

**STATEMENT BY THE DEPUTY PRIME
MINISTER AND MINISTER FOR
FINANCE, HON. UHURU KENYATTA
DURING THE SIGNING CEREMONY OF
THE EXCHANGE OF NOTES FOR THE
NON-PROJECT GRANT AID YEAR 2009
ON 23RD SEPTEMBER, 2009**

**H.E. Mr. Shigeo Iwatani, the
Japanese Ambassador to
Kenya,**

Ladies and Gentlemen

1. On behalf of the people and the Government of Kenya, I wish to recognize the good relations that the Governments of Japan and Kenya continue to enjoy. We in particular appreciate your Government's continued support

towards the development agenda of our country over the last several years. We value our partnership with the Government and the people of Japan and remain hopeful it will continue to grow from strength to strength.

2. **Ladies and Gentlemen,** I note with satisfaction that Japan is one of the leading bilateral development partners. On a cumulative basis, Japan's financial assistance to Kenya since the beginning of our co-operation stands at Yen 408 billion or Ksh 303 billion. What is more encouraging is that the focus of the Japanese support has been on

high priority sectors such as energy, health, agriculture and human resource development. These are the priority sectors in our vision 2030, which aims to transform Kenya into a middle income country.

3. Ladies and Gentlemen, I wish to take this opportunity to record our appreciation of the speed at which Japan responded to assist us to deal with the drought-related challenges that we are currently facing. Japan was among the first countries to respond towards our appeal for food aid following the crop failure due to prolonged drought. Indeed,

Japan committed Ksh. 587 million to support our initiative to address the food crisis.

4. Ladies and Gentlemen, I am happy that today Japan has yet again extended further support. The non-project Grant Aid (NPGA) we have just signed for the year 2009, amounts to Yen one (1) billion (or Ksh. 830 million). This grant will be used to procure eligible products and services from eligible source countries. The counterpart funds generated from these transactions will in turn be utilized to finance projects jointly agreed between our two Governments.

5. **Ladies and Gentlemen**, this is the sixth non-project Grant Aid we are receiving from Japan since 2003. I wish to acknowledge that as of today, the total counterpart funds collected since 2003 amount to **Ksh.1.5 billion**. This is a substantial amount of financial support, for which we are grateful. Indeed, the counterpart funds generated from the non-project Grant Aid have to date been used to implement fourteen (14) water projects in various parts of the country, school feeding programme and recently a health project has been approved.

6. **Your Excellency**, let me at this juncture comment briefly on the recent developments in the Kenyan economy. As you aware, growth in real GDP in 2008 decelerated to 1.7% from 7.1% in 2007, mainly on account post election violence, drought and higher oil prices in the international markets. Also the global economic slow down associated with the global financial crisis did affect adversely our economic performance.

7. But there are signs of improvement in 2009. There are positive signs of economic

recovery, though not robust enough. In an effort to build on the recent gains and jump start the return of the economy to its long term growth path while at the same time providing the impetus for building a cohesive, equitable and prosperous Kenya, the Government has put in place a short-term high intensity and high impact **Economic Stimulus Programme (ESP)**.

8. The programme is anchored within the principles of Vision 2030 and focuses on sectors that will generate maximum development benefits, restore confidence of Kenyans and assist the business

community to weather the storm, while also protecting the livelihood of the poor as well as creating employment for the youth. This programme is designed deliberately to cover all parts of the country as a bold step to address the existing imbalances in the regional development.

9. **Your Excellency**, we will continue to implement sound macro-economic and financial policies as well as appropriate structural reforms. Our commitment to continue to pursue good economic policies and structural reforms is informed by experiences elsewhere that this is

the only way we can achieve and sustain high growth and reduction in poverty as envisaged in Vision 2030. We are confident, working together as a people and with the support of our friends like Japan, we should be able to conquer poverty and hunger in this country.

10. In conclusion, Your Excellency, let me once again reiterate our appreciation of the quality support Japan continues to extend to our country. We remain hopeful that as we trend the Vision 2030 journey we can continue to count on Japan.

THANK YOU.

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