

STATEMENT BY HON. ROBINSON GITHAE, EGH MP, ACTING MINISTER FOR FINANCE ON THE OCCASION OF SIGNING OF THE ADB FINANCING AGREEMENTS FOR MOMBASA-NAIROBI-ADDIS ABABA ROAD CORRIDOR PROJECT PHASE THREE (TURBI-MOYALE), MENENGAI GEOTHERMAL DEVELOPMENT PROJECT AND A GRANT AGREEMENT TO DEVELOP MENENGAI GEOTHERMAL STEAM FIELD ON 12TH MARCH, 2012 AT 2.30 P.M, TREASURY BUILDING

**MR.GABRIEL NEGATU, DIRECTOR, REGIONAL RESOURCE CENTRE
MEMBERS OF ADB DELEGATION
PERMANENT SECRETARIES
LADIES AND GENTLEMEN**

1. Let me take this opportunity to welcome you all to the Treasury. Let me also congratulate you for your appointment to the new position after the upgrade of the ADB/Nairobi office. This no doubt signifies the commitment of the Bank to have strong presence in the region and to support our development agenda.
2. Our good partnership with the AfDB is clearly evidenced by the ongoing and complete critical projects financed by the Bank. The Bank is financing key development projects in our country, especially in the infrastructure, which is a critical sector to achieving our Vision 2030.
3. **Ladies and Gentlemen**, today marks yet another important occasion in the growth of our partnership, as we have just signed with the African Development Bank, three loan agreements for total Units of Account (UA) Two Hundred and Five Million (UA 205 Million) equivalent to Ksh. 20.5 billion and one protocol grant agreement for Units of Account Eleven Million (UA 11.3 Million), which is equivalent to Ksh. 1.13 billion. This brings the total amount of funds we have received today as Ksh.21.63bn.
4. The projects to benefit from the three loans are: **(i) Mombasa-Nairobi-Addis Ababa Road Corridor Road Project Phase Three (Turbi-Moyale)** with an amount of UA 120 million (Kshs 12.00 billion); **(ii) Menengai Geothermal Development Project** with an amount of UA 80 Million (Kshs 8.00 billion); **(iii) Menengai Geothermal Steam Field loan** with an amount of UA 5 million (Kshs500 Million); and **(iv) Menengai Geothermal Steam Field protocol grant** with an amount of UA 11.30 Million [Ksh.1.13billion].
5. The Mombasa-Nairobi-Addis Ababa Road Corridor. Road Project Phase Three, to be implemented by the Kenya National Highways Authority under the Ministry of Roads involves upgrading a total of 122 km, of the Turbi-Moyale road to a bituminous standard, including construction of bridges and execution of drainage system. The Loan will also finance construction, supervision services, feasibility/environmental social impact assessment, design studies, trade, and transport facilities. The project will lay the necessary groundwork for facilitation of inter regional trade among countries in the region and also promote regional socio –economic development.
6. **Ladies and Gentlemen**, the second loan under the Ministry of Energy, will be utilised by the Geothermal Development Company (GDC) to develop the Menengai Geothermal Steam Field. The scope of the project is limited to the financing of the upstream activities involving the development of the steam field and production of steam. The project components include; procurement and commissioning of drilling rigs, procurement and commissioning of wellhead generation units, acquisition of offshore drilling materials and consultancy services.
7. The third loan amounting to USD 7.5 million (Kshs 637.5 million) is to supplement the development of the Menengai Geothermal Steam Field. The loan will be used to finance upstream activities which will involve development of steam field and production of steam.
8. The fourth is a protocol agreement (grant) amounting to USD 17.5 million (Ksh.1.13 billion) will also supplement the development of the Menengai Geothermal Steam Field. The project will diversify sources of power supply and enhance the delivery of reliable.

9. Power supply. This will inturn catalyze the growth and competiveness of the rural economy, leading to development of social institutions such as schools and hospitals to serve our people.

10. **Ladies and Gentlemen**, ADB's contribution towards the realization of these projects is laudable and clear testimony of the Bank's commitment to the development of the country and the region. Indeed currently in the regional front, the Bank is financing Athi River-Namanga-Arusha Road and Isiolo-Moyale Road, which on completion will drastically increase inter-regional trade with our neighbouring countries of Tanzania and Ethiopia respectively.

11. The Nairobi-Thika Road which is our flagship project with ADB is progressing well and we expect it to be commissioned by May, 2012. In the energy sector the Bank is currently financing the Nile Equatorial Lakes Countries (NELSAP) project, which on completion will create a regional electricity market that would include both the Nile Basin Development Programmes and the East African Energy Pool (EAEP). Once complete these projects will enhance regional interconnectivity to boost trade.

12. Other sectors benefiting from ADB's support include Agriculture, Health, Education and Institutional reforms. These are sectors that are critical to the growth of our economy and achievement of Vision 2030. Therefore, I wish to thank Development Bank Group Board of Directors and Management, for their decision to upgrade the Kenya Field Office to a Regional Resource Centre with effect from Janaury, 2012. The Center will be handling the Bank Group activities in the entire East Africa Region. It will also be enhancing the effectiveness and efficiency of the Bank's operations in terms of fast issuance of no objections and processing of disbursements and this will lead to timely implementation of projects in the region.

13. **Mr. Negatu**, Let me reassure the Bank that the Kenya Government remains committed to good governance and to this end we will ensure that these resources we have received today will be applied for the purpose intended. We also appreciate that the country performance portfolio has improved, leading to increased ADF resource allocation to our country.

14. In conclusion let me ask our implementing Ministries of Roads and Energy to take the challenge of ensuring that all conditions of effectiveness are met within the shortest time possible and implementation goes on smoothly. It is in the interest of Kenya to ensure all the monies are utilized for the intended purpose.

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

Thank you.