

REMARKS BY THE CABINET SECRETARY/THE NATIONAL TREASURY, MR. HENRY K. ROTICH, EGH, DURING THE LAUNCH OF REGIONAL ECONOMIC OUTLOOK FOR SUB - SAHARAN AFRICA IN NAIROBI, KENYA ON OCTOBER 25, 2016

Mr. Abebe Selassie, Director of African Department, IMF

Mr. Ben Clements, IMF Mission Chief

Mr. Morales Armado, IMF Resident Representative, Kenya

Distinguished Government Officials

Distinguished Ladies and Gentlemen,

1. I feel honoured and privileged to join you here today for the launch of this year's Africa Regional Economic Outlook and to speak to such a distinguished audience of regional leaders, government officials and development partners. Allow me at the outset to extend a warm welcome to all of you for coming, particularly the Senior Staff from IMF Headquarters who have travelled all the way from Washington D.C. to witness this launch this morning. This is a clear testimony of the importance you attach to this launch.

2. I would like at this juncture to thank the IMF for choosing Nairobi for the launch of the 2016 Africa Regional Economic Outlook. This honor reflects our continued warm relations as we improve our economic management and implement important structural reforms necessary to bolster growth, create jobs and prosperity for our people. Additionally, this launch comes after the recent hosting of the WTO, UNCTAD 14 Conference, and the TICAD VI Summit, which took place here in Nairobi. Next month we will also be hosting the Global Partnership for Effective Development Cooperation (GPEDC), which will chart a new direction in the way the global community will cooperate to ensure that the Sustainable Development Goals (SDGs) are financed effectively. The hosting of these conferences here is a clear indication that Nairobi has come off age as a capital city of choice for International Conferences and investment.

3. **Distinguished Ladies and Gentlemen**, this morning, I would like to say three things: **First**, I will briefly comment on the contents of the Regional Economic Outlook (REO) that we are launching today; **Second**, I will contextualize the assessment of the REO for the case of Kenya; and **third**, I will highlight what we are doing as country to accelerate and sustain economic growth in order to create employment opportunities and reduce poverty.

4. As you will note in the **REO**, the global economic growth is projected to slow down to 3.1 percent in 2016 before recovering to 3.4 percent in 2017. The slowdown is occasioned mainly by the more subdued outlook for advanced economies, subdued global trade, on-going realignments among emerging and developing economies, and a sharp slowdown among Sub-Saharan African economies.

5. This global slowdown has affected Sub-Saharan African region's countries differently, based on the structure of our economies with namely non-resource-intensive countries performing better than the non-renewable commodity exporters and oil exporters. Overall, growth in Sub-Saharan Africa is projected to decelerate to 1.4 percent in 2016, in contrast to the high growth rates of the past 15 years.

6. For the non-resource-intensive countries, likes of Côte d'Ivoire, Kenya, or Senegal, to name a few growth remains strong at 5½ percent this year due to the benefit of lower oil import bill, improved business environment and strong infrastructure investment.

7. Growth for the non-renewable commodity exporters has deteriorated sharply downward, as shortfalls in resource-related fiscal revenue triggered cuts in public spending. For the Oil exporters,

growth is expected to shrink by 1.3 percent this year, weighed down by a deep contraction in Nigeria, in Chad, Equatorial Guinea, and South Sudan to name but a few.

8. I fully share the assessment that the growth has substantially weakened for most of the countries particularly due to depressed commodity prices. We also note the uncertainty in financial markets, volatile capital flows, subdued global trade and geopolitical influences have been some of the major headwinds adversely impacting Sub-Saharan African economic development.

9. Therefore, as policy makers in Sub-Saharan Africa, the tighter financial conditions on the back of growing financing needs calls for policy adjustments particularly fiscal adjustments and ensuring that monetary policy does not fall behind the curve.

10. **Ladies and Gentlemen**, let me now turn to the Kenyan economy. Kenya has continued to register strong economic growth, expanding at 6.2 percent in the second quarter of 2016, and projected to remain on course and expand by over 6.0 per cent in 2016 and around 6.5 percent over the medium.

This growth is much higher than the average for the Sub Saharan African region of 1.4 percent. This growth is supported by ongoing investments in infrastructural development, private sector investments, resilient domestic demand, recovery in the tourism sector, and growth in exports to the sub region. We have also benefited from lower oil import bill and ongoing improvement in business environment.

11. In addition, we have continued to preserve macroeconomic stability with inflation remaining within the government's target range; interest rates remaining low while the exchange rate is among the most stable in the region. We have continued with structural reforms in public sector management and invested heavily in security, infrastructure, education and health. Further we have successfully implement a devolved system of Government. All this was the intention of achieving broad based and shared sustainable growth for the welfare of our citizens.

12. The recommendations highlighted in this Regional Economic Outlook, will therefore help our economic policy management. With the on-going infrastructural investment, continued prudent macroeconomic policies, particularly the fiscal adjustments, domestic resource mobilization, and increasing role of the private sector in growth dynamics, the Sub-Saharan region is projected to register a growth of 2.9 percent in 2017. Our economic outlook will continue to remain robust with growth rates well over 6 percent.

13. **Ladies and Gentlemen**, let me conclude by commending the IMF for the excellent research and wealth of information contained in the REO. We look forward to gathering again next year to take stock of the performance we are expecting today. I would also wish to thank all of you for coming and wish you fruitful discussions. Last but not least, I would like to thank the organizers of the launch for the superb job.

14. With that, Ladies and Gentlemen, it is now my humble pleasure to officially launch the 2016 Regional Economic Outlook Publication for Sub Saharan Africa.

Thank you and God Bless