

**SPEECH BY MR. HENRY ROTICH, CABINET SECRETARY, NATIONAL TREASURY, DURING THE 23<sup>RD</sup> ESAAG CONFERENCE ON FOSTERING ECONOMIC DEVELOPMENT THROUGH INNOVATIVE PFM PRACTICES ON 7<sup>TH</sup> MARCH, 2016 AT KICC**

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**Accountants-General of ESAAG,  
CEO ESAAG,  
Distinguished delegates,  
Ladies and Gentlemen,  
Good Morning.**

1. It is a great honour for me to join you and to participate in this important conference.
2. Let me first take this opportunity to welcome you to the 23<sup>rd</sup> Annual East and Southern African Association of Accountants General (ESAAG) Conference. I also welcome you all to our capital city, Nairobi. **Karibu sana.**
3. **Ladies and Gentlemen**, our beautiful Africa continent is known for its turbulent history, yet in the last decade a much more peaceful transformation has been taking place that can bring significant improvements for our people. Many African countries are enjoying rapid economic growth and as a result private sector interest in the African market has increased markedly.
4. However, with this increased focus on African economies, there is pressure and expectations on African governments to deliver better services to citizens. An influx of foreign investment not only triggers economic growth, but also increases the service delivery and infrastructure demands on a government.
5. Governments, as the custodians of service delivery and infrastructure development, have the responsibility to formulate a financial management model to sustain the economic growth of their markets. The natural response to this urgent need is to enhance Public Finance Management (PFM) reform programmes.
6. In the past, PFM reforms in Africa have mostly been driven by the need to comply with the requirements of international donors and development partners. Increasingly, though, African governments are seeing the broader value in improving the management of their finances.
7. Indeed, countries with improved PFM practices are finding it easier to borrow at more favourable terms from international lenders in the open market to fund large infrastructure or service delivery projects.
8. This is helping our continent to reduce its reliance on international donors and aid and instead raise capital through the open market to meet large infrastructure gaps and service delivery.
9. **Ladies and Gentlemen**, as many countries across the continent have embraced democracy and are enjoying rapid economic growth, the pressure on governments to deliver basic services, improve living conditions for their people and remain accountable are mounting. There is therefore need to strengthen PFM systems and oversight institutions to increase efficiency and reduce wastage, and mismanagement of public resources.
10. The offices of Accountants-General should play a key role in management of public finances and in driving the PFM reform programmes. There is need to enhance the capacity of the PFM professionals to deal with emerging challenges and mismanagement of public resources experienced in many African countries. As, you all are aware, corruption and mismanagement of public resource poses a major threat to economic development and delivery of services to the citizens.

11. **Ladies and Gentlemen**, allow me to say a little about Kenya's progress in the matters I have mentioned.
12. Kenya promulgated a new constitution in 2010. This has accelerated the impetus for improving governance structures and entrenching reforms.
13. Further, the enactment of the PFM Act 2012 and other relevant legislations has also created an additional opportunity for entrenching key PFM reforms.
14. The Kenya government acknowledges that a well functional public finance system is a cornerstone of achieving national development and is the foundation of the vision 2030. Indeed, reforms targeting Public Finance Management has been one of Kenya Government's priorities.
15. Reforms targeting procurement are now taking root following the newly enacted public procurement and disposal act 2015 which has addressed a number of measures which shall enhance efficiency on procurement processes.
16. In addition, the recently enacted public audit Act 2015, aimed at strengthening the oversight role of the supreme audit office is one key reform agenda that will go a long way in improving the PFM practices in the country.
17. Kenya has also embraced technology as part of its PFM reforms. In recent years, the government has embarked on re-engineering of Integrated Finance Management Information System (IFMIS) as an end-to-end solution with the objective of integrating all PFM systems. Procurement has also been automated through e-procurement module of IFMIS.
18. In addition, Kenya has made great strides in automating service delivery to the citizens through IT related platform where citizens can even use mobile phones to pay and access services through the e-citizen portal. Am sure you are all aware of the success story of M-Pesa which has revolutionized payment services in Kenya.
19. As a measure to enhance accountability and uniformity, Kenya's public sector has formally adopted the international financial reporting framework as pronounced by Kenya's Public Sector Accounting Standards Board. As you will learn from my Accountant General, the National Treasury has managed to consolidate government wide financial statements for the past two years.
20. **Ladies and gentlemen**, these Public Finance Management (PFM) interventions have helped increase credibility of the government budget, financial recording and reporting, and fiscal oversight.
21. There is more transparency and accountability, improved financial discipline, better allocation of resources to priority areas and improved service delivery to our people.
22. Kenya has been able to access funding from international markets which is a demonstration of the increased confidence with which the global markets are viewing Africa.
23. **Ladies and Gentlemen**, I am impressed by the initiative of the 14 member countries that came together 23 years ago to form the ESAAG. This is indeed a good platform for experience sharing among member states and for driving the PFM reform agenda in Africa.
24. This complements other regional initiatives such as East Africa Community (EAC), Southern Africa Development Community (SADAC), Common Market for Eastern and Southern Africa (COMESA), Economic Community of West African States (ECOWAS) and other trade and economic groupings which seek to promote trade and integration among Africa member states.

25. **Ladies and Gentlemen**, reflecting on the programme for this conference, I note that the topics address a number of key finance management reform initiatives that serve as important impetus to economic development. I expect participants to freely share experiences on the approach, successes and challenges that your respective countries have gone through while implementing these reforms.

26. Indeed, I challenge this conference to come up with unique, innovative, knowledge-driven solutions and ideas that can help our countries to better integrate PFM practices in our governance structures. This can help our governments to realise faster economic developments and deliver more to their citizens with the limited resources at our disposal.

27. I also challenge this conference to champion the need for accountants and other PFM professionals involved in PFM to champion and promote the highest ethical and governance standards, and to work in the public interest.

28. Finally, as I conclude my remarks, am informed that a day has been set out for delegates to explore our natural heritage especially our national parks. Am sure you will enjoy the scenic views as you descend the Great Rift Valley.

29. It is now my pleasure to declare the 23<sup>rd</sup> ESAAG conference officially open.

30. Thank you. God bless you. God bless Africa.

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