

STATEMENT BY HON. UHURU KENYATTA, MP, DEPUTY PRIME MINISTER AND MINISTER FOR
FINANCE ON THE OCCASION OF SIGNING OF THE ADB FINANCING AGREEMENT FOR THE
INTERCONNECTION OF ELECTRIC GRIDS OF THE NILE EQUATORIAL LAKES COUNTRIES
(NELSAP) PROJECT ON 20TH SEPTEMBER, 2010 AT 10.00 AM, TREASURY BUILDING

MRS. DOMINA BUZINGO, RESIDENT REPRESENTATIVE, ADB
MEMBERS OF THE ADB DELEGATION
PERMANENT SECRETARY/TREASURY
LADIES AND GENTLEMAN

1. Let me take this early opportunity to welcome you all to the Treasury. I wish to especially thank the African Development Bank for the support to our development agenda.
2. Our partnership with the Bank has continued to grow stronger especially following the establishment of the Kenya Country Office. Indeed, the Nairobi Office has effectively facilitated communication between us and the Bank's management in its temporary Headquarters in Tunis.
3. Ladies and Gentlemen, today marks yet another important occasion of the signing with African Development Bank, a loan agreement for Units of Account Thirty Nine Million Nine Hundred and Seventy (UA 39.97 million), which is equivalent to Ksh.3.97 billion. This is part of a large project in the energy sector involving the five Nile Equatorial Lakes Countries, namely: Democratic Republic of Congo, Rwanda, Burundi, Uganda, and Kenya. The total cost of the entire project is 160.2million UA for the five countries.
4. The project is, therefore, very important to the region as it will provide the basic infrastructure required for the promotion of cooperation and integration of energy grids of the five beneficiary countries, increase cross – border sharing of electric energy and facilitate the development of low cost energy resources. In addition, the project lays the necessary groundwork for the creation of a regional electricity market that would include both the Nile Basin Development Programme and the East African Energy Pool (EAEP).
5. The major component of the project is the construction and upgrading of 769 kms of 220kv and 110kv power lines as well as the construction and reinforcement of 17 transformer stations to interconnect the grids of the five Nile Equatorial Lakes Countries. In addition to the Kenya – Uganda interconnection there will be Uganda- Rwanda interconnection, upgrading of the Burundi, Democratic Republic of Congo and the Rwanda inter connection lines. The loan will also cover training and operational costs.
6. Ladies and Gentlemen, I am informed that the potential for hydropower from DRC at Hinga dam is more than 40,000 MW which is enough clean power for the whole region. The construction of the power lines and substations is, therefore, a step in the right direction as the region prepares to tap its power potential.
7. Ladies and Gentlemen, turning to the Kenyan component of this project, the loan amount as I earlier indicated is Units of Account 39.97 million or about Ksh 3.97 billion, which will finance the section of the Kenya- Uganda interconnection line. This component is categorized as LOT 1 and it consists of the construction of a 220kv double circuit transmission line from the border with Uganda to the substation at Lessos. As part of this project, Lessos substation will be expanded with additional transformers and accompanying gear.
8. The importance of this project cannot, therefore, be overemphasized. At the national level, it will benefit the local communities, enterprises and trading entities, private and government institutions through

increased access to reliable and affordable electricity for domestic, industrial and commercial use. The access to electricity particularly in the rural areas will facilitate the achievements of national objectives and programmes in various sectors including education, health, communication, and water to mention but a few. The project will certainly contribute to our economic growth and attainment of other Vision 2030 objectives.

9. Madam Buzingo, ADB's contribution towards the realization of this project is laudable and a clear testimony of the Bank's commitment to the development of the region. Apart from the financial support, the Bank has played a leading role in the mobilization of the other donors to support the project. Indeed, these efforts are not only in the energy sector but in the other sectors as well. In the energy sector the Bank has also financed the construction of Mombasa-Nairobi power transmission line and the upgrading of Mariakani substation; while other national transmission lines are under preparation.

10. Other sectors benefiting from ADB's support include roads, water sanitation, health and institutional reforms. These are sectors that are critical to the growth of our economy and achievement of Vision 2030 objectives.

11. Ladies and gentlemen, the Kenyan people made a historical milestone last August by voting for the new Constitution. The Government is committed to the implementation of the new constitution and will spare no efforts towards the achievement of this goal. We are, however, aware that the implementation of the institutions identified in the constitution will require substantial financial resources.

12. While we have set aside some resources for that purpose, we have no doubt it will not be sufficient given other development obligations we have to also fulfill. We therefore remain hopeful that we can count on the support of all our friends like the ADB, towards financing the implementation of the Institutions set out in this document. We will soon get back to our partners on this matter when we conclude the financial estimates for implementation of the Constitution.

13. In conclusion, let me once again reiterate our appreciation of the financial support we, as a country, have continued to receive from the African Development Bank.

Thank you.

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