



REPUBLIC OF KENYA

**STATEMENT BY HIS EXCELLENCY WILLIAM
RUTO, C.G.H.; PhD; PRESIDENT AND
COMMANDER-IN-CHIEF OF THE KENYA DEFENSE
FORCES, WHILE THE ANNOUNCEMENT OF
FURTHER AUSTERITY MEASURES**

JULY 5, 2024

STATE HOUSE, NAIROBI

1. The last two weeks have been a difficult time for us as a country where Kenyans have regrettably lost their lives, many have been injured, property destroyed and our constitutional institutions attacked.
2. Once again, I extend my deepest condolences to those who unfortunately lost their lives. One life lost is a life too many. To the mothers, fathers, siblings, relatives, and friends of those who died, my deepest sympathies and condolences. Equally, to the many others who are injured and recuperating, we wish them a quick recovery. The government of Kenya will support all those affected.
3. Despite all this, as a nation, we are finally having the right conversation, not about our tribes, or personalities, or political formations, but rather issues that affect each and every one of us: issues such as taxation, debt, the budget, corruption, the cost of living, unemployment, and opportunities for our young people.
4. I make this statement to highlight the actions taken in response to overwhelming public feedback in recent days, to fulfill my commitment to continuously and effectively listen to the people of Kenya, and to underscore my intention to always take public contributions in good faith, applying them to enrich policymaking and governance.
5. Public debt is and continues to be a major concern in Kenya. I have today appointed an independent taskforce to carry out a comprehensive forensic audit of our public debt and report within three months.



This audit will provide the people of Kenya with clarity on the extent and nature of the debt, how public resources were expended, and will recommend proposals for managing our public debt in a manner that is sustainable and with intergenerational equity.

6. The consequence of withdrawing the Finance Bill is a reduction of our revenue targets by Ksh 346 billion. Over the last few days, our treasury team has been assessing the adverse impact of either reducing the budget by the entire Ksh 346 billion or borrowing the full amount. Cutting the entire amount would significantly and drastically affect the delivery of critical government services, while borrowing would increase our fiscal deficit by a margin that would have significant repercussions on many other sectors, including interest rates and exchange rates.

We have since struck a middle ground and will be proposing to the National Assembly a budget cut of Ksh 177 billion and borrow the difference. The additional borrowing will increase our fiscal deficit from 3.3% to 4.6% and will be used protect the funding of critical government services as follows :

- I. Hiring of Junior Secondary School teachers and medical interns
- II. Funding the milk stabilization program for dairy farmers
- III. Reviving our stalled roads program
- IV. Retaining the fertilizer subsidy program
- V. Settling the debts owed to farmers in the coffee subsector
- VI. Capitalizing the Coffee Cherry Fund and



- VII. Enabling public sector-owned sugar mills to pay outstanding debts to sugarcane farmers for their deliveries.
 - VIII. Additional funding for the higher education new funding model
 - IX. Settling arrears owed to counties.
 - X. Settling arrears for the NG-CDF.
 - XI. Settling arrears for pensions.
7. Accordingly, in keeping with the enhanced austerity measures we have committed to implement, and align government expenditures with the budgetary implications of the withdrawal of the Finance Bill, 2024, the following actions shall be taken with immediate effect towards the realization of the new budget.
- a. 47 State Corporations with overlapping and duplicative functions will be dissolved, resulting in the elimination of their operational and maintenance costs, and their functions will be integrated into the respective line ministries. Staff currently employed by the affected corporations will be transferred to ministries and other state agencies.
 - b. The decision to fill the positions of Chief Administrative Secretaries is suspended.
 - c. The number of advisors in government shall be reduced by 50% within the public service, with immediate effect.
 - d. Budget lines providing for the operations of the offices of the First Lady, the spouses of the Deputy President, and the Prime Cabinet Secretary shall be removed.



- e. Similarly, the budgetary provisions for confidential budgets in various Executive offices, including my office, shall be removed, and the budget for renovations across the government reduced by 50%.
 - f. Henceforth, public servants who attain the retirement age of 60 years shall be required to immediately proceed on retirement, with no extensions to their tenure of service.
 - g. The purchase of new motor vehicles by the government is suspended for 12 months, except for security agencies. A new policy on transport for public officers will be developed within this period.
 - h. All non-essential travel by state and public officers is hereby suspended.
 - i. No state officer and public servant shall participate in public contributions/ Harambees henceforth. The Attorney General is hereby directed to prepare and submit legislation to this effect and develop a mechanism for structured and transparent contributions for public, charitable, and philanthropic purposes.
8. These measures will be followed by changes in government that I shall be announcing.
9. We are determined to carry out these and other changes to improve the quality, efficiency, and transparency in serving the people of Kenya and ensure that citizens receive maximum value for their resources from a public sector that prioritizes their welfare. I believe these changes will set our country on a



trajectory towards economic take-off, enabling us to achieve the strategic objectives of the bottom-up economic transformation agenda and deliver our commitments to radically enhance opportunities for Kenyans and transform our country.

I thank you.

