

Remarks by FCPA Kellen E. Kariuki

During the 31st ICPAK Annual Seminar

Whitesands Hotel, Mombasa Kenya

20th May 2015

Chairman, CPA Benson Okundi,

Vice Chairman FCPA Fernandes Barasa and Council Members Present

Past Chairmen of ICPAK Council and Past Members of ICPAK Council and Committees

CEO, Dr Patrick Ngumi and his team from the Institute

Coast Branch Chair, CPA George Mokuu, Other branch chairs and members of branch executive committees,

My seniors and other colleagues in the Accountancy profession

Delegates at this annual seminar

Ladies and Gentlemen

Good morning

When our Institute called on me to grace this occasion, I was delighted for I thought I will come, sit somewhere in the background, enjoy the sessions, network and leave for Nairobi. On a closer look, however I realized I had been asked to give a key note address to a wonderful gathering as this. Obviously I begun to wonder just how did ICPAK end up choosing me, what perspectives did ICPAK thought I could come and share with an audience full of professional colleagues.

After a careful review of the program, the theme, the proposed speakers, I was even more confused. As the Chief Executive of the Unclaimed Financial Assets, I am at the tail end of the investment chain, in fact to be precise; my organization comes in long after the investor has left the scene. Coming from this background therefore it made my preparation much harder.

Professional colleagues, delegates and participants, in the course of my remarks allow me to reflect and share my thoughts on how we can remodel our nation to an investment destination of choice.

1. Governments business is to get out of business

The mantra that businesses allocate resources better than government gained currency world over and has defined how governments conduct themselves. In the case of our country, we have seen over the years as government exits from direct business and focuses on the role of providing an enabling environment for business to thrive. In the financial services sector, where much of my experience is drawn we have witnessed what may be described by terms such as exodus by the state from business entities. Long gone are the days when the health of our national financial system was dependent on players in the sector who lived by and danced to the political masters. The Non Performing Loan portfolios witnessed in the late 1990s are today more of good stories to our children. But then again, I do not in any way suggest that our government has done it all. There are still numerous opportunities especially in agriculture, mining, and other extractive sectors that our government needs to cede space to enterprise. We can and could do better.

2. Responsible Citizens – Both individuals and corporate

There is the much that a government can do. As citizens we have a duty and I believe the price we pay for citizenship in bettering our lot and leaving the country much better than we found it. We have a duty, and professional accountants have an obligation to support citizens and corporate organizations in fulfilling their obligations. We have a duty for instance to promote a culture of sustainable co-existence by corporate organizations. It is only when a corporate lives peaceably in society that its long terms survival can be guaranteed. It may be too blunt and too uncomfortable but I must at this point ask each of us to reflect on just how much have we used our professional expertise the benefit of our country. Are we enablers of a better investment environment? Are we faithful business advisors to the corporates for which we render our services? These are pertinent questions, and looking at your program I am reassured that there are sessions that will provoke a discussion and perhaps live discussions on how accountancy, and meetings of this nature can make resolutions to make corporate organizations more responsible.

3. Regulated but Innovative Financial Markets

As a nation and largely owing to our history, we are blessed to be an economic power house in the region. Many of our corporations have expanded, cross listed, operate and employ people

from nearly all countries in the region. We have as a nation a robust capital market providing investors with entry avenues into our market. The question, I beg to answer is just how did we find ourselves here? Is it a historical accidents and nature's providence that we have a robust securities market, a resilient economy and fairly developed human capital? Without doubt all these are pointers to the fact that we have done some things right. We must however ponder and ask if what we did right is a secret only known to us? I submit that regionally our comparative advantages will whittle away. Our neighbours now know the secret and maybe they will run after us and overtake us. This is not anything to be gloomy about. All we need to do is to harness our collective will to try out new things and sustain those that work. We for instance continue celebrating the magic of mobile money, not long ago we had serious financial deepening when commercial banks went out of their way to welcome to their banking halls the unbanked Kenyans. These are but examples of little successes that we need to do repeatedly to assure ourselves and our generation of an expanding economy with benefits to citizens.

4. Patriotism that goes beyond a song or a dress

If there was an experiment that people of Africa need experiment till they get it right is the experiment with nationhood. Our history at the pan- African experiment is littered with some nice sounding and perhaps fiery speeches, a national flag, an anthem and an emblem to which we supplicate. Some states especially from the west have gone a step ahead, if it can be termed as such and have a dress as an identity for their nationhood. But professional colleagues, what happens when we discover gas and oil? What happens when the extractive resources show up in commercially viable quantities? .Why the unity in scarcity and the division in plenty? And you may wonder just how does apply to accountants. It begins with just how our nations craft contracts with the exploring companies, have we for instance requested to be at the table to assist from a financial perspective when contracts for oil are negotiated. Have we collectively and individually grown capacity for oil and gas accountants? I submit friends and colleagues that we can apply our knowledge as a means of active patriotism to our countries. I urge you to hearken to the call.

5. Investments with a long term horizon

In the recent times, the government has engaged in ambitious long range investments popularly known as flagship projects. Vision 2030 delivery secretariat has and continues to play a vital role in ensuring a consistent long term view of the affairs of our nation. We need to invest for our

children and no one sets the tone better than government. I know well as you do, that our national budget has a disproportionately large portion that goes to recurrent expenditure. We are also beginning to appreciate the true cost of devolution. We are therefore putting much of our resources into short term use. On the positive note, we do have agencies such as Salaries and Review Commission but professionals need to speak louder and more often on the challenge of short term as a planning horizon.

6. Politics always tips the balance

It gives me great joy to note that you have dedicated a whole session to discuss matters related to politics and professionalism. I therefore need not say much on this. What we need to do as a country is to celebrate our victories. Our politics tended to be described to us by news outlets as a dirty tricky enterprise. I do not for a moment doubt that we can and should raise the bar on conduct of politics but I am not too naïve as to imagine we have done so poorly. Despite our painful hiccups, some so gross those human lives were lost, our political train remains largely on the tracks. At times, I wonder if professionals would make politics better if we tried our hand in it. I am not too sure and judging from the conduct of some professional colleagues who went before us and joined politics one tends to remain unsure. So should we join politics, I do not know, what I am sure of is this, we must as professionals exert our influence on how the affairs of our nation are run.

7. Combating Corruption

Corruption ought to have been the concern number one, maybe not. As a country we have so many challenges to surmount and ensure clean business. We are not ranked too well in some the corruption or bribery indices and this is a pointer to a problem. We have established institutions and maybe going forth the challenge is to find the right persons to re-orient institutional energies in combating graft. But we should not talk of corruption as if it our next door neighbour, it requires each of us to play our roles as vanguards of public trust. We as accountants may not have done so badly but I know we have much more room to improve. I hope that as we head home from the 31st Annual Seminar we will carry with us a greater resolve to fight and combat graft.

8. Security

We live in dangerous times, is the best way to open a conversation on matters security. The challenge of terrorism is no longer an American or global problem. The security challenges we

face today are more daunting than ever. As this seminar goes on, it is not lost on even a casual observer that our tourism has been severely hit. I am aware of a number of initiatives in place to revive the sector and your presence here is big vote of confidence. Our own efforts little as they may be will go a long way in restoring confidence in our market. I am no expert on security matters but I know enough to state that without security there is no investment. A lot has been said and continues to be said on security more so when our president made a call on each of us to play a role in restoring security.

Again, we must face the reality that there is just the much the government can do. We must at all times demand more but we must be ready to assist and give our all in making Kenya a better and safer country. My final thoughts on security is that in making Kenya secure we do not do so for investors, we do so first and foremost for ourselves and our generations.

Conclusion

I have been speaking for a while, and now let me draw to a close.

Mr. Chairman,

The Kenya we want is a collective enterprise that calls on each of us to report to work, remain committed and work hard and long enough till the dividend of being a Kenyan is earned. I end by challenging professionals such as yourselves to move the debate on transparency and accountability back to the centre of our national discourse. To achieve this you must as professionals and professional organizations demand the highest and the best of ideals from each member. We must be ready for the new role and perhaps one that requires more courage than ever to live true to our calling to be credible professional and accountable.

Thank you for your kind attention

It is now my singular honour and indeed privilege to declare the 31st Annual Seminar officially open.

Thank you

FCPA Kellen Kariuki

Nairobi
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