

President Kenyatta's State of the Nation Address Speech

SPEECH BY HIS EXCELLENCY HON. UHURU KENYATTA, C.G.H., PRESIDENT OF THE REPUBLIC OF KENYA AND COMMANDER IN CHIEF OF THE DEFENCE FORCES DURING THE 2017 STATE OF THE NATION ADDRESS, PARLIAMENT BUILDINGS, NAIROBI, 15TH MARCH 2017

Dear Kenyans, Speakers of Both Houses of Parliament, Honourable Members,

Today, we celebrate an extraordinary Kenyan journey: four years of transformation, of growth, and the deepening our democracy. I want 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 Parliament. The Eleventh Parliament, which I liken to our first Parliament at independence, has undertaken a historic task of establishing a new constitutional order and legislating its foundational instruments.

Honourable Members,

You were charged with a historic task: a task to implement the new constitution that Kenyans bestowed on themselves in 2010. You have done that job well. Your commitment has put our nation on a solid legal foundation that is the key to sustainable development.

Fellow Kenyans and Honourable 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 upon us.

It is my pleasure, therefore, to lay before this joint sitting of Parliament, pursuant to Articles 10, 132 and 240 of the Constitution of Kenya, 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 Parliament, has completed our constitutional implementation.

During this phase, Parliament has passed, and I have assented to, 136 laws.

Our democracy has matured. I took office as an embodiment of the transition to a new constitutional order. Since then, there have been a number of significant transitions. We have witnessed a momentous transition in the Judiciary. Today, we have a full bench in the Supreme Court led by the second Chief Justice under the new constitution.

I take this opportunity to welcome the new Chief Justice, the Hon. Justice David Maraga and his Deputy Hon. Justice Philomena Mwilu.

I reiterate to them 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 inter-dependence 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. 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 independent offices, and that we work within the bounds of our constitutional order.

Undoubtedly, constitutional bodies should be held to account in the fulfillment 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 Kenyan people for devolution. This has been a historic undertaking that has few peers anywhere in the world.

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 shareable revenues from 15% to 34%. We have also supplemented the development agenda of County governments through conditional grants in areas such health and water. To manage what has been a complex transformation, my administration has engaged at the highest level through the Intergovernmental Budget and Economic Council 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 and the Fourth Schedule of the Constitution. As we

march forward, we will build a stronger framework for intergovernmental cooperation to resolve any challenges that 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 Inter-Governmental Technical Relations Committee.

Honourable Members,

My administration's championing of Devolution goes beyond the legal processes of implementation. By making the timely transfer of funds, far above the constitutional threshold, and our smooth implementation of the transfer of functions, a welcome economic dynamism has emerged in the counties.

Our support for Devolution has driven us to seek out and implement, in partnership with County governments, projects that have a real and positive impact on county residents.

It is due to such an effort that the people of Wajir now have their first ever tarmac roads. Our support has ensured that the residents of Modagashe in Garissa witnessed the first caesarian section conducted 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 operations next month, will transform the health outcomes for the residents of Lamu County by offering dialysis, X-Ray, emergency operations, and ICU services.

In counties like Uasin Gishu and Narok, we are collaborating to build new stadia.

Our joint effort with the County Government of Turkana has led to the successful implementation of a government-driven livestock insurance and compensation program. A first in Kenyan and African history.

The National government has been able to provide street lights in all 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 will continue to work, to deliver its full benefits to Kenyans.

Honourable Speakers, Honourable Members, Fellow Kenyans,

My oath of office, decrees as my essential duty the protection of Kenyans and the preservation of our territorial integrity. This duty is all the more significant in light of our being a frontline 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 motherland. Since then, in collaboration with regional and international allies, we have robbed the enemy of territory, resources and control over people. Still, the threat remains. And therefore, we continue our mission in Somalia. We know that if we fight the enemy in Somalia, we won't have to fight them here at home.

Our engagement as part of AMISOM has yielded significant success. We have degraded the capacity of Al-Shabaab to carry out large-scale attacks in Kenya and elsewhere.

Our efforts have led to the establishment of successive civilian governments in Somalia, including the recently concluded successful and peaceful election of President Mohamed Abdullahi Mohamed.

Fellow Kenyans,

In defence of our motherland, and in fulfilling our international obligations to pursue peace and security, we have lost some of our gallant soldiers. These losses remind us 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 motherland strengthens our resolve. **We remain unbowed; Kenya shall prevail; and our democracy will endure.**

Before I continue, I would kindly request that you all be up-standing for a minute 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, freedoms and liberties espoused by our nation. ****MINUTE OF SILENCE**** Thank you

Fellow Kenyans

Even as we recognise the sacrifices that have been made so far, we appreciate that this war is not yet won.

I urge you all to stand firm in the support of our men and women as we continue our critical mission in Somalia.

As you all know, my administration has been actively involved in the peace process in South Sudan on a bilateral and multi-lateral basis. While the situation remains unresolved, it is my administration's desire to have a stable and peaceful South Sudan because our future and 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 within the IGAD framework and other bilateral and multilateral efforts to contribute towards a durable solution.

Fellow Kenyans,

Our engagement in the search for security in the region is critical. Failure to do this would 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-coordinated multi-agency approach to ensure public safety and security. We have invested in better equipment, training, and working tools.

We have also increased the numbers of police officers. In the Jubilee Manifesto, we promised to push the ratio of police officers below 1 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 1 officer for 380 citizens, better than the prescribed UN ratio of 1 officer for every 450 citizens.

Our counter terrorism effort has delivered a sharp reduction in the number of fatalities, attacks and attempts by terrorist entities.

Added to the strong efforts to dismantle terrorists' operational capabilities, the government has increased its focus 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 including the state, civil society, 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 on the frontlines of fighting terrorism.

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 the 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 assure those distraught mothers who have pleaded with me during my recent visits to the Coast that my administration will catch up with the drug lords who are poisoning our children.

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

Honourable 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 reiterate that my administration cannot, and will not, condone the blatant violation of the rights guaranteed in our constitution. This administration will use all means at its disposal to pursue and bring to justice all those involved in causing this mayhem. I warn politicians in the affected areas to stop incitement to any form of violence. You will be held to account.

In the last four years, my administration has worked hard to make Kenya an attractive destination for investment. I want to reaffirm our commitment to the Rule of Law, and to assure all domestic and foreign investors that we are open for business.

I appreciate that the drought we are currently experiencing has adversely impacted a significant portion of our population and more so our pastoralist communities whose livestock lack pasture and water.

Our elected leaders, at all levels, should work with the National Administration to ensure that their constituents have access to the drought assistance packages availed by the Government, including the livestock off-take program.

Fellow Kenyans,

It is not often that we get the opportunity to assess and report on our own progress as a government. However one thing is clear. The Jubilee administration has a long-term development plan, it has a defined and orderly strategy to protect and promote the interests of our country. My Administration:

- Is clear about its direction and sense of purpose
- Is clear about its economic and 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 had achieved, we recognized 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 industrialisation, we needed to drastically improve and expand our infrastructure, and to increase access to electricity and diversify our energy sources. We needed to invest in our healthcare 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 to highlight where we are four years later in keeping our promises and following through on our commitments:- As result of the substantial changes we have made to our business policy framework, for two years in a row, Kenya has been ranked as the 3rd most improved country globally according to the World Bank Ease of Doing Business Index.

We promised we were going 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. **We have kept the promise.**

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. I invite you to join me in June as we ride the inaugural train from Mombasa to Nairobi.

In 2013, we promised to undertake the most aggressive road construction program ever seen in Kenya. With 1,950 kilometres of new roads completed, and another 7000 kilometres 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 3 days on the road traveling to Nairobi, can now make the same journey in under 7 hours. From 1 bus a day 12 months ago, today 30 buses a day are plying the route. 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 linking them to Mbita and improving the safety of transport in the Lake region.

In Taveta, banana farmers in Kimundia and Mbogholoni can now get their produce to markets in Mombasa in under 4 hours as the Mwatate-Taveta Road nears completion. This, ladies and gentlemen, is a road that had been promised by 4 different Governments in the last 55 years but has only been delivered by one. The Jubilee Government.

In Kilifi, the construction of the 51 kilometre Mariakani-Bamba road means that the famous song **Safari Ya Bamba ni Machero needs to be recomposed to Safari Ya Bamba ni Rero.**

In 2013, we promised to connect every county to Fiber Optic technology in order to ease access to information. Today, every county headquarters is connected to fibre and 50% of all sub-county headquarters are also connected. We have kept the promise.

In 2013, we promised to provide access to electricity for 70% 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 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% of all public primary schools in the country.

For example Katulu Primary School in Tala, Machakos which was connected to power in May 2015.

We have kept the promise.

In the health sector, we promised to upgrade our public hospital facilities.

Prior to 2013, only the four referral hospitals had such equipment. Four years later, through the innovative Managed Equipment Services program, I am pleased to say that 92 hospitals across all counties have now been equipped with modern diagnostic equipment.

For example the uplifting story of Jackson Wamai, a 28-year old secondary school teacher in Muranga. He was diagnosed with kidney failure five years ago. He used to travel twice a week to Nairobi for dialysis at Kenyatta Hospital. He was almost dismissed by the Teachers Service Commission for absenteeism. Today, thanks to the upgrades done at the Muranga Level 5 hospital, he now travels 20 minutes to his dialysis sessions. He is able to properly serve his students.

We have kept the promise.

In 2013, we guaranteed the provision of free primary healthcare for expectant mothers.

Today, we have doubled the numbers of expectant mothers delivering under the care of skilled medical attendants to over 1.2 million by the end of 2016.

We have kept the promise.

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.

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 the 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 KCPE. 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 now in **form 2**. I invited Caleb to attend today's sitting, and I am happy to see him here with us.

We have kept the promise.

Honourable Members,

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 everyday. We have kept the promise.

Further, through the innovative digital platform E-Citizen, over 3 million Kenyans have successfully paid to access 197 different public services.

These are services like, passport applications, visa applications, driving license renewals, vehicle registration, business registration, company searches and applications for certificates of good conduct.

We have kept this promise!

In 2013, we promised to put in place special financial incentives to support the role of the youth as the drivers of innovation in this country.

After 4 years, Kshs 11 Billion has been accessed by close to a million young Kenyans.

We celebrate the success of the Fund through the stories of young Kenyans like Irene Kaleye based in Embakasi whose start-up "Plan Believe Groceries" won a contract to supply vegetables to Kenyatta University. She received a loan of Kshs 1.5 million from the Fund to bridge her cash flows, which enabled her to fulfill her contract. We kept the promise.

Despite some teething problems, the National Youth Service Programme, through the recruitment of cohorts in Kibera has changed lives. They joined the SACCOS established, and

managed to save 123 million shillings. This money has been utilized to start businesses and provide hope and gainful effort.

In 2013, we promised to provide social protection to our most vulnerable members of society.

Today, our National Safety Net programme “Inua Jamii” covers 720,000 persons up from 220,000 in 2013. The budget for this programme has also been increased by 600 percent to 18 billion shillings. These are beneficiaries like Mohamed Noor Adow from Bula Rahma village in Garissa township. He used to live a destitute life with his wife and 7 children. After enrolling to Inua Jamii in 2015, he received his first payment of 20,000 shillings 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, these are just some of the promises we have fulfilled during our term. We acknowledge that the journey of transformation is one 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 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 has expanded at strong average annual growth rate of 5.9 percent since 2013 this against a global average of 3 percent. 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 847 billion shillings in 2013 to 1.2 trillion shillings at the end of 2016.

The stable economic environment over the last 4 years has seen the cumulative addition of 2.3 million new jobs. From this perspective, the state of our economy is robust.

In spite of this good macro-economic performance, there are still too many Kenyans who are struggling to make ends meet, to find jobs, and to support their families. Many 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 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 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 answered by their government. Addressing them is of utmost importance to me so let me start by addressing the question of our public debt:

Our debt is about 50% of our GDP. Of that amount, less than half is in foreign currency. Our debt has grown almost proportionally to our GDP. Every year since the start of my administration, we have made adequate budgetary provisions to service the debt. I want to assure Kenyans that at no point has the country been at risk of default or shown any inability to pay its creditors.

Fellow Kenyans that the borrowing my administration has been undertaking both from domestic and international creditors has been solely to finance the most aggressive development agenda witnessed 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 have to have the right environment to attract investment. That investment, in turn, will lead to jobs and end to poverty. It will bring new economic opportunities across the country especially to previously marginal areas. 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, thus our aggressive investment. At core, these are investments in 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 will actively seek to resolve so that credit can start to flow again to the real drivers of our economy.

Honourable 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 community.

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 country's 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 Hospital.

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

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 cooperation is the highly concessional funding we gained to complete the Dongo 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.

Through the 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, 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 in Nairobi and other parts of Kenya.

Since 2013, over 1532 major companies from across the globe have set up shop here in Kenya, from VW in Thika to Wrigleys who have invested more than 6 Billion shillings in Machakos and are set to open in May of this year and GZI who have invested over 12 Billion shillings 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 due to 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. 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.

Honourable 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 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 of the Kenya Revenue Authority. Where I am pleased to report that successes are being reported.

To date approximately 3 Billion shillings has either been recovered or preserved for recovery a first in Kenya's history.

These recovered funds will be used for social programs for example, 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 payment, 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.

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. Now no agency charged with a responsibility in this fight can claim or argue that it does not have what it needs to fight this battle.

My expectation, matching that of millions of Kenyans, is that convictions of prominent thieves and fraudsters will be the proof that our measures have started to succeed.

At this juncture I would like to thank our friends from the international community who have partnered with us in this noble campaign.

One of the proudest achievements on my administration is in delivering honest exams in 2016. 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. It had allowed unqualified students to take university courses that they 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.

Honourable 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 627 Billion shillings per year, amounting to 50% 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 here today.

In simple terms, 50% of all the money collected as revenues in Kenya goes in to the pockets of less than 2% 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 crucial services, disrupted the normal functioning of our society, and adversely affected the 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. These are issues that need to be resolved 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 rationalization of the salaries and allowances paid to senior state officers, public servants, elected officials from MCA all the way to the President. That will result in a reduction in salaries and allowances for those elected in August this year. As your President, and as a Kenyan, I fully support the recommendations of the SRC and I call upon all of us to adopt these recommendations.

Honourable 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 MP's and ministers would retire or lose their elective seats and thereafter wallow in poverty. Since then as a country we have come a long way in addressing these fears.

However, we must always remember that the calling of leadership is to serve. 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 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 lowest cadres.

These recommendations will allow us to pay more attention to our medical professionals, our teachers, our policemen, prisons officers and many others who also need to receive adequate compensation for the services that they render.

Most importantly, we will be respecting the wishes of our own employers, the wananchi.

Honourable Members, let us now look to the future.

We have established a firm foundation which can now be used as a spring board 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. There is no shortcut to matching their achievement. They also needed to build the same kind of foundation we are currently putting in place. We are on a similar path but 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 fifty 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 Kenya, 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 elections, 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.

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.

The right to choose our leaders is precious. We know that our fathers and mothers suffered and struggled 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 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 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.

Honourable 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 ambition and determination.

Honourable Members

I have worked every day of my first term to put us in 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 even higher.

Thank you and God Bless You, and God Bless