Let Ruto be ruthless with cartels

Kennedy Chesoli | Wednesday, September 21, 2022

I never, for a moment, doubted that William Ruto would be the fifth President of Kenya. Signs of his decisive victorybar shenanigans from his predecessorwere everywhere. Betting against Dr Ruto was simply a fools errand, as many have regrettably come to learn.

The man has never lost a battle in his entire political career. When he first arrived on the political scene in 1997, he did so in style: He trounced Reuben Chesire, one of President Daniel arap Mois long-standing allies, in a defeat that sent shock waves across the country. He would then go on overcoming obstacles, overpowering opponents and scaling the political ladder.

I penned several pieces explaining why President Uhuru Kenyatta and his candidate, Raila Odinga, could not possibly imperil Dr Rutos political aspirations.

As with millions of fellow Kenyans, I couldnt be happier with a Ruto presidency. He has the markings of a great leader. His background and humble beginnings, centred around the Church, and reliance on the government and public institutions for education, healthcare, recreational and later employment, would no doubt inform his efforts at reforming and shaping the public and civil service sectors.

The terror and era of rent-seeking cartels that had hijacked the government is over. President Ruto has signalled, rather powerfully, his intention to keep the promises he made to the Kenyan people.

Financial autonomy

In his first five days in office, he initiated the process that would free the port from cartels and liberate its operations. He also moved to swear in judges whose promotion had been set aside by the previous regime on frivolous grounds and gave the National Police Service financial autonomy and accountability. He also terminated costly and inefficient fuel subsidies that had diverted immense public resources to a small number of individuals.

These are big, bold and praiseworthy achievementsundertaken well before the Cabinet is constituted. But the President also faces significant challenges, given financial impropriety and blatant diversion of public funds that has been afoot since early 2018.

Not only are state coffers nearly empty but the outgoing President also left behind staggering bills of more than Sh500 billion! The countrys sovereign debt has also grown out of shape with repayments expected to consume the lions share of the tax revenue. Unless efforts to mobilise resources domestically are scaled up, there wont be sufficient funds to support economic recovery and offer families relief against the rising cost of living.

The Kenya Kwanza manifestoThe Plansets out a great vision and outlines practical pathways for addressing many of our socioeconomic challenges. More importantly, the President has stressed that dealing with state capture, dismantling cartels, fighting corruption and sealing tax evasion loopholes are key in realising development finance as well as liberating and putting the country on a sustainable path of growth and development.

He should go further and put in motion a mechanism for recovering stolen assets, including billions of taxpayers funds that are held in secret offshore accounts. Its imperative that government bureaucrats and functionaries who aided and abetted these vices be removed and their positions offered to men and women of integrity. Also, those who supported, excused or justified fraudulent schemes such as Huduma Namba, BBI and the Covid scam must be excluded from this hustler government.

Economic pain

There are no quick fixes to the Kenyatta-created mess. Clean-up will take time. Also, the economic pain is likely to get worse before things get better. Ending market-distorting fuel subsidies may, in the short run, push prices upwards but liberating the sector from the stranglehold of cartels would create competition and efficiencyboth of which could eventually contribute to stable and low prices.

The President must also defeat cartels who enrich themselves by importing and dumping (at times poisonous) sugar in the country, impeding local production. The government must leverage the strong domestic sugar demand by creating policies and interventions that would create jobs, revitalise sugarcane growing and jump-start the scores of moribund and decaying mills, including Mumias Sugar Company.

President Ruto is a tenacious, hardworking go-getter. He embodies the dreams and aspirations of millions of Kenyans

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born in poverty with little or no opportunities to excel. He is an accomplished politician with a knack for solving problems by seeking solutions outside the proverbial box.

Given the freshness that he brings to the Presidency, its important that the country and its development partners support Dr Ruto in his efforts to create opportunities for all. But as he strives to build on the positive strides made by his predecessor, President Ruto must be quick in rejecting and undoing actions and policies that harmed our nation.

In dealing with the cartels, the President should be ruthless.

Mr Chesoli is a New York-based development economist and global policy expert.

End of Let Ruto be ruthless with cartels

SRC must remain firm on pay ceiling for MPs

Editorial | Wednesday, September 21, 2022

Parliamentarians are pushing for the reinstatement of their plenary sitting allowance in a move that could cost taxpayers an extra Sh8.2 billion over the next five years. The Salaries and Remuneration Commission (SRC) had, on July 28 this year, just before the General Election, published a Kenya Gazette notice abolishing the allowance on the plausible argument that plenary sittings constitute the lawmakers core duty and an allowance for the same would, therefore, amount to double compensation.

But in the notice, SRC introduced a Sh150,000 house allowance which, coupled with a Sh426,000 basic pay and Sh134,000 in salary market adjustment, effectively moved the lawmakers to a higher job groupat a salary of Sh710,000.

The scrapping of the allowance was not an arbitrary move but part of a well-reasoned plan to ensure equal pay for equal work and making public service salaries commensurate with the expected input. By pushing for a review of their perks, the MPs are likely to distort the entire public service pay structure.

If they are allowed to pocket the Sh5,000 that the 416 members of the 11th and 12th Parliament took home, the MPs would pocket a monthly salary of Sh1.2 million, more than what Court of Appeal judges earn (Sh1,156,108), yet the latter are a rung higher in the state officers job grading.

Higher pay

The MPs quest for higher pay is not only ill-timed, it also borders on insensitivity. For not only does it interfere with the constitutional mandate of the SRC, in whose purview it is to review and set remuneration for state officers and other public officials, but it also flies in the face of the austerity measures the rest of the country has to contend with due to the effects of the Covid-19 pandemic, the war arising from Russias invasion of Ukraine, the ballooning public debt and the political and economic uncertainty that surrounded the highly contested August 9 General Election.

The MPs move sends the wrong signal at a time when Kenyans are coming to terms with the scrapping of the fuel and unga subsidies, among other pointers to economic hardship. SRC must stand its ground and ensure the salary structures it sets are respected by everyone within their jurisdiction.

End of SRC must remain firm on pay ceiling for MPs

Streamline digital loans

Editorial | Wednesday, September 21, 2022

Central Bank of Kenyas ongoing vetting of digital lenders is commendable and in the interest of the public. The banking regulator has so far cleared 10 firms and issued them with permits to operate in the country after they complied with the new laws aimed at restoring sanity in the personal loans market.

The digital credit providers (DCPs) approved so far are Ceres Tech Limited, Getcash Capital Limited, Glando Africa Limited (Trading as Flash Credit Africa), Jijenge Credit Limited and Kweli Smart Solutions Limited. Applications for licences by 278 digital lenders are being evaluated, even though they have been allowed to continue operating in the meantime.

A recent proliferation of fintech firms has caused a debt crisis that has pushed many households to the brink. Some rogue firms had taken advantage of the recent economic downturn to make a kill through exaggerated interest charged on personal loans and buy now, pay later schemes. More disturbing, some of the fintechs hounded their customers with intrusive phone calls to their friends and family on default on payment.

This is unethical, and CBK deserves support as it implements the Digital Credit Providers Regulations (2021) that are targeted at reining in rogue lenders. For instance, under the new rules, mobile phone lenders will be required to disclose the total charges for their loansincluding interest rates, late payments and roll-over feesbefore disbursing credit to customers. They also bar digital lenders from intrusive debt pursuit strategies such as public shaming.

The vetting is critical and applicants should be patient, given the sensitivity of the financial markets. The Central Bank should be accorded ample time to vet digital lenders and ensure that the public is fully protected from exploitation.

End of Streamline digital loans

National Assembly Speaker Moses Wetangula must be wise on House posts

Unknown Author | UnKnown Date

National Assembly Speaker Moses Wetangula must exercise statesmanship in the manner of handling the standoff over the position of Majority Leader.

Mr Wetangula recently said in Mombasa that, as the Speaker, he is an impartial arbiter. Kenyans are waiting to see if he will live up to his word and give the right interpretation of the Constitution and the Standing Orders or be swayed by party politics.

The verdict will be a litmus test on Wetangula and showcase how he will be arbitrating delicate matters of national importance for the next five years.

He should, therefore, demonstrate patriotism and sanitise the selfish party politics in which MPs illegally hop from a political formation to another.

Besides the Presidency, the next most powerful position is, perhaps, that of the Leader of the Majority party in the National Assembly. Kenyans expect the Speaker to strike a balance between political interests. The post requires a holder who will champion bipartisan interests that put the country first.

Strong links

It will be prudent for Mr Wetangula to put Kenya Kwanza and Azimio interests aside and render a ruling that will give the National Assembly a person who will always be in touch with all MPs and easily build strong links.

During US President Barack Obamas regime, House Majority Leader Steny Hoyer was instrumental in whipping support for Obamacare, first seen as a controversial and divisive healthcare bill but ended up beneficial.

Wetangula must, therefore, do the right thing without trying to appease either coalition. He must rise above partisan politics and give a determination that will define the countrys future.

Bearing in mind the fractious nature of our politics, Kenyans are waiting to see how Wetangula will navigate the interests of his Kenya Kwanza formation that have dominated the race for key parliamentary positions and stick to the law.

Th e 13th Parliament must get majority and minority leaders with charisma and power to command respect from lawmakers from across the political divide. That will even ease his job, freeing it from the unnecessary constant bickering that often divert the august House from its noble responsibility of articulating Kenyans concerns, such as the prevailing high cost of living.

This is an opportunity for Wetangula to build his legacy and chart the way forward on the leadership Kenyans can look up to. He must steer the legislative agenda for the benefit of all.

Despite having been elected by Orange Democratic Movement (ODM) lawmakers in the 11th Parliament, Speaker Kenneth Marende set a precedent by rising above party politics with Solomonic moments like this one.

Fred Makana, Kiambu

End of National Assembly Speaker Moses Wetangula must be wise on House posts

New IFC podcast promotes women in Africas renewable energy sector

Unknown Author | UnKnown Date

With renewable energy forecast to play a growing role in Africa's energy future, IFC has launched a new podcast series to promote the role of women in the sector as senior executives, engineers and thought leaders.

In the She Powers Africa podcast, host Terryanne Chebet, an entrepreneur and media specialist, speaks with leading women in Africa's renewable energy space to light the path for the next generation of African women leaders into the dynamic sector.

The first three episodes feature Jennifer Boca, Head of Environmental, Social and Governance at Lekela Power; Olaedo Osoka, CEO of Daystar Power in West Africa; and Carol Koech, the Country President for Schneider East Africa.

This engaging podcast is ideal for women interested in working in the renewable energy sector and also for anyone concerned about climate change in Africa and curious about the practical solutions. Renewable energy is Africa's energy future and ensuring more women are part of that future will enhance the sectors success," said Anne Kabugi, IFC's Regional Gender Lead for Africa.

By 2040, renewable energy could account for more than 60 percent of new electricity generation in sub-Saharan Africa, excluding South Africa, according to the Africa Energy Outlook 2019 from the International Energy Agency.

But, despite the sector's importance, women lag behind men in leadership and technical jobs in the renewable energy sector and represent just one third of the renewable energy workforce in Africa, according to research conducted by IFC on womens participation in Africa.s renewable energy sector.

The podcast is produced by IFC's Energy2Equal programme and its Women in Renewable Energy in Africa Network (W-REA), which both aim to enhance women's participation in the renewable energy sector.

Listen in.

End of New IFC podcast promotes women in Africas renewable energy sector

EMTECH to pilot a US CBDC in The Digital Dollar Project Sandbox Programme

Unknown Author | UnKnown Date

EMTECH, a first-of-its-kind central banking infrastructure provider, has announced it will take part in the recently introduced Technical Sandbox Programme by The Digital Dollar Project to explore the new possibilities of a US Central Bank Digital Currency (CBDC) the digital dollar.

As one of the four announced technical vendors, EMTECH will bring its unique API-First and Energy Efficient CBDC Platform to test various use cases for cross-border payments.

The firm is joining a high-profile group of former US regulators and financial services experts. This initiative marks the next step in our effort to convene the private and public sector in a symbiotic exploration of a central bank digital currency in the US, said Jennifer Lassiter, executive director of The Digital Dollar Project.

EMTECHs Founder and CEO, Carmelle Cadet, is a former Global Business and Finance Leader at IBM. In 2021, she was invited by the US Congressional Financial Services Committee to testify on whether the US dollar should be digital.

A market leader in central banking infrastructure, EMTECHs mission is to leverage technology to enable access to inclusive and resilient financial ecosystems. Its exciting to be part of the Digital Dollar Project Sandbox, and we are looking forward to collaborating with the federal government, policymakers, and private sector organisations to pilot CBDC options that encompass retail or wholesale models for cross-border payment use cases, said Mrs Cadet.

In her testimony, she highlighted the firms vision and focus on helping central banks to build modern digital cash infrastructure using blockchain and distributed ledger technology (DLT). A consistent recommendation to the White House and the Congressional Committee is the use of a regulatory sandbox to enable faster and safer innovation from and with the private sector.

The current ecosystem for cross-border payments is a complex nightmare for financial service providers to navigate. EMTECHs CBDC Platform, with its API-First approach and high-performance DLT, is a more modern design that were excited to bring to the Technical Sandbox Programme, said Tabor Wells, Chief Technology Officer at EMTECH.

Earlier this year, the firm announced its partnership with Hedera Hashgraph to build an energy-efficient CBDC to support its newly announced GREEN CBDC Framework, which is designed to help central banks unlock unprecedented value in deploying a CBDC. A key pillar of the framework is reducing the carbon footprint of financial services, while also limiting energy demand from fragile power structures. You can learn more about the GREEN CBDC Framework at greencbdc.com and emtech.com.

Read more about the technical sandbox in DDPs Press Release.

About EMTECH

EMTECH is building the next generation of central banking Infrastructure to drive inclusive and resilient financial markets. The company provides software solutions and services to connect central banks, other regulators, and financial services providers, in a user and developer-friendly way.

EMTECHs API-First platforms power regulatory data exchange, currency issuance, and currency movement in financial markets. It is a diverse global firm that makes financial ecosystems inclusive and resilient by design. For more information, visit www.emtech.com.

End of EMTECH to pilot a US CBDC in The Digital Dollar Project Sandbox Programme

Unknown Author | UnKnown Date

By Evans Ongwae

Kenya performed well in cushioning its citizens against Covid-19 economic shocks, but could have done better. This is the overall scorecard by UN Women, following a study. In particular, the report stresses the importance of ensuring that adopted economic stimulus and recovery packages are gender responsive and address the gender equity gaps.

Titled, Engendering Fiscal Stimulus Packages and Recovery Efforts Adopted in Response to the Covid-19 Health and Economic Crises, the report states: Compared to African countries, efforts by Kenya to cushion and promote recovery of citizens and businesses during Covid-19 through Economic Stimulus packages are commendable. However, UN Women points out that the country could have achieved more had it made those fiscal and monetary measures more gender-responsive.

The study is a gender-responsive assessment of the fiscal and economic stimulus package adopted in response to Covid-19 in Kenya. It provides vital recommendations for engendering government measures in response to crises as well as for economic recovery now and in the future. It pinpoints where the governments stimulus packages fell short, and offers suggestions on how to make economic stimulus packages more responsive to the needs of women, men, boys, and girls.

Engendering economic stimulus packages means taking into account the experiences and specific needs of women, men, girls, and boys, as well as the underlying causes of vulnerabilities, including gender gaps or inequalities, gender relationships, power structures, social norms, and leadership. These should count in both the design and implementation of the stimulus measures, the report states.

During the launch of the report last month jointly with Kenya's Cabinet Secretary for Public Service and Gender, Prof Margaret Kobia, the UN Women Kenya Representative Anna Mutavati, reiterated the importance of gender data in ensuring women and girls were not left behind in the development agenda.

We know that gender equality and womens empowerment are prerequisites for strong institutions, stable communities, and economies. Evidence from all around the world shows that investing in womens economic empowerment sets a direct path towards gender equality, inclusive economic growth, and wealth creation.

The UN Women study compared Kenyas response with what South Africa and Nigeria did. It recommends some lessons for Kenya to pick from the responses of the two Sub-Saharan African nations.

Consideration of the needs of women, men, boys, and girls in the design and implementation of the economic stimulus packages enhances economic and social inclusion and prospects of achievement of outcomes of cushioning against the shocks as well as recovery from the Covid-19 pandemics, the report offers.

The study is anchored on UN Womens commitment to supporting government efforts that contribute to womens livelihoods and their access to social protection, healthcare, infrastructure, food, and housing, among other sectors that the government has prioritised.

The analysis focused on economic stimulus packages implemented during the financial year 2020/2021. These include cash transfers to vulnerable families; National Hygiene Programme or the Youth Employment Programme; support to the educational sector; support to small and medium-sized enterprises liquidity; support to the construction sector; support to the health sector; support to the agricultural sector; support to the tourism sector; support to the environment; and support to the manufacturing sector.

An important underlying factor in response to and adaptability to changes in times of pandemics and crises is the feminisation of poverty, the UN Women analysis notes.

The study found that women, more than men, were deprived of social economic participation, information, and nutrition, and were generally multi-dimensionally poor. This is a key salient pathway in which gender contributes to disproportionately negative impacts of Covid-19. Women are also, more than men, involved with caregiving activities, including caring for the children, the sick, the elderly, and persons with severe disabilities.

Gender inequalities cause women and men to respond and adjust to pandemics and crises differently. Disasters and pandemics such as Covid-19 disproportionately and negatively affect women and girls when compared to men and boys, because of gender segregation in most economic activities, which is further reinforced by gender inequalities.

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Moreover, there has been an increase in gender-based violence, more specifically violence against women and girls.

Following the study, UN Women suggests that in times of crises, such as those comparable to the Covid-19 pandemic, Kenya could:

Consider expanding the sector coverage (of its stimulus package) for better economic recovery outcomes. This includes extending support to sectors such as housing, energy, and transport infrastructure.Temporarily expand social protection coverage during pandemics, through special programmes to reach previously uncovered beneficiaries.Consider extending social protection to practitioners in early childhood development, small-scale farmers and teachers, as well as those in creative, cultural, and sports sectors.Increase the amounts of cash transfers per recipient, for all the existing beneficiaries.Consider establishing a social relief from distress grant for caregivers, aimed at reducing increased unpaid care work during pandemics.Consider targeting micro, small, and medium enterprises (MSMEs) in all sectors of the economy, and not only in certain selected sectors.Consider implementing an unemployment insurance fund and compensation fund for health practitioners, and provide a temporary employee relief scheme for domestic workers.Consider enforcing the Access to Government Procurement Opportunities (AGPO) provisions, or even increasing the proportion reserved for women businesses.Implement special support to survivors of gender-based violence (GBV) and also, in partnership with civil society, establish a mechanism for linking them to shelter houses. This would address some of the challenges related to increased GBV during pandemics.

Overall, the analysis showed that the size of Kenyas provisions regarding various fiscal measures is small, measured by the size of the issues the specific measures target.

End of UN Women to Kenya: You did well in cushioning citizens against Covid-19 economic shocks, but

Digital payments ignite a new era of hope for SMEs in Kenya

Unknown Author | UnKnown Date

By Shehryar Ali, East Africa Country Manager, Mastercard

Its no secret that the pandemic was especially tough on small and medium enterprises (SMEs), particularly the many small cash-based businesses that operate in the informal sector. These businesses are the lifeblood of economies, and the fact that they couldnt generate incomes or apply for micro-loans to stay afloat, had a knock-on effect on everything, from employment to general community wellbeing.

In Kenya, SMEs account for 80 percent of jobs. In 2021 alone, an estimated 22 million jobs in Africa were lost, pushing more people into poverty. Its a devastating cycle that can only be broken with multiple actions technology and partnerships being chief among them as this challenge cannot be tackled through a single approach.

This challenging period did not have many silver linings, but one outcome that will have a positive impact on SMEs going forward is the increased rate of digitisation.

During times of limited mobility, more small businesses realised the necessity of selling online and getting paid digitally. This helped to boost cash flow without having to exclusively depend on the much harder and more arduous journey that cash entails to change hands.

The value of light

When I think about the economic strife experienced by so many cash-based SMEs during the pandemic, but also the fortunate acceleration of digitisation, I am reminded of the old Kanga saying: The value of light is noticed when night falls.

By now, the case for digital transformation is well established. Access to digital tools, associated training, credit, and resources, are key, not only to the growth of SMEs, but also integral to their survival. Ensuring that these smaller businesses have access to and benefit from the digital economy, is something that Mastercard is very passionate about.

SMEs are recognising the practical benefits of digitisation in day-to-day operations, as opposed to viewing it as a long-term project for the future. Data shows that 41 percent of SMEs that implemented digitalisation initiatives had stronger revenue growth in 2020 than non-adopters. Thats not the only benefit. Going digital better insulates SMEs against economic shocks, as they can tap into the global economy, reach a wider market, and accept cross-border payments.

Furthermore, as more consumers adopt and use a variety of electronic payments, this two-way digital adoption offers increased benefits for both the business and customers. People do not want to be stuck in a cash economy, which effectively leaves them locked out of many economic activities. They want access to a variety of financial services, and more retail choices.

A digital economy that continues to expand

With every passing day, the digital economy is increasingly becoming the economy. That is why digital inclusion is so critical. We all benefit when more people are connected to the digital economy.

At Mastercard, weve made it both our business strategy and our social responsibility to ensure that people and organisations have access to networks, tools and solutions that could help them reach their full potential and achieve financial security. We have pledged to bring one billion people and 50 million micro and small businesses into the digital economy by 2025, with a direct focus on providing 25 million women entrepreneurs with the solutions they need to grow their business. So how do we do it?

Solutions that support small business resilience

Access to credit is one way, and its something we do with data. Digitalisation of SME operations brings the benefit of generating this helpful data. This same data enables financial institutions to make more informed decisions about extending credit one of the key challenges for small businesses. A digitised record of transactions enables more small businesses to be brought into the financial mainstream, with access to finance solutions that can support their growth.

A great example of Mastercards Track Micro Credit Programme, fuelled by digital transaction data from the beneficiaries themselves, can be seen in Kenyas Jaza Duka initiative. Designed for micro merchants, this inclusive credit ecosystem gives small shop owners short-term credit and digital payment capabilities to help them build their creditworthiness and stock their shelves without having to rely solely on cash. Digitisation is empowering these small

Digital payments ignite a new era of hope for SMEs in Kenya

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businesses to reach their true potential.

Collaboration brings scale, and wider inclusion

Partnerships are also crucial to ensure scale and impact. Just like Jaza Duka was originally launched with the help of Unilever, KCB and Mastercard, it was further scaled in partnership with Kasha this year. Another 5,000 MSMEs now have access to Jaza Duka through Kasha, a purpose-driven digital retail and distribution platform focused on providing women with affordable health and wellbeing products.

In addition, many of these newly included small businesses are run by women entrepreneurs, who are among Africas most formidable, but also most marginalised, business owners. So, this is truly inclusion in action, on two key fronts.

Kasha has a long legacy of collaboration with Mastercard, having joined our Start Path engagement programme for start-ups in 2019. Weve also invested in the e-commerce platform, and its great to see this new chapter making such a positive impact on even more businesses.

The journey continues. At Mastercard, were leveraging our technology, innovation, and solutions beyond payments to help small and medium enterprises get paid, get capital and get digital safely and securely wherever they are. We are dedicated to enabling businesses to survive and thrive stronger than before. This is how we are Empowering Every Business. Everywhere.

End of Digital payments ignite a new era of hope for SMEs in Kenya