



REPUBLIC OF KENYA

**REMARKS BY HIS EXCELLENCY WILLIAM
SAMOEI RUTO, PHD; C.G.H; PRESIDENT AND
COMMANDER-IN-CHIEF OF THE DEFENCE
FORCES OF THE REPUBLIC OF KENYA DURING
THE OFFICIAL OPENING OF THE 2023 A.S.K.
NAIROBI INTERNATIONAL TRADE FAIR**

SEPTEMBER 27TH, 2023

JAMUHURI PARK SHOWGROUND, NAIROBI

- **Distinguished Guests,**
- **Exhibitors;**

1. This year's edition of the Agricultural Society of Kenya's Nairobi International Trade Fair is special because it provides us with a vital opportunity to have a conversation on a broad variety of subjects, which define our Bottom-Up Economic Transformation Agenda. In doing so, it demonstrates the power of agriculture as the engine of Kenya's economy and its potential to propel even greater rates of growth and development.
2. At the foundation of our reflections today, I invite you to consider the intersections of many topics around agriculture and agricultural transformation.
3. To begin with, the idea of elevating the famous Nairobi National Agricultural Show into an international trade fair came out of a realization that agriculture is the prime mover of our nation's economic activity across many sectors and beyond our borders. It is therefore critical that we use opportunities such as this to engage a broader regional, continental and global audience.
4. The conjunction of agriculture and trade is just one and certainly not the only example of how agricultural performance directly affects the performance of other sectors and is also affected by the activity in other spheres of economic pursuit. Once we proceed beyond subsistence agriculture, we have to take account of such matters as competitiveness, productivity, efficiency, value-addition manufacturing and, most certainly trade.
5. This further means that we must also consider linkages, both forwards and backwards, between agriculture and



industrialization, trade and services sectors, as well as the powerful connection between agricultural performance and the most critical challenges we confront today: the cost of living, poverty, trade deficit and unemployment.

6. I shall therefore focus on the plan being implemented by the government to address our most critical developmental challenges with specific emphasis on the salient aspects of this year's theme: high productivity, technology-enabled and science-driven, climate-smart agriculture together with globally competitive trade-in high-value agro-industrial products.
7. At the heart of our Bottom-Up Economic Transformation Agenda is the endeavour to radically increase employment opportunities and simultaneously significantly enhance the productivity of labour in five priority sectors.
8. Without a doubt, our interventions to transform agriculture are foundational to the successful implementation of the Plan. One of the drivers of the high cost of living and high levels of poverty, especially in rural areas, is that agricultural productivity has stagnated even as our population has risen. Consequently, our food production more often than not falls far below demand, and the importation of food increases our trade deficit and increases food prices. Given that food constitutes 54% of household expenditure, agricultural productivity is a high priority.
9. At the same time, agriculture employs 70% of our population. Low productivity contributes to low earnings in the agricultural sector and undermines the capacity of households to withstand the cost of living, deepening poverty.



10. Further, agriculture contributes 25% of our GDP directly, and another 25% indirectly. Low productivity, responsible for deficits in essential agricultural produce, is responsible for high importation, which depletes our foreign exchange and deepens the negative trade balance, worsening the economic situation.
11. Very few sectors of the economy have endured as much shock and stress as agriculture on account of extreme weather events, erratic climate and other adverse impacts of climate change. Our region has just emerged from a devastating spell of drought, which lasted for six seasons, leaving behind a catastrophic trail of famine, undernourishment, loss of crops and livestock, disrupted livelihoods, increased poverty and weakened resilience.
12. Yet we are not here to lament and despair, especially when the prospects of a turnaround are so clear before us. This overview is intended to be a contextual backdrop of the opportunities that exist for local and international investors to direct capital and technology into agriculture and agro-industrial manufacturing to set our economy on the path of transformation.
13. The Bottom-Up Economic Transformation Agenda makes agriculture a high priority for strategic intervention for a range of excellent reasons. The first, of course, is that it directly and positively affects the incomes of two-thirds of our population. Higher incomes not only make a better standard of living possible, it facilitate saving and investment, propelling growth. Agriculture offers the highest employment and income multiplier effects and can contribute to significant poverty reduction.
14. Equally critical is that such intentional intervention addresses the cost of living, especially for the poor, who spend



up to 60% on food, as well as all households in general, for whom food constitutes 54% of their expenditure.

15. Utilising our full agricultural potential can mitigate our dependence on food imports, protecting our foreign exchange and insulating us from vulnerability to international price shocks. At the same time, we remain most globally competitive in agriculture, both in traditional crops like tea, coffee, cut flowers and vegetables, as well as emerging export crops such as macadamia and avocado. This means that transforming agricultural productivity will turn around our balance of trade through increased exports.
16. Enhancing agricultural productivity also enables us to break out of the deadlock between farmers' expectations of higher income and consumers' expectations of lower prices by enhancing the quantity produced per unit, like area of land or head of livestock.
17. Kenyan manufacturing remains largely defined by agriculture: 40% of manufacturing jobs are in the agro-based industries, which accounts for over half of the sector and 48% of GDP. Value addition remains the most viable means of enhancing the competitiveness of our agricultural exports.
18. We are collaborating with county governments to establish an aggregation centre for every county, equipped with common-user facilities for storage and processing, enabling farmers to reduce post-harvest losses and also earn more from their produce.
19. The Bottom-Up Economic Transformation Agenda aims to transform 2 million farmers from food deficit to surplus producers and reduce our dependence on basic food imports like domestic oil crops, wheat and rice by 30% through the



provision of financing for inputs, accompanied by intensive agricultural extension support.

20. Fertiliser alone contributes up to 30% of crop productivity. Since assuming office, we have taken decisive steps to reduce the price of fertilizer, through the fertilizer subsidy programme (FSP), from Ksh 6,500 per 50kg bag to Ksh 3,500 and then further to KSh 2,500. As a consequence, 4 million 50 kg bags of soil- and crop-specific fertiliser have been distributed so far, with 2 million 50 kg bags expected to be distributed for the short rains and over 6 million bags during the 2024 season.
21. Consequently, farmers could afford to grow more crops, resulting in the cultivation of 200,000 more acres this season alone, and a projected harvest of 44 million 90 kg bags in the long rains, a 42% increase from a long-term average of 31.3 million bags.
22. To turn agricultural production around to an accelerated growth trajectory, we have also made adequate provisions to raise productivity in key food and other value chains including edible oils, rice, cotton, dairy, beef and leather, to boost the tea sector and revamp underperforming and collapsed export crop value chains, including coffee, cashew, pyrethrum, avocado and macadamia.
23. The promise of this strategic pathway is immense. For instance, by investing in the cultivation of palm oil, sunflower, canola and soya beans, we project to increase the annual domestic production of edible oils from 80,000 MT currently to 240,000 MT over the next 5 years, thereby reducing our dependency on imports and saving the economy KShs 100 billion annually.
24. Similarly, the expansion of our rice production schemes in Ahero and Mwea, as well as the establishment of new ones in



Tana River Kuya in Migori, can make the country self-sufficient, saving us Ksh 34 billion in imports.

25. On the other hand, accelerated investment in the cotton value chain will reduce fabric importation by at least 50% and take Kenya's textile exports to Ksh 150 billion by 2027.
26. Tea is the direct and indirect employer of 6.5 million people, or 13% of the population, including 750,000 farmers in 19 counties. Over the past year, the government invested Ksh 4.4 billion in a fertilizer price subsidy for tea farmers, covering the catchment area of all 54 smallholder factories. The subsidy resulted in a reduction of fertilizer prices from Ksh 5,617 to Ksh 3,500, enhanced production, higher productivity and earnings for farmers.
27. We have also developed a proposal to establish a framework to provide incentives for investment in local value addition of tea. KETEPA, which processes smallholder tea, participated in the inaugural export to the Economic Community of West African States under the Africa Continental Free Trade Area's Guided Export Initiative. This year, tea farmers stand to earn at least 10% more per kilogramme of green leaf, after factoring in the tea bonus, which is expected to be released later in the week.
28. Under the Coffee Revitalization Programme, CRP, 72 factories are earmarked for upgrading. Additionally, farmers are to be provided with seedlings and fertilizer at subsidized prices. The aim is to increase productivity from 2kg per tree to 10 kg and raise production from 50,000 MT to 102,000 MT per annum, by 2027. I want to assure coffee farmers that the Government will work with all stakeholders to ensure that wastage, inefficiency, corruption and other malpractices are eliminated. Farmers must get a good return for their crops.



29. The sugar industry remains a high-priority strategic sector for national agro-industrial development, wealth and employment creation. However, our production is chronically at a deficit, with productivity plagued by ageing mills, high indebtedness of sector institutions, diminishing soil fertility, competition for land, low uptake of researched varieties of cane, and low use of fertilizer among other challenges.
30. Local and international shortage of sugar has pushed the prices of the commodity beyond the reach of many households, underscoring the urgent need for a comprehensive transformation of the sector. This is why the government has embarked on interventions to deliver a conclusive resolution to the problems undermining the sector's potential.
31. To begin with, the Cabinet has approved the writing-off of KShs 117 billion of debt owed by state-owned sugar milling companies in preparation for the leasing of the mills to private investors. The intervention aims to inject competitiveness into the sector and ensure that, at the expiry of the leases, the land reverts to the communities under a cooperative model. We have not been afraid and neither have we hesitated to take difficult decisions to restore sanity in the sugar sector.
32. Regulatory reforms are being undertaken to empower farmers and give stakeholders a say in the affairs of the sugar industry. We remain vigilant and shall closely monitor progress to ensure that government decisions to advance the interests of sugar growers and consumers are fully implemented in a timely fashion.
33. The conversation we have initiated with leaders from the sugar belt will be sustained until we find lasting solutions to the chronic challenges that have brought the sector to its



knees and impoverished thousands of hard-working farming households.

34. We are investing KSh 1.75 billion in the 2023/24 budget to develop a leather industrial park in Kenanie. There will be more investment by the Government and the private sector to further transform the leather value chain into a globally competitive finished leather and leather goods manufacturing industry, and reduce importation of leather goods, especially footwear.
35. As a short-term measure to mitigate the high cost of food, the government has waived duty on imported maize, rice, sugar and raw materials for manufacturing livestock feeds. The National Food Reserve is also being enhanced and diversified to cushion the country against food shortages and ensure the availability of food during emergencies.
36. Two-thirds of our country's agricultural land requires irrigation, but only 4% is under irrigation. I believe that irrigation is a singular transformative intervention that will liberate agricultural productivity from low and erratic rainfall patterns and enable farmers to be in active production throughout the year.
37. We are therefore investing intensively in the development of water reservoirs, supply and irrigation infrastructure throughout the country, in the form of large and small dams and other projects, through public-private partnerships, community water projects and other frameworks. We are committed to delivering 100 mega dams and 1,000 large dams in various parts of the country to increase the area of land under irrigation to 500,000 acres by 2026. The benefits of this initiative are to increase our rice production create 500,000 jobs and save the economy billions in food input.



38. Aside from productivity, another key challenge to the performance of the agricultural sector is the subdivision of landholding into units that are not agriculturally viable and the pressure on available land by settlement and other uses. Our affordable housing programme is aimed at facilitating urban settlement to free up land for agricultural use.
39. The government is also leasing out idle land held by public institutions to private investors under the Land Commercialisation Initiative, which will significantly increase the area of land available for farming.
40. We are intentional about actualizing our vision for agricultural transformation through increased productivity and determined to prosecute a direct line of attack against the high cost of living, poverty and unemployment. We have embarked on the focused execution of the Plan to enhance productivity in several agricultural value chains to promote self-sufficiency and export competitiveness. We expect the fruits of these interventions to begin accruing shortly in the maize harvest season, through sustainable affordability of staple and other food commodities.
41. In all our interventions in supporting production, we have chosen the prudent and promising option to subsidize because consumption is a reckless and hazardous path. We have chosen to take the side of farmers- Kenya's foremost hustlers, and the people at the bottom of the economic pyramid. We have embraced the bottom-up transformation of the foundational sector, agriculture, to ignite the engine of national development.
42. In doing so, we have intervened to bring all the variables within our reach, affecting the cost of living under control, through strategic investment in critical value chains. This leaves us with the separate undertaking of managing the



variables beyond our control, which are subject to global market and supply chain dynamics.

43. I wish to emphasise, for the benefit of local and international investors, that all the strategic interventions in various sectors and value chains represent attractive investment opportunities that will generously reward smart capital, especially capital that concerns itself with appropriate technology and innovation. You are encouraged to get in touch with the Ministries of Agriculture and Livestock Development, Water and Irrigation and Industrialisation, Trade and Investment for further details regarding various investment opportunities.

44. Regardless of sector or value chain, any discussion of climate-smart agriculture trade initiatives or bottom-up agricultural transformation is a discussion of investment opportunities.

45. I commend the Agricultural Society of Kenya and its affiliates and partners for once again putting together another edition of the Nairobi International Trade Fair that meets the highest standards.

I declare the 2023 Nairobi International Trade Fair officially opened.

Thank you.

God bless you.

God bless Kenya.

