

STATEMENT BY MR. HENRY ROTICH, EGH CABINET SECRETARY, THE NATIONAL TREASURY & PLANNING DURING THE VISIT BY MR. JEAN – PIERRE MARCELLI, AGENCE FRANCAISE DE DEVELOPPMENT (AFD) DIRECTOR SUB-SAHARAN AFRICA ON 1ST MARCH 2018

**Your Excellency, Mr. Antoine SIVAN, the Ambassador of France in Kenya
Mr. Jean –Pierre Marcelli, Agence Francaise de Developpment (AFD) Director
Sub-Saharan Africa**

Mr. Bruno DE prince, the AFD Regional Director

Cabinet Secretaries Present

Principal Secretaries Present

Ladies and Gentlemen

1. Let me welcome you all to The National Treasury and in particular Mr. Marcelli who is visiting Kenya from Paris France. I am happy that today we shall sign Letters of Intent for the ***Mwache Dam Project for Euro. 120,000, 000 (Kshs.14.82 billion)*** and ***Lake Victoria Water & Sanitation Project for Euro. 70,000,000 (Kshs.8.6 billion)***. I am also aware that discussions are ongoing for two projects in Public Finance Management and Higher Education for Euro. 31,500,000 and Euro.500, 000 respectively.

2. **Your Excellency**, I wish to take this early opportunity to thank the Government of France for its continued support in form of Loans and Grants for the development priorities of Government of Kenya. Indeed, your support has grown significantly over the last 10 years, from Euro. 18 Millio(Kshs.2.23 billion) n to about Euro. 2.16 billion (Kshs. 2.67 trillion) to date. I am informed that Kenya ranks among the top recipients of Development Finance from the Government of France; an indication of your confidence in our development agenda.

3. **Your Excellency** as you are aware, His Excellency President Uhuru Kenyatta has identified four pillars that will drive development focus in the next five years know us the Big Four. These are: Affordable housing, Universal health care, Food Security & Manufacturing. We are about launch the Third Medium Term Plan (MTP III) of the Vision 2030 where these areas of focus are well articulated. We are delighted to note that the areas of focus of your Government support is consistent with the Government of Kenya's main focus, including the Sustainable Development Goals.

4. **Your Excellency**, today I am happy that we have just signed two Letters of Intent for the **Mwache Project and Lake Victoria Water and Sanitation Projects**. As you are aware Mombasa and Kisumu are the second and third largest cities in Kenya respectively. As you are aware, we have witnessed increased urban human settlement in the two cities and therefore provision for clean water and sanitation has become critical and to be addressed urgently.

5. The purpose of the **Mwache Project** is to improve drinking water supply and sanitation systems in Mombasa and will be financed at concessional terms with Euro. 120 million (Kshs.14.82 billion). The project is funded by the AFD with the following financial terms: -

- a. Interest rate -1.46 % per Annum
- b. Commitment Fee- 0.5% Annum
- c. Repayment Period- 20 years
- d. Grace Period -8 years
- e. Consessionality -35 %

6. The purpose of the **Lake Victoria Water & Sanitation Project (LV WATSAN)** is to expand water supply and rehabilitation and expansion of the wastewater system in the city of Kisumu, as well as certain satellite towns around the city including the construction of a new wastewater treatment works at a total cost of Euro. 70 Million (Kshs.8.65 billion). The project is co-financed by the EIB (Euro. 35 Million (Kshs.4.32 billion), AFD (Euro. 20 Million (Kshs.2.16 billion), EU (Euro. 5 Million (Kshs.617 milion), GoK (Euro 10 Million (Kshs.1.23 billion). The financial terms are as follows;

- a. Interest rate -1.46 % per Annum
- b. Commitment Fee- 0.5% Annum
- c. Repayment Period- 20 years
- d. Grace Period -8 years
- e. Consessionality -35 %

7. **As I conclude**, let me reiterate that we are signing the two Letters of Intent today but we shall later sign the Credit Facility Agreements once they are cleared through our internal Government processes. I wish to urge the implementers of these projects to observe due diligence and laid down timelines to ensure that the projects are completed in good time so that the intended beneficiaries can benefit from the services. The Government commits to provide its financial contribution as per the financing agreements.

Thank you.