

STATEMENT BY MR. HENRY ROTICH, CABINET SECRETARY, NATIONAL TREASURY DURING THE SIGNING OF THE FINANCING AGREEMENTS BETWEEN AFDB and GOK FOR SMALL SCALE IRRIGATION AND VALUE ADDITION PROJECT (SIVAP) ON 4TH FEBRUARY, 2016 AT 2:30 PM AT THE TREASURY BUILDING, CONFERENCE ROOM 14TH FLOOR

**Mr. Gabriel Negatu, Director AfDB, East Africa Resource Centre
All Principal Secretaries, present
Ladies and Gentlemen**

1. It is my pleasure to welcome you all to the National Treasury for today's signing ceremony between the Government of Kenya and African Development Bank Group in respect of a Loan and a Grant Agreement to support the above project.

2. On behalf of the Government of Kenya, let me express my sincere gratitude to the African Development Bank Group for their valuable development support both in loans and grants they have provided the people of Kenya for almost fifty years.

3. **Ladies and Gentlemen**, today we have signed an agreement on agricultural development financial support amounting to USD 62.346 million (approx. Kshs.6.23 Billion). The financial support is composed of two components, that is, an AfDB loan totaling to USD 39.546 million (approx. Kshs. 3.95 Billion) and a Grant amounting to a total of USD 22.8 million (approx. Kshs.2.28 billion) advanced by the Agriculture and Food Security Program (GAFSP, but administered through AFDB).

4. The Small-Scale Irrigation and Value Addition Project (SIVAP) was conceived by the Government to build on the success of the need to upscale the just concluding Small Scale Horticulture Development Project (SHDP) funded by the AfDB. The Project will be implemented as a National Project by the Ministry of Agriculture, Livestock and Fisheries in collaboration with the respective counties of Kitui, Makueni, Machakos, Tana River, Bomet, Meru, Tharaka Nithi, Nyandarua, Murang'a, Kajiado and Nyeri.

5. The project has four main components which include: (i) Enhanced Irrigation Infrastructures and Water Resources Development; (ii) Improved Access to Markets and Strengthening Value Chains; (iii) Institutional Strengthening and Capacity Development; and (iv) Project Coordination and Management.

6. The project will involve developing twelve irrigation schemes covering 2,905 hectares and additional 300 hectares under 60 micro irrigation schemes, construction of 300km of feeder/access roads and post harvesting facilities. The outcomes of the project are improved food security and increased household income in the respective counties. The project will also contribute to improved soil and water conservation.

7. **Ladies and Gentlemen**, as you are aware, agricultural productivity in Kenya is constrained by a number of factors where over-dependence on rain fed agriculture is one of them. I note that completion of this project will contribute to irrigation intensification and expansion as envisaged in the Kenya Vision 2030.

8. Ladies and Gentlemen, let me note that this is the first project to benefit from the non-concessional ADB Window after Kenya attained eligibility. The interest rate is floating base rate with a free option to fix the base rate and is a sum of base rate (London Interbank Offered Rate), Funding Margin and the Lending Spread. The project maturity period is up to 25 years with a grace period of up to 5 years.

9. These terms call for all the concerned parties to work towards delivering this project within the set timelines to ensure timely completion. Long implementation periods make the project lose its focus as well as making loans very expensive to the Government. According to the Bank's Rules, first disbursement must occur within a maximum of six (6) months from the date of approval of the financing. There is a new presidential directive to firmly implement this rule. The implementing Ministry should therefore be aware of this directive and ensure timely implementation this project.

10. Finally, on behalf of the people and of Government of Kenya I appreciate the African Development Bank especially for leveraging resources from the Global Agriculture and Food Security Programme which has enhanced funding levels for this project.

Thank you.