

REPUBLIC OF KENYA



**MINISTERIAL MEETING ON GOVERNANCE AND
INTERNATIONAL COMMODITY MARKET
ROME – 6TH OCTOBER 2014**

Statement by

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The Chairperson

Director General, FAO

Honorable Ministers

Your Excellences', Ambassadors/High Commissioners

Distinguished Delegates and Observers

Ladies and Gentlemen.

I salute you all and extend my gratitude to the Director General, FAO for inviting us to this third Ministerial meeting. It is imperative to note that the theme for this year's meeting; "*Governance and International Commodity Markets*" is not only appropriate but also timely for most member states reviewing their governance structures.

Kenya is in the process of implementing a new constitution which for the last year has seen the implementation of a devolved government system. This has brought with it challenges of commodity production, price fluctuations in the various regions, and new governance structures. One of the key tenets of Kenya's Jubilee Government targets to create a green revolution through agriculture and food security. A strategy put in place, among others, to meet this target is encouraging mechanization and value addition. This meeting, therefore, forms a good platform to gather information to support establishment and/or review of governance structures that will support commodity markets at national, regional and international levels.

Kenya, as you may be aware, is predominately agriculture based with agriculture contributing 25.3% (in 2013) of the Gross Domestic Product (GDP) and 75% of all industrial raw materials. The manufacturing sector, which is one of the top contributors to the Kenyan economy (8.9% of national GDP in 2013) is driven by agro-processing with food products contributing the highest at 34.5% of manufacturing GDP followed by beverages at 7.9%.

Distinguished delegates,

Value chain development is a key strategy of enhancing agriculture production, processing, productivity, quality standards and sustainability. In planning from “*farm-to-fork*”, initiatives for addressing price volatility, declining earnings to primary producers, slow market development and market differentiation issues can be mitigated to a large extent.

Value addition, in particular, processing and packaging will assist reduce post-harvest losses, increase self-life of commodities and stabilize stocks levels that are major contributors to price volatility. It is for this reason that Kenya is embracing the Food value chains (agro-processing) that have also been prioritized in the African Union’s Accelerated Industrial Development Action Plan (AIDA) and the East Africa Community (EAC) Industrialization policy and Strategy.

Kenya, like most East African nations, has put in places measures to increase generation of power with a view of reducing power costs. This is being spearheaded through increase of power generation using geothermal resources. As a result, Kenya has become one of the top world ranked countries in green energy production. This has already resulted into lower power tariffs, which in the long run, will lead to significant reduction in production costs that have contributed to rising food prices.

Ladies and Gentlemen,

Governance and international commodity markets will grow if some of these proposals are institutionalized internationally:

(i) Standards for the commodities: Focus should be on building capacity of stakeholders to meet the ever changing sanitary and phyto-sanitary standards, food safety, adopt modern packaging techniques, and improving quality. ISO certification has been a major contributor in changing attitudes and knowledge for continuous commodity quality improvement.

(ii) Market infrastructure development: Use of electronic methods for Agriculture Market Information, and other online systems with information on food availability and prices; adoption of cooperative movement models by small scale producers for economies of scale will contribute significantly to food security.

(iii) Legislative frameworks: These frameworks should encourage self-regulation, provide level playing field for all stakeholders; and reduce incidences of counterfeits.

Honorable Ministers, Your Excellencies, ladies & gentlemen, I look forward to productive deliberations.

Thank you for the attention.