

Remarks by H.E. Okoth Obado – National Sugar Industry Consultative Meeting



COUNCIL OF GOVERNORS

**SPEECH BY H.E OKOTH OBADO,**  
**CHAIRMAN AGRICULTURE COMMITTEE OF COUNCIL OF GOVERNORS**  
**DURING THE MEETING ON THE**  
**NATIONAL SUGAR INDUSTRY CONSULTATIVE MEETING**  
**HELD ON THURSDAY 16<sup>TH</sup> NOVEMBER 2017**  
**GRAND SWISS HOTEL, KISUMU COUNTY.**

Mr. Willy Bett, Cabinet Secretary Ministry of Agriculture, Livestock and Fisheries,

Fellow Governors,

Principal Secretaries present,

Members of National Assembly and Senate present

Alfred Busolo, Interim Director General AFA,

County Executives in charge of Agriculture,

County Assembly Members present

Distinguished participants,

Ladies and Gentlemen,

Good morning!

Disease, unemployment, strife and inequality!

These social vices are synonymous with a dysfunctional agricultural value chain. Therefore, agricultural transformation in Kenya is a guaranteed development pathway that will assure better and quality jobs to a larger population in Kenya especially the youth. This is because agriculture continues to be one of the key drivers of our economy as well the largest employer of the populace.

In recognition of the pivotal role played by the sector in spurring economic growth, close collaboration between the two levels of government is critical to ensure a conducive policy and legal framework to trigger investment and spur transformation of agriculture sector. For this to be achieved, honest

discussions among stakeholders need to occur to maintain a positive trajectory in the implementation and delivery of agricultural services. This through development and implementation of strategies and programmes geared towards commercialization of agriculture.

### **Ladies and Gentlemen,**

The sugar industry in Kenya has been ailing with innumerable challenges in production, access to inputs and seed, poor sugar factory management, high cost of sugar production and milling and poor sector regulation. It worth noting that the sugar demand in Kenya has grown exponentially compared to production, thus increasing the need to imports to meet the demand. For example, sugar production has grown from 493.9 thousand Tonnes in 2012 to

639.7 thousand Tonnes in 2016. This increase in production does not meet the current demand in the country resulting in increased sugar imports from 238.6 thousand tonnes to 334.1 thousand tonnes.

**Ladies and Gentlemen,**

In 2015, the National Government has initiated the process of privatization of the publicly owned sugar milling industries in Kenya after approval by Parliament. This process was preceded and accompanied by a large scale process of restructuring of the sugar industry generally, and the sugar milling companies in particular. These were among the reforms recommended by COMESA for the transformation of the sugar industry, others including

diversification of the revenue chains and transition to the use of early maturing cane.

**Ladies and Gentlemen,**

During this entire reform process, the Council of Governors has been at the forefront, advocating for the privatization and restructuring to be undertaken within the context of the devolved system of government, and respecting the role of County Governments in agriculture. Moreover, the Constitution also assigns to National Government the public investment function and this function must be undertaken with full regard of the role of County Governments and the principles of cooperative government provided for by Articles 6(2) and 189. This is because, one of the objects of devolution

is ‘to recognize the right of communities to manage their own affairs and to further their development’.

**Ladies and Gentlemen,**

The extent of mismanagement of the sugar industry in the past is very unfortunate, especially to the communities from the sugar cane farming regions. Subsequently, the process of privatization of sugar companies has been marred with various challenges during the transition period in a bid to ensure that the privatization process is in compliance with the provisions of the Constitution and assignment of functions.

**Ladies and Gentlemen,**

By nature, the sugar farming and milling industry demands heavy investment in infrastructure, energy, and access to cheap financing. As governments, we should ensure that the communities should spearhead the management and development of the sugar industries, with government support in the form of creating an enabling environment through providing subsidies, access to markets and requisite infrastructure.

**Ladies and Gentlemen,**

As the County Governments acknowledge that sugar is an essential consumer commodity that contributes significantly to economic livelihoods in Kenya. Consequently, developments in the sugar industry are a matter of public



interest which County Governments have a duty to protect through their regulatory powers.

**Ladies and Gentlemen,**

As stakeholders present today, we need to ensure that we map out a strategy for the entire sugar value chain that is ambitious but feasible, whilst respecting Article 10 of the Constitution which imposes an obligation on all State organs to implement public policy positions in a manner that gives effect to the objects and purposes of the Constitution. Therefore, as we interact over the next two days, let us put at the forefront the needs of the farmers and the common ‘mwananchi’.

**Ladies and Gentlemen,**

This well thought out and timely meeting is the beginning of great things to come that will revolutionize the agriculture sector in Kenya. As the Council of Governors, we are committed to ensure that the resolutions made here today and tomorrow are fully realized at the county level.

Thank you once again and I wish your fruitful deliberations!