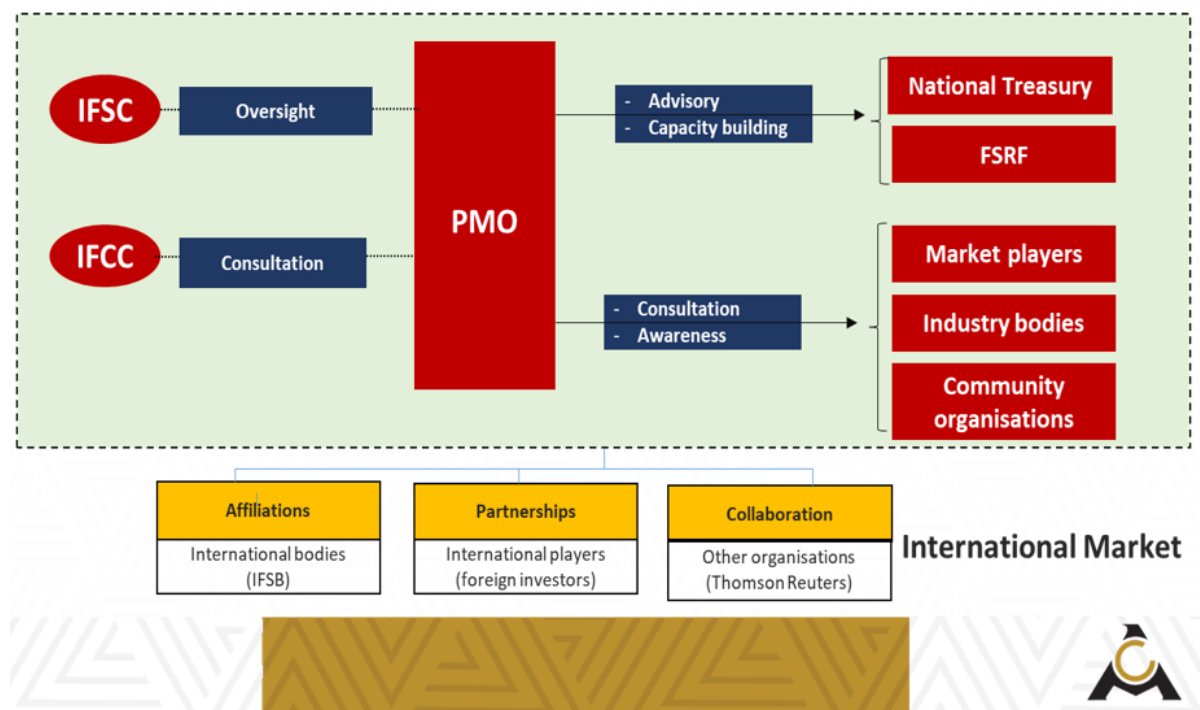




ISLAMIC FINANCE STRUCTURE IN KENYA

FIG 1: SCHEMATIC DIAGRAM OF THE KEY INSTITUTIONS



PMO – Project Management Office for Islamic Finance

IFSC – Islamic Finance Steering Committee

IFCC – Islamic Finance Consultative Committee

FSRF- Financial Sector Regulators Forum

I. PMO

TORs of the Islamic Finance PMO

1. As and when called upon, provide secretariat services (Administration, coordination, logistical support etc.) to the Islamic Finance PMO, as the key representatives of financial sector regulators and the National Treasury on all aspects of the Islamic Finance PMO in Kenya.
2. Act as the point of reference (coordination, liaison, advisory etc.) between their host financial sector regulator and the National Treasury, in the process of implementing the planned activities for implementation of Islamic Finance in Kenya.
3. Coordinate the publication, policy preparation and conclusion of the sectoral white papers and the consequent drafting of sector-specific policy recommendations, for the advancement of Islamic Finance in Kenya.

4. Facilitate development and implementation of a comprehensive education and public awareness strategy.
5. Coordinate the adoption of actual wordings of the legal, regulatory, procedure and other manuals in the various regulatory frameworks of the financial sector.
6. Develop a report with a summary of findings, lessons learnt recommendations, regulatory changes and strategic initiatives to facilitate growth of Islamic Finance.
7. Propose long-term sustainability measures for Islamic Finance in Kenya.

II. Islamic Finance Steering Committee (IFSC)

The IFSC was the top organ in the PMO structure formed to help establish a vibrant Islamic Finance market in the progress towards positioning Kenya as a Centre of excellence for attracting international capital inflows. The membership of the committee was as below.

1. Cabinet Secretary, National Treasury - Chairperson
2. The Chief Executive, Capital Markets Authority,
3. The Chief Executive, Retirement Benefit Authority,
4. The Chief Executive, Sacco Societies Regulatory Authority,
5. The Chief Executive, Insurance Regulatory Authority,
6. The Governor, Central Bank of Kenya,
7. A National Treasury Special Interest Nominee.

TORs of IFSC Members

1. The Terms of Reference of the Steering Committee included:
 - (a) to provide overall strategic leadership and governance oversight on the development of institutional, policy and regulatory frameworks for the Islamic finance industry in Kenya (the Project);
 - (b) take overall responsibility for the Project implementation whilst ensuring that any proposed changes to the existing laws and regulations in relation to Islamic finance are in line with the overall regulatory framework and meet the objectives of the financial sector policy maker and regulators;
 - (c) propose key policy decisions, guide the Project Management Office and other relevant parties in the execution of the Project, and ensure effective project oversight through receiving and reviewing regular status reports and results of project evaluations that will take place periodically;
 - (d) review and approve the Project Management Office initiatives and recommendations for implementation;
 - (e) take the lead to promote policy dialogue and advocacy on issues identified by the Project Management Office.
2. The Steering Committee shall regulate its own procedure;

3. The Secretariat of the Steering Committee shall be the Project Management Office housed at the offices of the Capital Markets Authority, P.O. Box 74800-00200, Nairobi.
4. The term of office of the Steering Committee shall be two years, renewable

III. IFCC – Islamic Finance Consultative Committee

The main objective of IFCC is to provide support and feedback on the proposed policies and regulatory changes.

The IFCC consisted of Sixteen (16) members who were senior managers in the market, market players or members in relevant industry bodies. These members included the following:

INSTITUTION	NO	RATIONALE
1. The National Treasury	1	Financial Sector Oversight; Nairobi International Financial Centre Authority (NIFCA)
2. Market representatives	9	Islamic Finance Institutions currently in operation in Kenya (Islamic Banks, Islamic 'Windows', Takaful and Re-takaful, Islamic Funds, Islamic Saccos etc.)
3. Office of Attorney General	1	Principal Legal Adviser to the Government
4. Kenya Bankers Association	1	Represent the banking sector
5. Muslim Scholars	1	Represent Academic Institutions
6. Institution of Higher Learning	1	Represent Academic institutions
7. Development partners (FSDA)	1	Observer status - provider of Technical and Funding Support to project Daraja

The IFCC's primary duties and responsibilities were to:

- i. Provide feedback and recommend changes on any proposed changes to the existing laws and regulations in relation to Islamic Finance from the market and practitioner point of view, to ensure that such proposals are in line with the overall market requirements and meet the objectives of the financial markets players;
- ii. Evaluation of project outputs.
- iii. Where needed, recommend the establishment of dedicated working groups on specialized pieces of Islamic Finance work to address specific issues.
- iv. Refer issues requiring urgent resolution to the Islamic Finance Steering Committee (IFSC) for expeditious guidance.
- v. To engage widely with the financial sector to explain and facilitate the implementation of new policies and regulations related to Islamic Finance.

- vi. To facilitate awareness campaigns that will be launched within the project framework.

Other TORs of IFCC

The chairperson of the IFCC may invite any department/organisation/stakeholders or any other persons to attend Committee meetings as and when need arises to assist in Supporting the committee.

1 Meetings

The Committee to chaired by the National Treasury representative and the deputy chair shall be elected, while the Project Management Office (PMO) shall provide Secretariat services to the IFCC.

- a. The IFCC will be required to meet at least once every month for the duration of the Project or as the need may arise depending on project outcomes. The IFCC will be responsible for regulating its own meeting procedure and operations.
- b. The PMO will convene meetings by written notice in hard and/or softy copy to members at least seven (7) days prior to each meeting.
- c. All meetings shall be held at the secretariat office.
- d. Written instructions, together with relevant papers, including but not limited to project documents, regulatory changes proposals and all other relevant information are to be sent to all IFCC Members at least 7 days in advance of each meeting.

2 Feedback

- a. All members will be required to provide their feedback to the PMO as soon as possible, based on the need for the information, but preferably within 10 days after the submission of the papers/documents.
- b. Members' feedback shall be sent to the PMO remotely using electronic means to the email address – PMO@cma.or.ke or any other platform as may be approved by the committee. The PMO will provide members with a reporting template to facilitate an efficient and effective feedback mechanism.

3 Confidentiality

- a. All information concerning or relating to the affairs of the Project which is obtained by the Members of the IFCC shall not be divulged to anyone.
- b. The proceedings of the IFCC meetings shall be kept confidential at all times.

- c. The feedback provided to the PMO shall be kept confidential until such time as the relevant document or proposal is published by the PMO.

IV. Financial Sector Regulators Forum (FSRF)

The Joint Financial Sector regulators is the focal coordination point for Islamic Finance Activities