

ECONOMY & POLITICS

Uhuru takes charge of Budget ahead of polls

STRATEGY President leads Cabinet to align spending plan to State House priorities at two-day retreat in Naivasha

BY GEORGE OMONDI

The Cabinet is set to use its two-day retreat ending in Naivasha this afternoon to align the 2016/17 spending plan with State House priorities as the country prepares for elections next year.

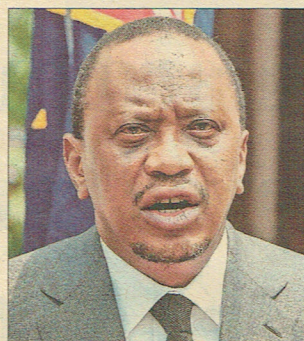
President Uhuru Kenyatta led the discussions on the budgetary priorities from yesterday morning, sending a strong signal of his intention to take control of next financial year's budgetary process.

The task of deciding government's spending priorities has previously been the preserve of the Treasury and Parliament's budgetary Committee.

"The process (Cabinet retreat) leads to the presentation of the budget to Parliament by the National Treasury Cabinet Secretary Henry Rotich and debate and final approval," the Presidential Strategic Communication Unit said in a brief to media houses.

The Budget for the year starting July is the most crucial for President Kenyatta and his deputy William Ruto who romped to power more than three years ago on the promise of implementing a number of projects.

Among other promises, the duo promised to boost food



President Kenyatta. FILE

security by putting at least one million acres of land under irrigation, build five stadiums, generate 5,000 megawatts of power and provide Class One laptops.

They also promised to grow manufacturing sector by offering tax incentives and grants to investors, promote Kenya as an end destination rather than a stop-over for tourists, recruit 15,000 police officers annually in five years and end cattle rustling.

Development agenda

Last year, Mr Kenyatta created the Presidential Delivery Unit (PDU), headed by Nzioka Waita, in a bid to speed up delivery of flagship projects as clock ticked towards August 2017 elections.

Mr Waita, who joined State House last year from Safari-

com, oversees the PDU, Office of Budget Management, Office of Performance Management and Co-ordination and State Corporations Oversight Office.

The Office of Budget Management will be working in collaboration with the Treasury to translate the President's development agenda into tangible budgetary plans, offering State House a direct role in the budget making process.

At the Naivasha retreat attended by Deputy President William Ruto as well Cabinet and principal secretaries, the State House made known its intention to take charge of the budgetary process.

"We look forward to a frank and open discussion about our priorities, and what we must deliver within the resources available to us," President Kenyatta said at the start of the event.

It was not immediately clear whether the retreat would also resort to drastic decisions such as a 20 per cent pay cut that President Kenyatta ordered at a similar forum two years ago.

The Naivasha meeting is also expected to deliberate on corruption, so far a major blot on the Jubilee coalition's rule.

omondi@ke.nationmedia.com

US envoy wants courts to clear graft cases backlog

BY ALLAN ODHIAMBO

The US government has challenged the Judiciary and the Director of Public Prosecutions to clear pending court cases to bolster the fight against corruption.

US Ambassador to Kenya Robert Godec said defeating corruption required ending impunity and holding everyone accountable, regardless of their position.

"There are more corruption cases pending before the courts now than at any time in Kenya's history. Nevertheless, many more files await investigation. And, too many cases are languishing" he said in a speech.

"The Office of the Director of Public Prosecutions and the Judiciary must make sustained and visible progress toward trying and convicting those guilty of corruption, recovering their ill-gotten gains, and appropriately punishing them, including with jail time where appropriate. All must be equal before the law, including prominent suspects."

A new report by the Ethics and Anti-Corruption Commission showed that there were 360 graft-related cases before court as at March 31.

The anti-corruption commission says the Judiciary needs to work harder to deliver convictions, adding that a single big-ticket conviction would trans-

form public perception

Kenya has a history of multi-billion shilling corruption scandals that have failed to result in high-profile convictions, angering the public who say it shows how top officials act with impunity, and encourages graft by those in lower posts.

Mr Godec said US investigators are already collaborating with Kenyan authorities on the creation of a special unit to focus on cross-border crimes involving graft while special US advisers are helping the Independent Policing Oversight Authority, the National Police Service Commission, and the National Police Service to end impunity in the police service.



**Leadership
For
Posterity**

INSTITUTE OF DIRECTORS OF KENYA ON CORPORATE GOVERNANCE OF PUBLIC ENTITIES

The Institute of Directors of Kenya (IOD Kenya) applauds recent interventions by the Central Bank of Kenya to strengthen corporate governance within the banking sector. The directors of IOD Kenya consider that these interventions will help reduce systemic risks in our economy. In the long term, this will enable growth, innovation and expansion in one of Africa's most innovative and robust financial services sectors.

We are fully supportive of strong capital markets and a vibrant financial services sector for Kenya and we believe this cannot be realized without commitment to good corporate governance.

We note with concern that the recent bank closures and also other problems facing our Public Entities are often linked to negligence or misconduct at the board level. We also note the continued lack of compliance and enforcement around the laws and guidelines in respect of corporate governance and the constitution of appointive bodies.

The IOD is committed to working with the regulators and indeed the public and private sectors to improve corporate governance with our institutions.

This is a wake-up call for boards, directors, regulators and even appointing authorities, all of whom have a role to play in the constitution and appropriate management of qualified, competent and credible boards. However for it to be a truly effective wake-up call there must be sanctions for failure to comply with the laws and regulations on corporate governance and the banking sector.

We also see this as a wake-up call for all banks and institutions to ensure that they comply with the Laws of Kenya in respect to corporate governance.

While all the stakeholders have a role to play in steering the institution towards achieving its objectives, the oversight and supervisory mandate is clearly vested in the Board of Directors.

In light of this, IOD Kenya recommends the following:

1. A decision by the regulator on the propriety or not of the director's actions in the relevant cases and regulatory and/or other appropriate action against all directors found to have failed to uphold the standards of conduct for a director.
2. Strict enforcement of adherence to Prudential Guidelines and the Code of Ethics guidelines by the regulators (CMA and CBK) including full compliance with Constitutional provisions on inclusion Article 10 & Article 27(8) for public bodies, and integrity Chapter 6).
3. Requirement of corporate governance training by a credible institution before being eligible for appointment to a Board and a requirement for continuous training for current directors.
4. All directors should also be submitted to mandatory membership in a professional regulatory body such as IOD, ICPAK, LSK to promote professionalism and accountability.
5. At least annual board evaluations should be mandatory for all public entities and the reports should be submitted to the regulator.

We empathize with all those affected by the current disruption in the banking sector. We recognize that the majority of individuals and businesses affected by the banks in receivership did nothing wrong but have been seriously harmed.

As the IOD we pledge to continue the work of promoting good governance in both the public and private sectors in an effort to minimize any such occurrences in the future.

Duncan J. Watta
Chairman, IOD

Meshack Joram
CEO, IOD