

STATEMENT BY PROF. NJUGUNA NDUNG’U
GOVERNOR FOR KENYA

Hon. Chairman of the Board of Governors,
President of the African Development Bank Group,
Colleague Governors,
Members of the Board of Executive Directors,
Your Excellencies,
Members of the Diplomatic Corps,
Distinguished Guests,
Ladies and gentlemen

Let me first of all convey my sincere gratitude to the Government and the people of Cote d’Ivoire for the warm reception and generous hospitality that has been accorded to my delegation since our arrival in this beautiful country.

I also wish to express my profound thanks and appreciation to His Excellency, Dr. Donald Kaberuka, and President of the ADB Group, management and staff of the Bank for the high standards they have maintained in the overall operations of the Bank. As we note with pride the satisfactory achievements of the bank we should redouble our efforts to move even to greater heights. The challenges Africa faces are still multiplying. In this regard, I want to register Kenya’s appreciation of the Bank’s continued support to the implementation of our Vision 2030.

The Bank Group commenced operations in Kenya in 1967 and since then the contribution towards our socio-economic development has been significant. To date the Bank has made commitments amounting to UA 1.455 billion or Kush. 145.5 billion, in support of our development programmes. Currently, there are twenty four (24) public sector on-going projects with a total commitment of approximately UA 725.8 million or Kush. 71.58 billion. The sectors benefiting from this support include: Roads, Energy, Agriculture, Health, Water and Sanitation, and support for institutional reforms. Under the ADF XI resource allocations, the bank extended an amount totaling to UA 35.5 million (Kush. 35.5 billion) for the next four years that is from 2008 to 2012. I am happy to note the projects being supported by the bank are in line with our Vision 2030 and are solving importantly our infrastructure gaps.

Mr. Chairman,

Kenya’s economy posted a real GDP growth of 2.6 per cent in 2009 compared to a revised growth of 1.6 per cent in 2008. The growth was supported by resurgence of activities in tourism sector and resilience in building and construction industry. The prospects for 2010 look bright, with economic recovery projected to be more assertive in 2010 not only for the Kenyan economy but also for most of the countries in the world. The Kenyan economy is likely to benefit from sufficient rains experienced during the first four months of the 2010 and forecasted to continue to the next half of 2010. It is

projected that the Kenya's economy will grow by between 4.1 per cent and 4.5 per cent this year. But the Euro crisis is a worry as we stand now.

To return to higher growth rates in all sectors of our economy, the Government is in the process of implementing Vision 2030 and will continue playing its role as required in implementing the reform agenda and call upon the ADB to continue playing a supporting role. The Government will also continue to strengthen the institutions that provide security and to deepen the process of providing universal free primary education, health care, water and sanitation services especially to the poor. In addition, the Government will also increase efficiency and accountability in the public service by shifting focus from a process-oriented system to a results-based management system.

Mr. Chairman,

On a broader perspective, we note that although prospects for growth both in the global economy as well as in several of our fragile developing economies have continued to improve and recovery is broadening across regions, significant and regional tensions and vulnerabilities still remain. We therefore support the bank's initiative on fragile states.

Africa's continued dependence on primary commodities as our main source of foreign exchange has meant that we remain vulnerable to market conditions and vagaries of weather. Consequently, price fluctuations, decline in real commodity prices and the attendant terms-of-trade losses will continue to exert heavy costs in terms of low income, growth, high indebtedness and rising poverty in this continent. However, the Bank's mobilization of its knowledge resources, its engagement with Regional member Countries (RMCs) and other regional bodies such as the African Union Commission (AUC) and the United Nations Economic commission for Africa (UNECA), proved to be an effective strategy for offsetting and for monitoring the effects of the crisis. It also provided a platform to the partners for strategically developing and coordinating Africa's response at various levels.

Mr. Chairman,

Whereas the Kenya Government has initiated major policy changes by enacting legislations to create more transparency and accountability as well as setting up appropriate institutional framework and systems that are required to implement Vision 2030 through five year rolling plans starting from the period 2008 to 2012, there are still difficulties of mobilizing adequate financial resources to finance the priorities identified by the Government. The Kenya Government is therefore grateful to ADB for supporting projects that are in line with our vision 2030.

Kenya, like other African countries requires substantial external support in order to combat poverty. Thus, consistent with the NEPAD and the 2003 Rome Declaration on harmonization and reaffirmed in the Paris Declaration endorsed in March 2005, the developed countries must Endeavour to meet their strong pledge to increase the quality

and quantity of ODA to Africa. We particularly stress the need for greater predictability of donor funding and also making aid effectiveness a high priority.

The Bank on its part has played an increasing role in integrating African economies and strengthening cooperation among Regional countries. We particularly applaud the bank's efforts in the pursuit of Regional Infrastructure development and Water Supply and Sanitation initiatives within the NEPAD Framework. The Bank has played a key role in developing our human resource in equipping them with knowledge and skills needed to perform various tasks in the organizations they work. To this end the Bank has conducted various workshops in Nairobi, Kenya. Such workshops focus on important topics like governance, Projects Management, Millennium Development Goals and institutional development issues that are of benefit to our country.

Chairman,

It is in light of these new challenges facing Africa that we turn on the African Development Bank's efficiency particularly in connection with the progress it has made on ADF-12 replenishment. Consultations for the Twelfth General Replenishment of the African Development Fund (ADF-12) commenced at a critical time for African low-income countries (LICs) and the international community. The exceptional global economic circumstances that have marked the Eleventh General Replenishment of the African Development Fund period have challenged donors and African development Fund (ADF) supported countries alike. Both are struggling to make the best use of limited resources in the face of escalating and competing demands. African LICs are straining more than ever to balance their budgets and mobilize the financing they need to reduce poverty. And donors have had to address extraordinary domestic demands while continuing to meet their external commitments, including the concurrent replenishments and general capital increase of several international development institutions. However we urge our development partners to increase their contributions to ADF resources especially towards the replenishment of the upcoming ADF-12 to enable the Bank achieve its noble lending targets to developing countries.

Mr. Chairman,

The challenges we face in Kenya is one of building capacity for growth. The important aspects to this include:

- Investing in infrastructure to solve infrastructure bottlenecks
- Investing in people: human capital development
- Reforming markets
- Restructuring institutions and safeguarding governance

In supporting these aspects of capacity for growth, peculiar characteristics of the projects and their urgency should be taken into account.

Mr. Chairman,

Whereas the process of the Bank's temporary relocation to Tunis was successfully completed in 2003, this move was unpredictable and abrupt. As a result, the Bank has now been hosted at the Temporary Relocation Agency (TRA) for a period longer than originally envisaged. This issue therefore requires to be reviewed with the ultimate aim of moving the bank to its headquarters. Any extension of stay at the TRA should therefore be based on the current security situation in the Host Country, which should be reviewed urgently.

With respect to employment I wish to congratulate the Board of Directors and Management of the Bank for mitigating the effects of high staff turnover through the accelerated and aggressive recruitment of additional staff. Whereas this is a positive step management needs to seriously address regional imbalance in staff employment especially at Management level. The East African Region in particular is still under-represented at all levels.

Mr. Chairman,

We in Kenya congratulate Dr. Donald Kaberuka on his re-election as the President of the Bank. We applaud his performance, his intellectual and visionary leadership and assure him of our full support. We urge him to not only replicate what he has achieved in the past but also move the bank and development agenda of the continent to new horizons.

Finally, I would like to conclude by restating my Government's appreciation of its good relations with bank. I wish to assure you of our commitment to pursuing prudent economic management for the betterment of the people of Kenya and once again thank the ADB Group President and the ADB Board for the continuous support extended to Kenya.

Thank you.