Mr. Chairperson
All Protocols Observed
Ladies and Gentlemen:

On behalf of the Kenyan delegation and on my own behalf, let me also express our gratitude to the Government and people of the Arab Republic of Egypt for the warm welcome and hospitality extended to us since our arrival.

Chairperson: The conference theme, â€œEnhancing the effectiveness of fiscal policy for domestic resource mobilizationâ€ is indeed relevant and timely for the Africaâ€™s development. This is more so, because experience has shown us that although external financing is important it constrains the policy space for recipient countries to adopt development policies consistent with their national priorities.

It is imperative therefore, that to achieve sustained and predictable long-term growth and development, Africa will need to enhance its domestic resource mobilization efforts. Domestic resources are more reliable and allows for appropriate policy flexibility on the basis of felt needs without undue delays and interference.

Chairperson: Our experience in Kenya over the past seven years has shown that effective domestic resources mobilization allows you to take control of the countryâ€™s development agenda. Until 2002, Kenya relied heavily on external financing for its development where much of the budget was donor supported. Over the same period, economic growth was constrained due to frequent suspension of donor aid or what we often call shifting goal posts by our development partners in the pretext of poor governance and the like. Growth rate at this time was about 0.2%.

In 2003, the government adopted an economic recovery strategy aimed at resuscitating the economy. One of the key areas of focus was to undertake fiscal policy measures which would see the country raise its domestic revenue to above 21% of the GDP to enable the bulk of Government expenditure be financed from its own resources.

Chairperson: Allow me to share some of the fiscal measures that we undertook and continue to undertake that have real enhanced our domestic revenue base to enable us take off as a country. They include:
â€¢ Rationalizing the tax rates to eliminate the retrogressive nature that characterized the old tax regime;
â€¢ Broadening the tax base to include the informal sector that initially was out of the tax net;
â€¢ Modernizing of revenue administration, which has seen introduction of electronic tax registers, and online tax remittance;
â€¢ Introduction of tax incentives such as tax amnesty to defaulters and tax awards to leading tax compliant firms;
â€¢ Sensitization on the need to pay tax;
â€¢ Encouragement to full disclosure of business revenue; and
â€¢ Publicizing projects and programmes supported through tax revenues.

Chairperson: These measures tremendously enhanced convenience and compliance to tax remittance leading to increased revenue collection in our country. Currently, our tax revenue stands at about 21% of GDP. We have been able to finance up to 94% of our recurrent budget in the last five years or so. We are also able to factor only committed donor support funds.

Chairperson: I am happy to note that the above measures have also enabled us to increase the predictability with which we implement our programs and projects. As a result our economy steadily grew from about 0.6 % in 2002 to 7.1 % in 2007. However, in 2008 the economy slowed down to 1.7 % due to both external and internal shocks.

Chairperson: As you can see, the measures we undertook to enhance our domestic revenue base disentangled us from the yoke of donor funds. I recommend these measures to other countries.

Thank you