

**REMARKS BY HON. UHURU KENYATTA,
DEPUTY PRIME MINISTER AND MINISTER
FOR FINANCE DURING THE SIGNING
CEREMONY FOR THE KENYA
AGRICULTURAL PRODUCTIVITY AND
AGRIBUSINESS PROJECT LOAN
AGREEMENT BETWEEN THE WORLD
BANK AND THE GOVERNMENT OF KENYA
ON MONDAY 6TH JULY 2009**

Mr. Johannes Zutt, Country Director,
World Bank

Permanent Secretaries

World Bank and Government Officials

Distinguished Guests

Ladies and Gentlemen

1. I welcome you all to the Treasury Building on this occasion of the signing of the Credit Agreement for the Kenya Agricultural Productivity and Agribusiness Project which will

be jointly funded by the World Bank and the Government of Kenya.

2. The credits we have signed amounts to US\$ 82 million (or the equivalent of Ksh 6.4 billion). The Government will provide additional financing amounting to US\$ 14 million (or Ksh 1.09 billion) and the participating local communities are expected to contribute US\$ 2.45 million (or Ksh 191 million), making a total of US\$ 98.45 million(equivalent to Ksh.7.7 billion).

3. The credit will support the second phase of the Agricultural Productivity Project and will consolidate the gains and progress

made during the first phase. I wish to note that the first phase amounting to US\$ 40million (Ksh 3.1 billion) was also funded by the World Bank and enabled the Government to improve the overall agricultural production technology and deliver systems by supporting agricultural research, extension and farmer empowerment.

4. The Government of Kenya appreciates the valuable support to many projects and programmes by the International Development Association (IDA). It is important to note that the credit we have just signed brings the total credit that we have received from IDA in 2009 to US\$ 525 million (equivalent to

approximately Ksh. 41 billion). We hope this partnership will deepen as we implement the Vision 2030 that seeks to transform Kenya into a globally competitive, newly-industrializing, middle income country.

5. **Ladies and Gentlemen**, today we are faced with food insecurity which is widespread and it is estimated that about 50.6 percent of our people either lacks access to adequate food or the available food is of low nutritional value. The country is also faced with other emerging challenges such as: global food price crisis, world economic depression,

fluctuating fuel prices and climate change.

6. The solution to these problems is a sustainable growth of the agricultural sector, which in turn, will contribute to sustainable economic growth and also allow for better distribution of national wealth to reduce poverty and food insecurity. In this respect, the Government appreciates the quick response, early this year, by the World Bank through provision of US\$ 5 million (Ksh 390 million) emergency grant to increase access to agricultural inputs and technologies among targeted small holder farmers in the six main maize producing districts.

7. The Agricultural sector remains the most important sector for economic growth, poverty reduction and in particular food security in the country. The sector contributes 24 percent of the GDP (Ksh. 342 billion) directly and another 27 percent (Ksh. 385 billion) indirectly. More than 45 percent of the formal and informal employment in the country is provided by the sector. Furthermore, close to 80 percent of the population lives in the rural areas and derive their livelihood largely from agriculture. It is for these reasons that the sector has been identified as one of the most important in the economic pillar of Vision 2030.

8. Ladies and Gentlemen, this project is one of the key programmes to support the implementation of Agriculture Sector Development Strategy. The objective of this project is to *increase the agricultural productivity and incomes of participating small-holder farmers from agricultural and agribusiness activities*. The project will contribute to improving the performance of the agricultural technology production and delivery systems, empowering stakeholders to transform agriculture into commercially oriented enterprises, and promoting the development of agribusiness.

9. The agribusiness is a component of this project which will support building capacity of farmers, youth, farmer organizations and cooperatives to entrench farming as a business. The need to strengthen farmer organization and cooperative is indeed urgent and as such we really welcome this support by the World Bank.

10. May I take this opportunity to express our appreciation to all those who have been involved in the project preparation stage: conducting feasibility studies, project design and negotiations for this project. I challenge the implementers of this project to ensure that the objectives

of this project are met in order to improve the livelihoods and welfare of Kenyans. This will require total commitment, accountability, transparency and diligence on the part of all those who will be involved in implementing this project. I therefore urge all the stakeholders to execute this agreement in a timely manner and wish you success in this endeavor and assure you of our support.

Thank You.

----- 0o0 -----