these principles by offering us concessional terms that will improve our capacity in the liability management.

Ladies and Gentlemen,

As I conclude, allow me to once again extend my sincere appreciation to all stakeholders in the room and beyond, and encourage you all to continue partnering with the Government as we roll-out the CPF, to ensure its efficient implementation as well as utilize its innovative solutions.

On behalf of the Government, I wish to assure you that we will work closely with you all, to align, harmonize and co-ordinate development support with government priorities, frameworks, so that we ‘deliver as one’.

With those remarks, it is now my great pleasure and honour to declare the FY23–28 World Bank Country Partnership Framework for Kenya, officially launched!

Thank You