

PARLIAMENT OF KENYA
JOINT SITTING OF THE NATIONAL
ASSEMBLY AND THE SENATE

THE HANSARD

Eleventh Parliament – Fifth Session

*(Special Sitting of Parliament convened via Kenya Gazette Notices
Nos.2189 of 10th March 2017 and 2190 of 10th March 2017)*

Wednesday, 15th March 2017

*Parliament met at five minutes past three O'clock
in the National Assembly Chamber
at Parliament Buildings*

ARRIVAL OF HIS EXCELLENCY THE PRESIDENT

*[His Excellency the President (Hon. Uhuru Kenyatta) escorted by the
Speaker of the Senate (Hon. Ekwee Ethuro) and the Speaker of the National
Assembly (Hon. Justin Muturi) entered the Chamber at five minutes
past three O'clock accompanied by the Maces of both Houses]*

*[His Excellency the President (Hon. Uhuru Kenyatta)
took the Chair of State]*

(The two Maces were placed on the Table)

(The National Anthem was played)

PRAYERS

COMMUNICATION FROM THE CHAIR

**CONVENING OF SPECIAL SITTING OF PARLIAMENT
FOR ANNUAL STATE OF THE NATION ADDRESS BY
HIS EXCELLENCY THE PRESIDENT**

The Speaker of the National Assembly (Hon. Justin Muturi): Your Excellency, Hon. Uhuru Kenyatta, President of the Republic of Kenya and Commander-in-Chief of the Kenya Defence Forces, the Hon. Speaker of the Senate, Hon. Ekwee Ethuro, Hon. Members of

Parliament, Article 132(1)(b) of the Constitution of Kenya requires the President to address a Special Sitting of the Parliament of Kenya once every year and at any other time.

Further, Article 132(1)(c) requires the President to, among others, once every year, report, in an address to the nation, all the measures taken and the progress achieved in the realisation of the national values, set out in Article 10, and submit a report for debate to the National Assembly on the progress made in the fulfilment of international obligations of the Republic.

In addition, Article 240(7) of the Constitution requires the President to report to Parliament annually on the state of the security of the Republic.

In this regard, Hon. Members, following a request from His Excellency the President and pursuant to Article 132(1)(b) and (c)(i) and (ii) of the Constitution and the provisions of Standing Order No.22(1) and (2) of the National Assembly, by Gazette Notice No.2189, which was published in the *Kenya Gazette* on 10th March 2017, I gave notice of this Special Sitting to the Members of the National Assembly.

Similarly, pursuant to Article 132(1)(b) and (c)(i) and (ii) of the Constitution and the provisions of Standing Order No.22(1) and (2) of the Senate Standing Orders, by Gazette Notice No.2190, which was published in the *Kenya Gazette* on 10th March 2017, the Speaker of the Senate gave notice of this Special Sitting to the Senators. Accordingly, Hon. Members, this Special Sitting is properly convened.

It is now my singular honour and privilege to invite His Excellency the President of the Republic of Kenya to address this Special Sitting of Parliament.

Your Excellency!

(Applause)

His Excellency the President (Hon. Uhuru Kenyatta): Dear Kenyans, Speakers of both Houses of Parliament, Hon. Members, distinguished guests, ladies and gentlemen. Today, we celebrate an extraordinary Kenyan journey; four years of transformation of growth and, indeed, the deepening of our democracy. I want to take this opportunity to salute and congratulate each and every Kenyan today for staying true to our solemn duty to protect, preserve and promote our Constitution. Because of you, Kenya remains an oasis of peace and prosperity. Because of you, our country stands tall in the community of nations. Today, we celebrate a transformed Kenya.

At the heart of this momentous change is, without doubt, Parliament. The 11th Parliament, which I liken to our first Parliament at Independence, has undertaken a historic task of establishing a new constitutional order and legislating its fundamental instruments.

(Applause)

Hon. Members, you are charged with a historic task to implement the new Constitution that Kenyans bestowed themselves in 2010. You have done that job well. Your commitment has put our nation on a solid legal foundation that is key to sustainable development.

Fellow Kenyans and Hon. Members, the Constitution reminds us that our authority is a public trust to be exercised in a manner that brings honour to the nation, and in full accountability to Kenyans, by whom and for whom we hold that authority. We meet today to discharge our duty under that trust. Our Constitution demands that Kenyans and their representatives be informed of the state of the nation. As an accountable administration, we are

obliged to explain to Kenyans what we have done with the mandate bestowed on us. It is my pleasure, therefore, to lay before this Joint Sitting of Parliament, and pursuant to Articles 10, 132 and 240 of our Constitution, reports regarding the state of our national security, measures taken and progress achieved in the realisation of national values, and to the National Assembly, a report on the progress made in fulfilling our international obligations. Since taking my oath of office, the implementation of the Constitution of Kenya has been a key priority of my agenda. In the last four years, the Jubilee Administration, with the help of this Parliament, has completed our constitutional implementation. During this phase, Parliament has passed and I have assented to 136 laws.

(Applause)

Our democracy has matured. I took office as an embodiment of the transition to a new constitutional order. Since then, there has been a number of significant transitions. We have witnessed a momentous transition in the Judiciary. Today, as we speak, we have a full bench in the Supreme Court led by the second Chief Justice under the new constitutional dispensation. I take this opportunity to welcome the new Chief Justice, Hon. Justice David Maraga and his Deputy, Hon. Justice Philomena Mwilu.

(Applause)

I reiterate to them once again the support of my administration to the attainment of an independent and honest Judiciary. Our constitutional order delivers independent arms of government, while its spirit requires interdependence for our citizens, in whom all sovereign power resides, to be served fairly and effectively.

Another significant transition has taken place with the renewal of our electoral body, the Independent Electoral and Boundaries Commission (IEBC). This transition demonstrated our ability to navigate a complex political challenge and averted a constitutional crisis. I congratulate the old IEBC team for a job well done, and I pledge support to the new team. I have full confidence that this team is capable of delivering a credible election. I call on all Kenyans to provide space for the IEBC to operate as an independent body, as it undertakes its important national duties. During this period, my administration has supported the effective functioning of independent bodies. We believe in the value that these bodies add to our national fabric because they protect individual rights and ensure fair play and equal treatment for all. It is important that we accept and protect the role of the independent offices, and that we work within the bounds of our constitutional order.

Undoubtedly, constitutional bodies should be held to account in the fulfilment of their mandates. However, it should be remembered that attempts to subvert this constitutional framework damages our democracy, undermines the rule of law and weakens our institutional development and our nation.

Fellow Kenyans, a significant pillar of our transformation in the past four years is the realisation of the longstanding aspiration of the people of Kenya for devolution.

(Applause)

This has been a historic undertaking that has few peers anywhere in the world.

Indeed, one of my proudest achievements as President has been to chaperone the implementation of a devolved system of government. My administration has gone over and beyond the constitutional requirement by increasing the percentage of sharable revenues from the 15 per cent required by the Constitution to 34 per cent.

(Applause)

We have also supplemented the development agenda of our county governments through conditional grants in areas such as health and water. To manage what has been a complex transformation, my administration has engaged at the highest level through the Summit and through the Intergovernmental Budget and Economic Council that is chaired by the Deputy President.

My Administration has also accelerated the transfer of functions and personnel to the county governments in accordance with Article 187 as well as the Fourth Schedule of the Constitution. As we march forward together, we will build a stronger framework for intergovernmental cooperation to resolve any challenges that may emerge. To this end, I have directed the Attorney-General, in consultation with the Council of Governors, to review the scope and mandate of the Intergovernmental Technical Relations Committee.

Hon. Members, championing of devolution goes beyond the legal processes of implementation. By making this the timely transfer of funds far above the constitutional threshold, and having a smooth implementation of the transfer of functions, is a welcome economic dynamism that has emerged in our counties. Our support for devolution has driven us to seek out and implement, in partnership with the county governments, projects that have a real and positive impact on county residence. It is due to such an effort that today the people of Wajir have their first tarmac roads in history.

(Applause)

Our support has ensured that the residents of Modogashe in Garissa have witnessed their first caesarean section in their county. Our strong collaboration with the County Government of Lamu has enabled the rehabilitation of a previously dilapidated King Fadh Hospital as well as the addition of a new Accident and Emergency Care Centre. This new facility, which will start its operation next month, will transform the health outcomes for the residents of Lamu County by offering dialysis, X-rays, emergency operations and Intensive Care Unit (ICU) services that were previously unavailable.

In counties like Uasin Gishu and Narok, we are collaborating to build new stadia. Our joint efforts with the County Government of Turkana has led to the successful implementation of a government-driven livestock insurance and compensation programme; a first of its kind in Kenyan and African history.

The national Government has been able to provide street lighting in all the county headquarters and to 36 other towns across the country. This has injected economic vibrancy into previously sleepy towns.

Fellow Kenyans, together we are champions of devolution; we believe in it, we have worked, and we will continue to work, to deliver its full benefits to Kenyans.

Hon. Speakers, Hon. Members and fellow Kenyans, my oath of office, decrees as my essential duty the protection of Kenyans and preservation of our territorial integrity. This duty is

all the more significant in light of her being a frontier State against global terrorism. Furthermore, our location in a fragile, conflict-prone region whose challenges are transnational, means that our ability to secure the nation is fundamental to achieving our collective aspirations.

In 2011, we made a historic decision. We sent our young men and women across the border in pursuit of an enemy dedicated to the destruction of our region and our motherland. Since then, and in collaboration with regional as well as international allies, we have robbed the enemy of territory, resources and control over people. Still the threat remains. Therefore, we continue with our mission in Somalia. We know that if we fight the enemy in Somalia, we will not have to fight them here at home. Our engagement as part of AMISOM has yielded significant successes. We have degraded the capacity of *Al-Shabaab* to carry out large-scale attacks in Kenya and elsewhere. Our efforts together have led to the establishment of successive civilian governments in Somalia, including the recently concluded successful, peaceful election and transition to President Mohamed Abdullahi Mohamed.

Fellow Kenyans, in defence of our motherland, and in fulfilling our international obligations to pursue peace and security, we have in the process lost some of our gallant officers. These losses remind us every day of the threat that is upon us. I stand here today to say that these gallant sons and daughters of Kenya have not fallen in vain. Their sacrifice for our freedom and our homeland strengthen our resolve. We shall remain unbowed; Kenya shall prevail and our democracy will endure.

Before I continue, I would kindly request that we all be upstanding for a moment of silence to honour our men and women in uniform who face the enemy daily and who have pledged their lives to protect the sovereignty, freedom and liberty espoused by our nation.

(Parliament observed a moment of silence)

I thank you.

Fellow Kenyans, even as we recognise the sacrifices that have been made so far, we appreciate that the war is not yet won. I urge each and every one of you to stand firm in support of our men and women as we continue our critical mission in Somalia.

Hon. Members, as you all know, my Administration has been actively involved in the peace process in South Sudan on a bilateral and multilateral basis. While the situation remains unresolved, it is my administration's desire to have a stable and peaceful South Sudan because our future as well as our prosperity is intertwined with that of our neighbours. Our efforts remain central to the search for a lasting solution. However, much more needs to be done to bridge the differences between the conflicting parties.

In this regard, during my recent meeting with the Secretary-General of the United Nations, I assured him of Kenya's unwavering commitment in the Intergovernmental Authority on Development (IGAD) framework and other bilateral and multilateral effort to contribute towards a durable solution.

Fellow Kenyans, our engagement and the search for security in the region is critical. Failure to do this will translate to insecurity within our borders.

On the home-front, the incessant inter-communal conflicts and other criminal acts, including cattle rustling and poaching, are sustained by an inflow of illegal small arms and light weapons as well as marauding bandits operating across the border. Furthermore, threats such as terrorism, feed off transnational crimes such as drug and human trafficking, as well as piracy. These risks have largely been brought under control over the last four years through a series of

actions. We have built a well-co-ordinated multi-agency approach to ensure public safety and security. We have invested in better equipment, training and working tools.

We have also increased the number of police officers. It will be remembered that in the Jubilee Manifesto, we promised to push the ratio of police officers below one officer for every 800 citizens. Today, I am pleased to report that we have kept our promise. Our ratio of police to the population is one officer for 380 citizens, better than the prescribed United Nations (UN) ratio of one officer for every 450 citizens.

(Applause)

Our counter terrorism efforts have delivered a sharp reduction in the number of fatalities, attacks and attempts by terrorist entities. Added to the strong effort to dismantle terrorists' operation capabilities, the Government has increased its focus also on preventing and reducing the motivations underlying radicalisation and recruitment into terrorism.

Our national strategy to counter violent extremism is bearing fruit. This strategy is addressing radicalisation by combining the efforts of diverse actors from the State, civil society organisations, the private sector and religious organisations to protect our democracy. This achievement takes on even greater significance as the world learns that we are one of the few, if not the only country, that has expanded its civil liberties while at the frontline of fighting terrorism.

(Applause)

Our war on illegal drugs is steadily being won. The streamlining of activities at our ports of entry, especially the Port of Mombasa, have resulted in rising successes against drug trafficking cartels. We are actively cooperating with several foreign law enforcement agencies to identify and bring to book individuals involved in the international narcotics trade. I want to assure the families of the thousands of young men and women across the country who are victims of the drug trade, that my Government will facilitate access to rehabilitation. I also wish to assure those distraught mothers who have pleaded with me during my recent visit to the Coast, that my administration will catch up with the drug lords who are poisoning our children.

(Applause)

We shall hold them to account for the deaths they have caused and the families that they continue to destroy.

Hon. Members, these successes notwithstanding, we are still confronted by lawlessness and violence in the form of banditry in parts of the North Rift and Laikipia. I wish to reiterate again that my administration cannot and will not condone the blatant violation of the rights guaranteed in our Constitution. We will use all means at our disposal to pursue and bring to justice all those involved in causing this mayhem. I take this opportunity to warn politicians in the affected areas to stop incitement to any form of violence. You will be held to account.

(Applause)

In the last four years, my administration has worked hard to make Kenya an attractive destination for investment. I wish to reaffirm our commitment to the rule of law and to assure all domestic and foreign investors that we, as a nation, are open for business. I do appreciate that the drought we are currently experiencing has adversely impacted a significant portion of our population and more so our pastoral communities whose livestock lack pasture and water.

To our elected leaders at all levels, I urge you to work with both the national administration as well as the county governments to ensure that all our people have access to drought resistance packages availed by the Government, including the livestock offtake programme that was recently launched.

*(The President was given a glass of water by an officer
from the Sergeant -At-Arms)*

Asante mum. Wewe ndiwe umenikumbuka. Thank you.

(Laughter)

We will continue to ensure the orderly strategy of protecting and promoting the interest of our country. My administration is clear about its direction and sense of purpose. It is clear about its economic development agenda for Kenya. When we were campaigning for the leadership of this country four years ago, we were clear on what our plans would be to establish a strong foundation for our country to prosper economically. While appreciating what our predecessors have achieved, we recognised that Kenya needed a transformation to support manufacturing and the knowledge and infrastructure it requires. It is from this transformation that plentiful and decent jobs can be delivered to our youth.

To begin the walk towards industrialization, we needed to drastically improve and expand our infrastructure, increase access to electricity and diversify our energy sources. We needed to invest in our health care system and to recalibrate our education sector and make it fit for the future. We needed to strengthen our security and change our policies to encourage investment in industries and light manufacturing. That is what we have undertaken to do as an administration with the support of the Kenyan people.

Allow me, Hon. Members, to highlight where we are four years later in keeping our promises and following through on our commitments:- as a result of the substantial changes that we have made to our business framework, for two years in a row, Kenya has been ranked as the third most improved country globally according to the World Bank Ease of doing Business Index.

(Applause)

We promised that we were to build a new railway from Mombasa to Malaba through Kisumu, and that we would complete the first phase from Mombasa to Nairobi before June 2017.

(Applause)

Hon. Members, we have kept the promise. Also, due to the establishment of factories for the manufacturing of steel-reinforced sleepers and T-beams, small towns like Kathekani in Mtito Andei and Emali are experiencing an economic boom. Indeed, I take this opportunity to invite you, Hon. Members, to join me in June, as we ride the inaugural train from Mombasa to Nairobi.

(Applause)

Indeed, in 2013, we promised to undertake the most aggressive road construction programme ever witnessed in Kenya's history. Today, with 1,950 kilometers of new roads completed and another 7,000 kilometers under different phases of construction, we have kept the promise.

The impact of these roads can be felt across the country. The citizens of Moyale who used to spend three days on the road travelling to Nairobi can now make that same journey in less than seven hours.

(Applause)

From one bus a day 12 months ago, today 30 buses a day are plying that route today. This has brought a new economic dynamic to towns such as Moyale, Turbi and Marsabit. In Homa Bay County, the residents of Rusinga Island now have a brand new bridge that is linking them to Mbita and improving the safety of transport in the lake region.

(Applause)

In Taveta, banana farmers in Kimundia and Mboghoni can now get their produce to markets in Mombasa in under four hours as the Mwatate-Taveta Road nears completion. This, ladies and gentlemen, is a road that has been promised by four different governments, including the colonial one, for the last 55 year, but it has only been promised and delivered by one - the Jubilee Government.

(Applause)

In Kilifi, the construction of the 51 kilometer Mariakani-Bamba Road means that the famous song: *Safari ya Bamba ni Macheru* needs to be recomposed to: *Safari ya Bamba ni Rero*.

(Laughter)

(Applause)

In 2013, we promised to connect every county to fibre optic technology in order to ease access to information. Today, every county headquarters is connected to fibre and 50 per cent of all sub-county headquarters are also connected. We have kept that promise. In 2013, we promised to provide access to electricity for 70 per cent of all households by the end of 2017. Today, we have connected an additional 3.7 million new homes to electricity. We have more than doubled in four years, the total number of connections made since Independence.

For Jacob Shirandula of Fubuye village in Malava, and Nancy Ekeno of Ogilgei village in Njoro, being connected to the grid has changed their lives for the better alongside that of millions of other Kenyans. We have kept the promise.

In 2013, we promised to connect electricity to all public primary schools by 2017. Today, having connected an additional 14,045 schools representing over 98 per cent of all public primary schools in the country, we have kept that promise.

In the health sector, we promised to upgrade our public hospital facilities. Prior to 2013, only four referral hospitals had such equipment. Four years later, through the Innovative Managed Equipment Service Programme, I am pleased to say that 92 hospitals across all counties have now been equipped with modern diagnostic equipment.

For example, I have the uplifting story of Jackson Wamai, a 28-year old secondary school teacher in Murang'a who was diagnosed with kidney failure five years ago. He used to travel twice a week to Nairobi for dialysis at Kenyatta National Hospital (KNH). He was almost dismissed by the Teachers Service Commission (TSC) for absenteeism. Today, thanks to the upgrade done at Murang'a Level 5 Hospital, he now travels 20 minutes for his dialysis sessions and is able to properly serve his students. We have kept that promise.

(Applause)

In 2013, we guaranteed the provision of free primary health care for expectant mothers. Today, we have doubled the number of expectant mothers delivering under the care of skilled medical attendants to over 1.2 million by the end of 2016. We have kept that promise.

In 2013, we promised to increase access to affordable health care. Today, we have increased the number of Kenyans with access to outpatient medical care through the National Hospital Insurance Fund (NHIF) from 3.8 million in 2013 to 5.8 million in 2017. In 2013 we promised to increase access to affordable healthcare. Today, we have increased the number of Kenyans with access to outpatient medical care through the National Hospital Insurance Fund from 3.8 million in 2013 to 5.8 million in 2017.

(Applause)

These include people like Caleb "Balozi" Omino, a farmer in Kisumu County living with a disability. Through the government-sponsored programme, he was able to become a member of NHIF. In 2014, Caleb's daughter, Esther, fell ill and was admitted to hospital with typhoid a few weeks before she was to sit for her Kenya Certificate of Primary Education (KCPE) exams. It was through the intervention of NHIF that she received treatment, made a full recovery and was able to successfully complete her exams. Esther is in now in Form Two and today, I have also invited Caleb, who is here amongst us, as living proof and I am happy to see that he managed to make it here.

(Applause)

In 2013, we promised to bring service delivery closer to every Kenyan. Today, we have transformed service delivery through the Huduma Initiative. We have 45 Huduma Centres in 41 counties providing 66 different Government services to over 40,000 Kenyans every day. We have kept that promise.

Further, through the innovative digital platform E-Citizen, over three million Kenyans have successfully paid to access 197 different public services. These are services like, passport applications, visa applications, driving licence renewals, vehicle registration, business registration, company searches and, applications for certificates of good conduct, amongst others. This is a promise that we have kept.

(Applause)

In 2013, we promised to put in place special financial incentives to support the role of youth as drivers of innovation in this country. After four years, Kshs11 billion has been accessed by close to one million young Kenyans. We celebrate the success of the Fund through stories of young Kenyans like Irene Kaleye based in Embakasi here in Nairobi whose start-up, “Plan Believe Groceries”, won a contract to supply vegetables to Kenyatta University. She received a loan of Kshs1.5 million from the Fund to bridge her cash flow which enabled her to fulfil her contract thereby keeping her promise and we keeping ours.

(Applause)

Despite teething problems, the National Youth Service (NYS) Programme, through the recruitment of cohorts in Kibera, has changed lives. They have joined the savings and credit co-operatives (SACCOs) that have been established. In Kibera alone, they have managed to save over Kshs123 million. This money has been utilised to start businesses and provide hope and gainful employment in Kibera.

(Applause)

In 2013, we promised to provide social protection to our most vulnerable members in the society. Today our National Safety Net Programme, “*Inua Jamii*,” covers 720,000 persons up from 220,000 in 2013. The budget for that Programme alone has also been increased by 600 per cent to Kshs18 billion. These are beneficiaries like Mohammed Noor Adow from Bula Rahma Village in Garissa Township. He used to live a destitute life with his wife and seven children. After enrolling in the *Inua Jamii* in 2015, he received his first payment of Kshs20,000, which he used to purchase goats. Today, with the continued support of the Programme and his livestock trading business, he and his family are able to live a dignified life.

Fellow Kenyans, I can go on. These are just some of the promises that we have fulfilled during our term. We acknowledge that the journey of transformation is one that we must walk with our people. I am, therefore, pleased to inform you that in the coming weeks, my administration will launch a public information platform to share, in much more detail, the Government’s delivery agenda during the last four years.

Fellow Kenyans, let me now turn to the state of our economy. At the macro level, all indicators are healthy. Our Gross Domestic Product (GDP) has expanded at a strong average annual growth rate of 5.9 per cent since 2013. This is against the global average of 3 per cent. Our foreign exchange reserves have increased from 4.3 months of import cover in 2013 to 5.1 months of cover at the start of 2017. Our revenues from tax collections have increased from Kshs847 billion in 2013 to Kshs1.2 trillion at the end of 2016. The stable economic environment

over the last four years has seen the cumulative addition of 2.3 million new jobs. From this perspective, the state of our economy is robust.

(Applause)

Fellow Kenyans, in spite of this good macro-economic performance, there are still, however, too many Kenyans who are struggling to make ends meet, to find jobs and to support their families. *Wananchi* want to know what these economic indicators mean to their lives. They cannot relate to how GDP impacts on the price of *unga* or what the stability of our currency means for them at the end of every month. Many of our citizens are wondering why their children are still struggling to find jobs. Others are worried that the Government debt might be too heavy a burden for our economy to carry. Our small and medium-sized enterprises (SMEs) are complaining that they do not have access to credit in spite of the fact that the cost of credit in Kenya is the most affordable in the region, after the capping of commercial bank interest rates in September of last year. Many Kenyans are frustrated at the seeming lack of progress in the fight against corruption.

These concerns are legitimate and they are questions that every citizen is entitled to have been answered by their Government. Addressing them is of utmost importance to me. Let me start by addressing the question of our public debt.

Fellow Kenyans, our debt is about 50 per cent of our GDP. Of that amount, less than half of it is in foreign currency. Our debt has grown almost proportionally to our GDP. Every year, since the start of my administration, we have consistently made adequate budgetary provisions to service the debt. I want to assure every Kenyan that, at no point has the country been at risk of default or shown any inability to pay its creditors. The borrowing that my administration has undertaken, both from domestic and international creditors, has been solely to finance the most aggressive development agenda in Kenya's history. The evidence of a greatly expanded transport infrastructure, increased energy production, increased access to electricity and improved security are plain for all Kenyans to see.

As a responsible Government serious about creating jobs, we must have the right environment to attract investment. That investment, in turn, will lead to jobs and end poverty. It will bring new economic opportunities across the country, especially to previously marginal areas such as Marsabit and Turbi, amongst others. I assure every Kenyan that all the funds borrowed will continue to be put to good use. Like a farmer who must sow their seeds before they can expect a harvest, our investment in infrastructure will be the seed that will produce the harvest of faster economic growth and more jobs for our people. Kenyans are ready and anxious for an economy that is world class in attracting the investment that will turn us into a manufacturing powerhouse. My administration understands the scale of change our people need to improve their lives and thus our aggressive investment. At core, let us remember that those investments are for Kenya's future.

On the issue of access to credit for SMEs, it is unfortunate that the unintended consequence of the capping of interest rates was a slow-down in lending by our commercial banks. This is an issue that concerns us and is one that I am actively seeking to resolve so that credit can start to flow again to the real drivers of our economy.

Hon. Members, the leaders of the world's most prosperous and powerful countries have come to visit Kenya. They came to witness a country on the rise, and to engage with an administration that they believe shares in their vision for a stable and prospering global

economy. We have discussed with them and agreed on joint measures to take in pursuit of peace and stability. They have also been eager to ensure that their countries' companies have access to an economy they believe has a bright future. On my part, I have engaged them here at home, and abroad, to advance my administration's economic diplomacy strategy. From India, we have secured equipment and the expertise to establish a new cancer centre at Kenyatta National Hospital.

Additionally, that engagement with India has allowed us to give the farmers in semi- arid areas like Embu, Kitui, Mwingi, Makueni and Tharaka a ready Indian market of 1 billion people to which they can export beans, lentils and peas.

(Applause)

We have strengthened our security and development relationship with the United States, the United Kingdom, the European Union and Jordan. This has enabled us to markedly strengthen the capabilities of our security system in combatting terrorism and transnational crimes, and to continue adding to our development efforts. China has been a key partner in the transformation of our infrastructure. Significantly, the SGR has been completed in record time. By traveling to France, I secured funding to undertake major water projects across the country. In addition, through the Kenya Private Sector Alliance and National Chamber of Commerce and Industry, we have attracted many French companies to invest in Kenya's agri-business. We have been able to develop new curricula in the automotive sector for our technical and vocational training institutes due to our engagement with the Government of the Federal Republic of Germany.

Japan is one of our most important partners. One of the areas of co-operation is the highly concessional funding we have gained to complete the Dogo Kundu Bypass. Japan has also invested in our pioneering efforts to build tools to prevent radicalization and violent extremism.

Our collaboration with the State of Israel includes our access to cutting-edge agricultural expertise and technology that can allow us to transform our agriculture in arid and semi-arid areas.

Through the government of the Republic of Korea, we have received full funding for the construction of the Kenya Advanced Institute of Technology - the first anchor tenant of Konza Techno-City.

(Applause)

Through the EAC and Northern Corridor Initiative, we have been able to improve the ease of movement of persons, the single network area for mobile telephony, single tourist visa and we have deepened regional integration.

My administration has made private sector participation in all our international engagements a key pillar of our economic diplomacy. As a consequence, through the Private Sector, we have signed investment agreements with leading businesses from over 60 countries in four years. This has led to many multinationals establishing offices here in Nairobi and other parts of Kenya. Since 2013, over 1,532 major companies from across the globe have set up shop here in Kenya, from VW in Thika to Wrigleys, who have invested more than Kshs6 billion in Machakos and are set to open a plant there in May of this year. GZI have invested over Kshs12 billion in an aluminium can manufacturing plant at Sultan Hamud. This compared to less than 40

often quoted companies that have either relocated for corporate strategic reasons or downsized and closed for lack of competitiveness.

To the members of the diplomatic corps who have joined us here today, and to their colleagues in their capitals, know this: Your friendship is important to the Kenyan people who have always lived in peace with their neighbours and with a national consensus to do good in the world. We work hard for security within our country and are honest brokers in helping secure the peace for every country in our region that needs our help. We appreciate your support, both moral and material.

(Applause)

You can all see that we are on the path to building a vibrant economy and a strong democracy. We want to take our relationship with you to greater heights of ambition and achievement in the future.

Hon. Members, Fellow Kenyans, coming into Government in 2013, we knew that eliminating corruption would be a journey on a rocky path. We started the journey by pledging to strengthen our legal processes to wage a successful war against economic crimes. Today, we have 90 special prosecutors for economic crimes in the Judiciary and the Chief Justice has established a special Anti-Corruption and Economic Crimes Division of the High Court, and has appointed 13 special magistrates to deal with anti-corruption and economic crimes cases.

In 2013, we pledged to make the necessary policy and legal changes to ensure that corrupt persons and companies would be barred from doing business with the Government. We have kept our promise by enacting a modern and far reaching Bribery Act, which I assented to late last year. I congratulate the captains of industry in the private sector who have championed this initiative.

In 2013, we pledged to pursue and freeze assets and proceeds of corruption and economic crimes. We have established the institutions that give us the capability to trace and recover money and assets globally, which have been stolen from the public. These include the Asset Recovery Agency, the Financial Reporting Centre and the new investigations department at the Kenya Revenue Authority where I am pleased to report that successes are being reported. To date, approximately Kshs3 billion has either been recovered or preserved for recovery. This is a first in Kenya's history. Those recovered funds will be used for social programmes, for example, the recently recovered funds from the Smith and Ouzman case have been used for the purchase of ambulances. Going forward, we are creating a framework of how recovered funds will be used in a transparent and accountable manner.

We have chosen an approach that prevention is better than cure. Cash payments, inefficiency and delays in service delivery breed corrupt practices. We have, therefore, invested in making service delivery more efficient and accessible through the Huduma Centres, the E-Citizen, iTax, land registry services and other digitized platforms. Indeed, following the establishment of the multi-agency team in November 2015, we have changed the way our agencies coordinate and share information.

What all these efforts add up to is an investment in the process, capabilities and mandates that we require to take on this big challenge. No agency charged with a responsibility in this fight can again claim or argue that it does not have what it takes to fight this battle. My expectation and, indeed, that of millions of Kenyans is that convictions of prominent thieves and fraudsters will be the proof that our measures have started to succeed.

(Applause)

At this juncture, I would also like to thank our friends from the international community who have partnered with us and supported us in this noble effort. Indeed, one of the proudest achievements of my administration is in delivering honest exams in 2016.

(Applause)

This was a first in many years and it was a blow against corruption. The compromising of the exam system had favoured those who can afford bribes to the disadvantage of honest and hardworking students from disadvantaged homes.

(Applause)

It had allowed unqualified students to take university courses that they have struggled to master and led to unqualified professionals with a belief in corruption as a personal enabler. There is no corruption worse than that directed at the youth. Our bold reforms, added to the far-reaching curriculum changes and insistence on the upgrading of educational standards will lead to more and better jobs for our youth. I want to congratulate the team responsible for delivering honest exams and commend them for bringing Jubilee's ambition and boldness to their work.

(Applause)

Hon. Members, fellow Kenyans, allow me to address myself to one of the biggest challenges and threats to our economy and national well-being. This is our public wage bill. Our wage bill threatens to destroy our development agenda as a nation. Today, the public wage bill stands at Kshs627 billion per year, amounting to 50 per cent of the total revenues collected by the Government. This staggering amount is used to pay the salaries and allowances of 700,000 public officers, including those of us who are here today.

In simple terms, 50 per cent of all the money collected as revenue from the Kenyan taxpayer goes into the pockets of less than 2 per cent of the country's total population. For the last two decades, there has been a spiralling of the wage bill fuelled by incessant strikes, go-slows and outright neglect of duties. It has denied our citizens critical services, disrupted the normal functioning of our society and adversely affected our economy. During my term, some unions have put pressure on the Government to further increase the wage bill to unsustainable levels without the constitutional and mandatory input from the Salaries and Remuneration Commission (SRC). These are issues that need to be resolved by all of us soberly because we are fast approaching the breaking point.

Earlier today, I received from the Salaries and Remuneration Commission an interim report outlining the Review of Remuneration and Benefits for State Officers for the period 2017-2022. This Report recommends, amongst other measures, a rationalisation of the salaries and allowances paid to senior state officers, public servants and elected officials from Members of County Assembly (MCAs) all the way to the President. That will result in a reduction in salaries and allowances for those elected in August, this year.

(Hon. Members and Senators applauded the President while standing in their places)

As your President and, indeed, as a Kenyan, I fully support the recommendations of the SRC and I call upon all of us to adopt these recommendations.

(Applause)

Hon. Members, I appreciate that the silent fear of every politician is ending their career in politics broke and destitute. This fear may have its foundations in our history when our Members and Ministers would retire or lose their elective seats and thereafter wallow in poverty. As a country, we must agree we have come a long way in addressing these fears. However, since then, we must always remember that the calling of leadership is to serve and not to become rich through serving.

As politicians, we must accept that our ever increasing salaries and allowances have contributed to the unsustainable demands by other cadres within the public sector to increase their own remuneration at the expense of our people and the country's development agenda.

It is, therefore, upon us, as leaders, to restore the principle of servant leadership by respecting the will of the people and supporting the work of the SRC. The SRC recommendations help to contain the overall wage bill. They will allow the SRC the leeway to review the salaries of all public servants at national and county levels with a view to improving the terms of those in the lowest cadres.

These recommendations will allow us to pay more attention to our medical professionals, teachers, policemen, prisons officers, military and many others who also need to receive adequate compensation for the services that they render. Most importantly, by so doing, we shall all be respecting the wishes of our own employers, the *mwananchi* of this country.

Hon. Members, with that said let us now look into the future. We have established a firm foundation which can now be used as a springboard to accelerate the growth of our economy and provide jobs for our youth. The path to national wealth all over the world is clear.

Fifty years ago, many countries, especially in Asia, were even poorer than we were. They were weighed down by corruption and limited national visions. Yet we witnessed them accelerate their development by reforming their governance frameworks and drawing massive investments that built industrial economies that have delivered millions of jobs to their citizens.

Hon. Members, there is no shortcut to matching their achievement. They also needed to build the same kind of foundation that we are currently putting in place. We are on a similar path but we must run rather than walk along it because we do not have the luxury of time.

This is why I campaigned on a ticket of transformation. I knew all along that it was not enough to continue at the pace we had been on for the past 50 years.

We needed to fast-track the building of the assets that would lead to the growth of a strong, job-rich economy. This is why we have gone out of our way to give a new lease of life to industries that will accelerate the growth of our economy and provide jobs for our people. The revival of industries like Pan Paper Mills in Webuye, Rift Valley Textiles Company in Eldoret, the re-establishment of new motor vehicle assembly lines by Volkswagen, Peugeot and Toyota demonstrate that we are on our way.

We have also given new impetus to the development of our blue economy to translate our fishing and shipping potential into new industries and jobs. Our transformation is for every

Kenyan. It is underway, and the great promise of uplifting more of our people into the middle class will be achieved. What we must do, to achieve this shared prosperity, is to stay the course and continue building on our achievements so far.

I believe that history will remember this period as the turning point when Kenya became a leading investment destination in the world, and the newest entrant into large-scale manufacturing.

Fellow Kenyans, I note that Kenya will conduct its general elections in August this year. Elections are nothing new to Kenyans. We are one of the few African countries that have had regular elections since Independence without fail. We are an icon of democracy, a bastion of freedom, a haven of safety where freedom of expression flourishes but we must be mindful that democracy is a fragile state and we need to protect it.

I wish to assure the nation that my Government is committed to a free and fair election. The process of preparation for the election is well underway. Parliament passed legislations to improve the management of the electoral process. These include the Election Offences Act No.37 of 2016, to manage election offences; the Political Parties (Amendment) Act No.14 of 2016 to improve management of the Political Parties Fund, among others.

My Government has also enacted laws to enhance transparency and accountability of the electoral process and enacted the Election Laws (Amendment) Act No.36 of 2016 and the Election Laws (Amendment) Act No.1 of 2017. We wish, at this juncture, to also request the Judiciary that they do not act as a stumbling block to our ability to hold free, fair and transparent elections.

As we approach the polls, I wish to remind Kenyans to uphold peace and remain united. Elections are a one-time event but Kenya is larger than all of us and shall, and must remain. Those seeking political office must desist from any utterances that may divide Kenyans along ethnic, religious or other lines. Further, I urge citizens to exercise tolerance before, during and after the elections.

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(Applause)

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The right to choose our leaders is precious. We know that our fathers and mothers suffered, struggled and died to win the right to choose their own government. We know that a new generation of reformers renewed our democracy in the 1990s. And we also know of the long struggle for our new Constitution that enshrines those rights that people have fought for. That is the history of the struggle that brought us here. Do not dishonour the achievement of those who won our freedoms by breaking the unity they established. Go and vote, and then let us return to building the house we have inherited together from our fathers.

Let me conclude by reaffirming that the state of the nation is strong. We have kept our promise in ensuring that we have developed the country, to establish a base for rapid growth, sustainable shared prosperity and job creation. We are now embarking on the journey to industrialisation, and ensuring a safe and prosperous nation for decades to come.

Hon. Speakers, Members, fellow Kenyans, we must continue marching forward to build a prosperous Kenya, a Kenya that resonates with the dreams of our founding fathers; a Kenya that is stable and secure and a Kenya whose people are united in their ambitions and determination.

Hon. Members, I have worked every day of my first term to put us in a position to make this leap. The Kenyan people have driven this process every step of the way. It is your vision of transformation, rooted in your daily needs of good jobs and rising incomes that I am pursuing. Together, we can change our country and change our lives. That is the single goal Jubilee serves, and I urge all Kenyans to join me in delivering another term of people-focused governance, boldness of vision and hard work as we rise ever higher.

I thank you all for your attention. May God bless you and may God bless Kenya.

Asanteni sana

(Applause)

ADJOURNMENT

The Speaker of the Senate (Hon. Ekwee Ethuro): Hon. Members, you may be upstanding. Your Excellency the President, the Speaker of the National Assembly, Hon. Senators, Hon. Members of the National Assembly, it is now time to adjourn the Senate. The Senate stands adjourned until Tuesday, 28th March, 2017, at 2.30 p.m.

(Loud consultations)

The Speaker of the National Assembly (Hon. Justin Muturi): Order Members! Your Excellency the President, Speaker of the Senate, Hon. Members, it is my honour to now adjourn the National Assembly to Thursday, 16th March, 2017, at 2.30 p.m.

House rose at 4.30 p.m.