

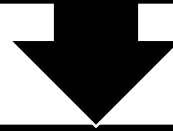
# The Cost of Corruption in Kenya

Presentation by:

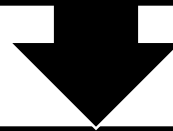
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Transparency International Kenya  
Thursday, 16<sup>th</sup> February 2017

# Background

Kenyan government is said to lose one-third of the national budget to corruption – the equivalent of approximately \$6 billion (Kshs.608 billion) every year.



President Uhuru Kenyatta in an address to the nation also acknowledged that corruption has progressed to levels that threaten national security.



Audit reports from the Auditor General's office have also incessantly given qualified and adverse audit opinions to government departments at both national and county levels indicating that many of the financial statements had fundamental discrepancies/misstatements

# Background

## Generally

The cost of corruption in Kenya is manifest in political, economic, social and environmental stratus of the society and takes various forms.

## Politically

Corruption excludes poor people from public services and perpetuates negative ethnicity and exclusion in the famously espoused culture of '**It's Our Turn to Eat**'.

## Economically

Corruption has resulted in Kenya being stagnant with an average Gross Domestic Product growth of just under 5%, aid dependant, high inflation rates and outstanding amount of public debt at over Kshs.2.6 Trillion in 2015.

## Socially

Kenya is yet to address post-colonial ills of poverty, ignorance and decease.

## The Environment

continues to bear the brunt of corruption due to blatant disregard of environmental regulations resulting in depletion of natural resources.

# Measuring the Cost of Corruption



Due to its nature, the actual cost of corruption is impossible to measure with complete accuracy.

Some of the indicators used to access the levels of corruption have been developed and analysed overtime

Corruption Perceptions Index and the Global Corruption Barometer, Bribery Index

World Governance Indicators and the Ibrahim Index of African Governance

## Resource Mobilisation

Lower revenue collection

Aid dependency

Debt accumulation

Depletion of public spaces

## Service Delivery

Annual cost of bribery


High inflation rates

## Cost Benefit Analysis

Wasteful public spending

Inflated public procurement costs

# Recent Statistics and Indexes on the State Corruption in Kenya

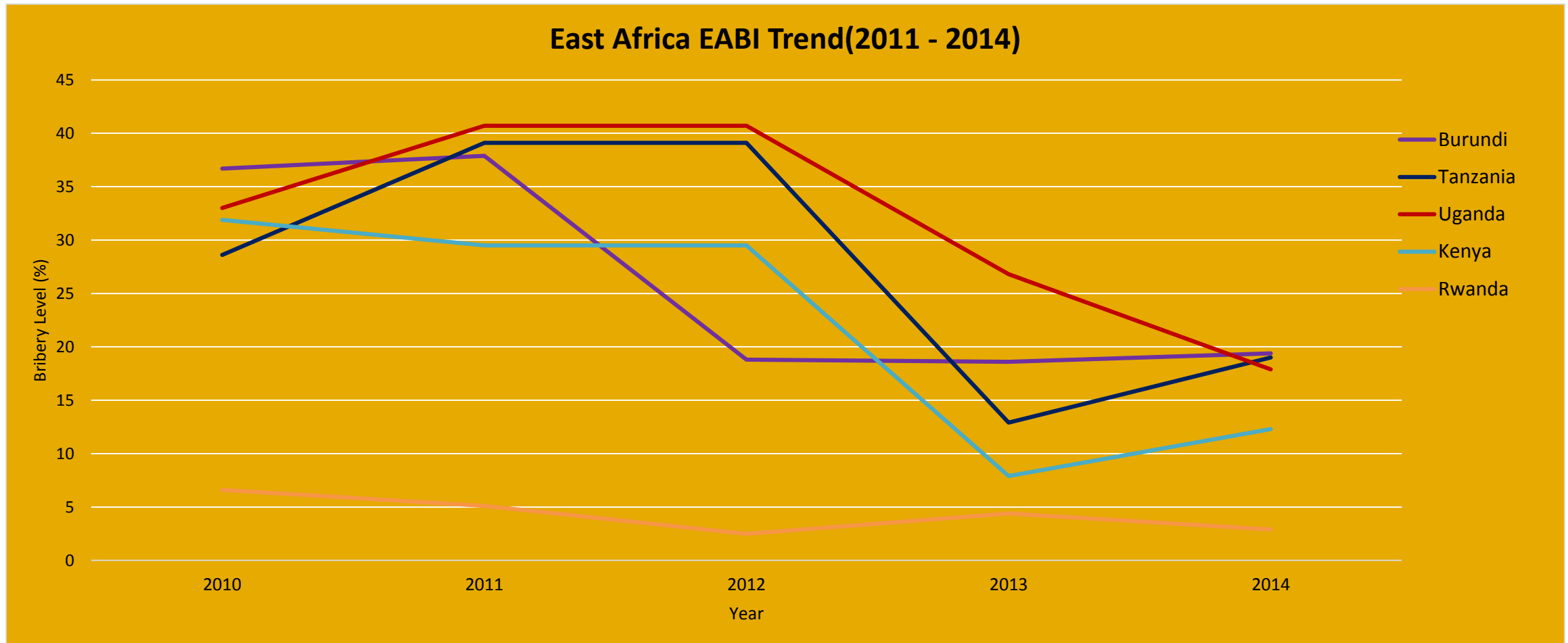


Kenya has declined in rank as it continues to post a poor score in the global Corruption Perception Index (CPI) 2016 . Kenya scored 26 on a scale of zero to 100 (with zero perceived to be highly corrupt, and 100 very clean), compared to a score of 25 in 2015.

Kenya is ranked at position 145 out of 176 countries and territories included in the latest edition of the CPI. Kenya's score is below the global average of 43 and Sub Saharan Africa's mean of 31.

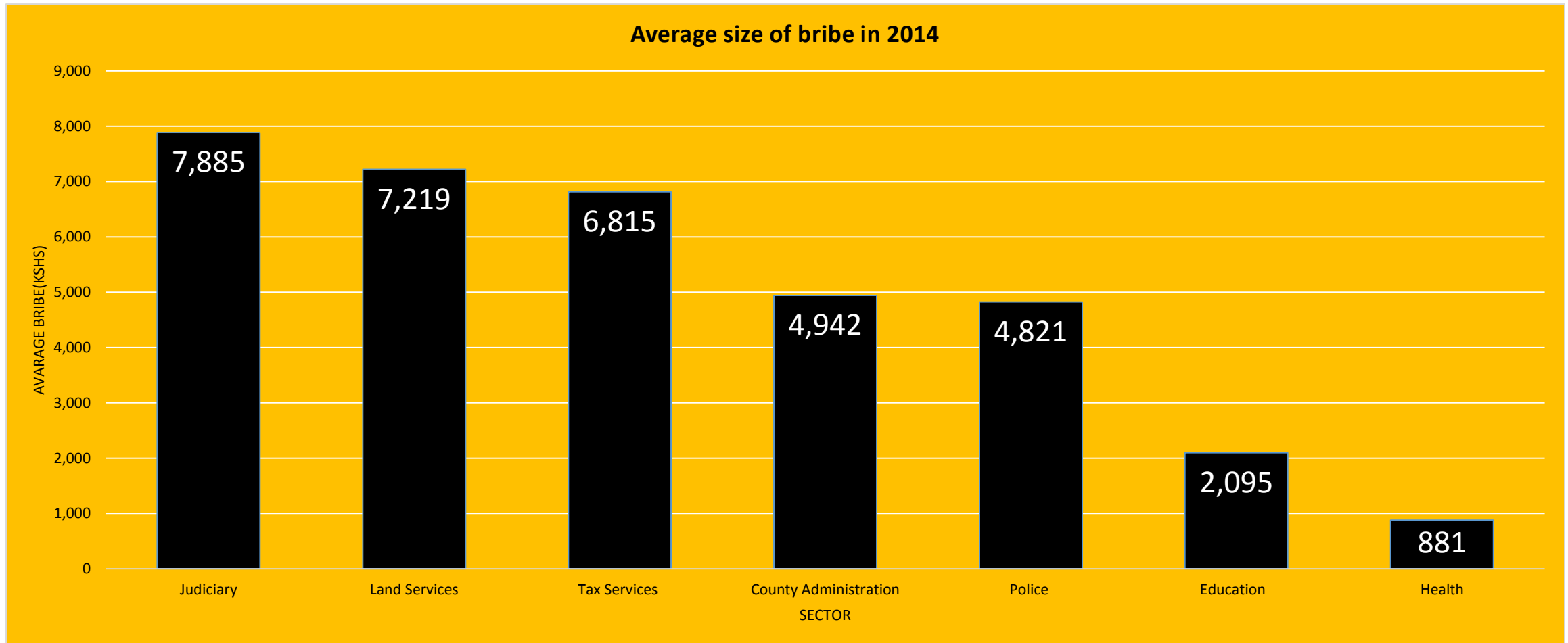
The **County Governance Status Report 2016** also highlighted that 42% of citizens indicated that there was widespread corruption and mismanagement of funds at the counties while six out of ten respondents in the survey described the levels of corruption as high.

# Recent Statistics and Indexes on the State Corruption in Kenya

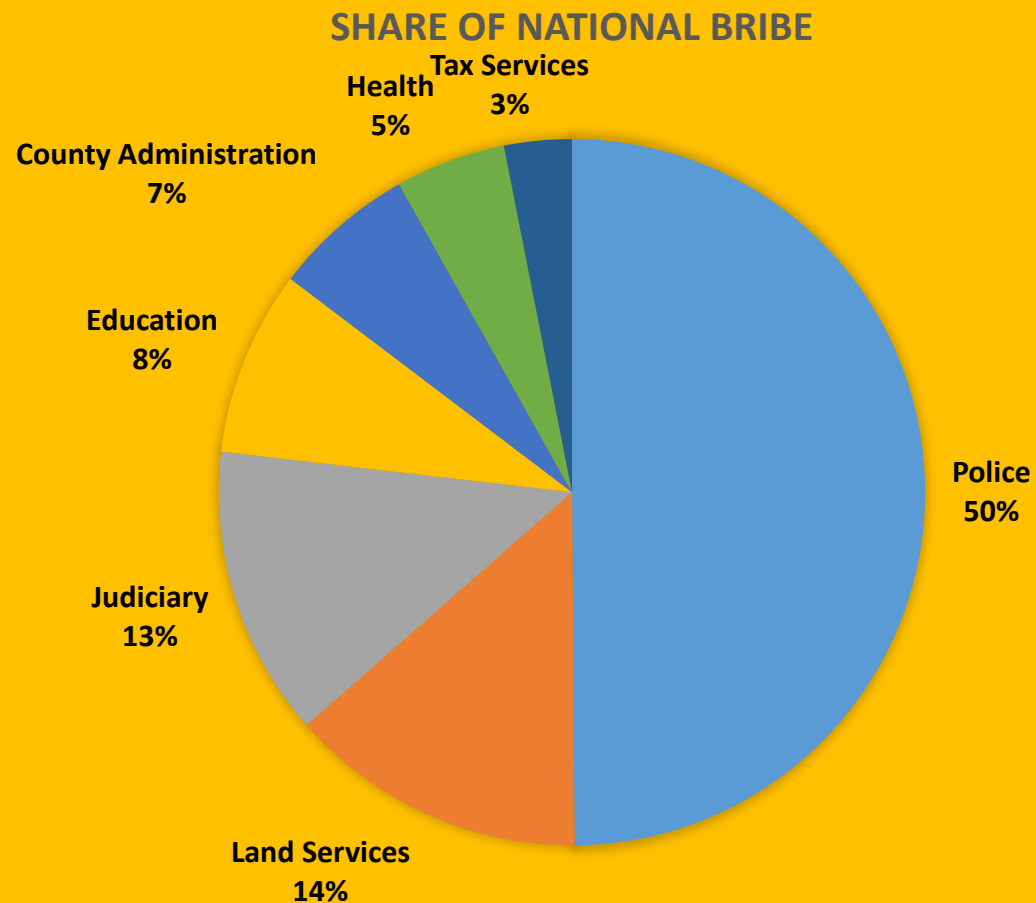


# Average size of bribe in Kenya

Average size of bribe in 2014

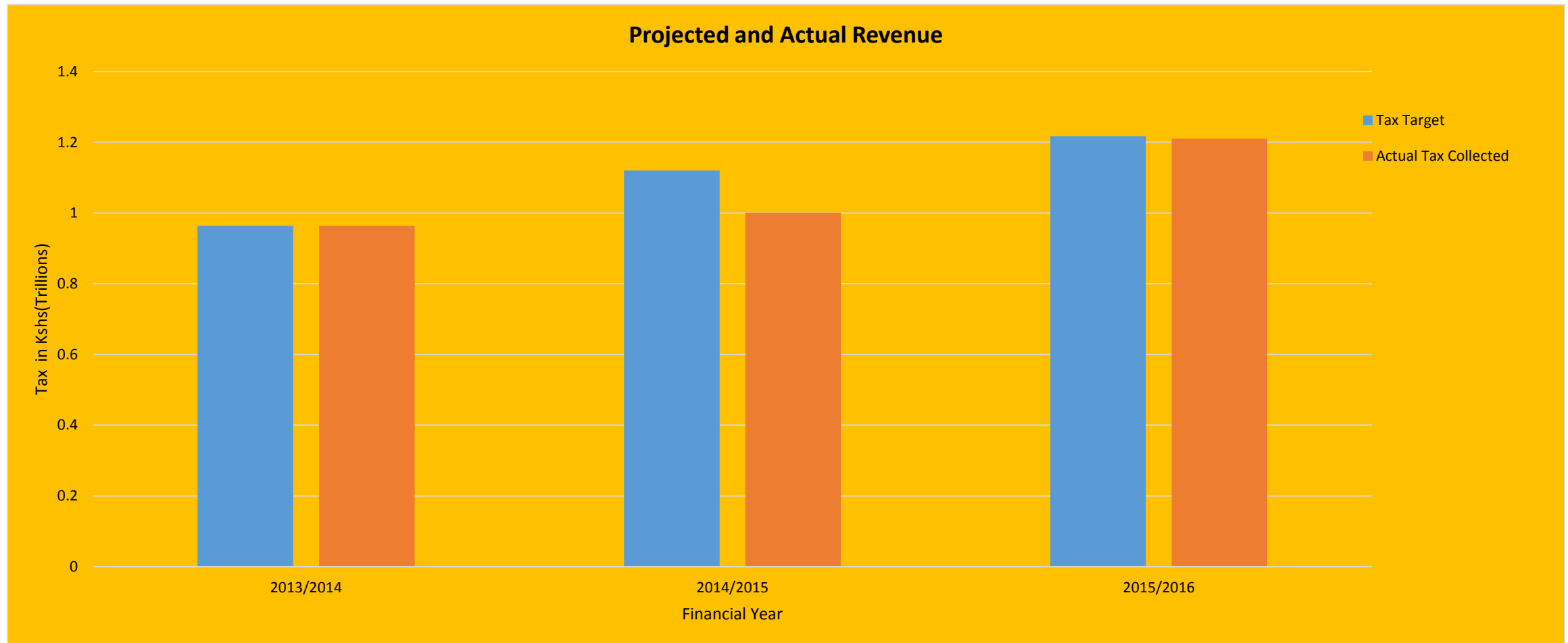


# Share of National Bribe

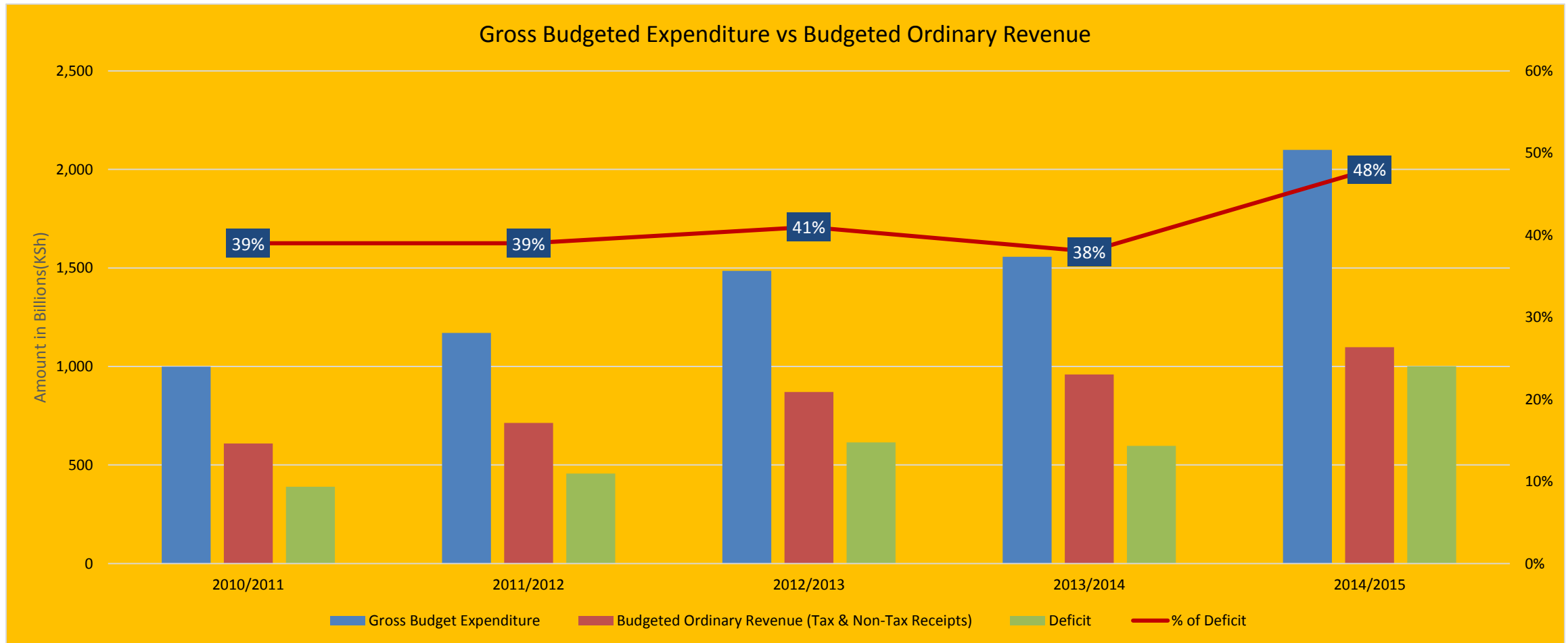




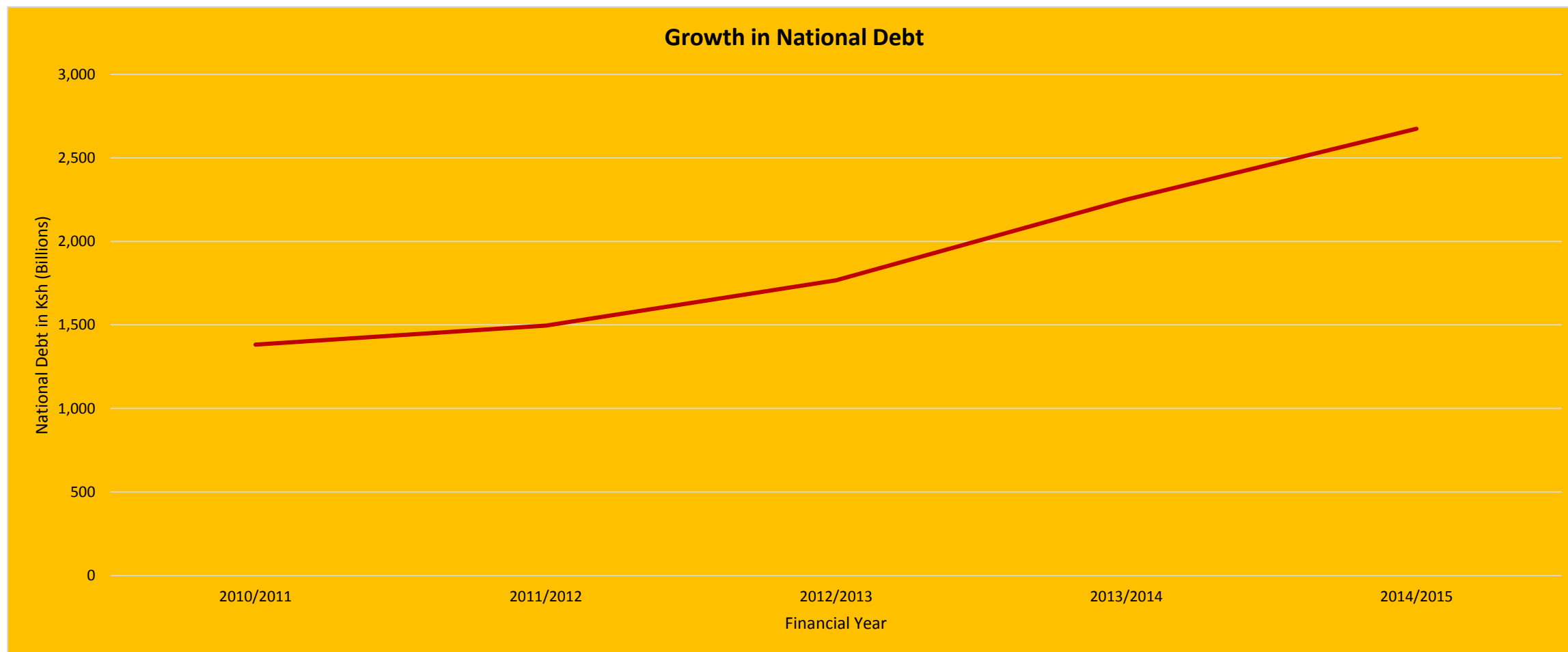
# Economic Indicators on the Cost of Corruption



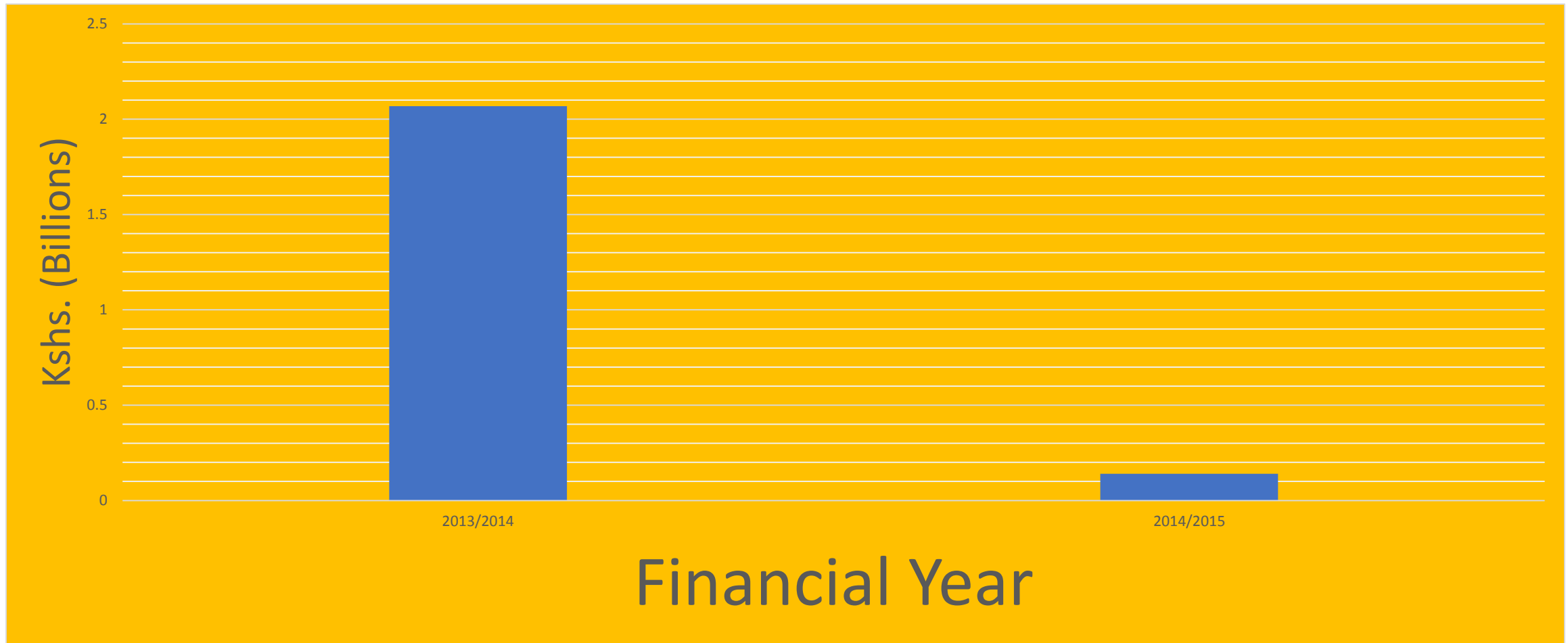
# Annual Budget Deficit



# Growth in National Debt



# Recovery of Illegally Acquired Assets by EACC



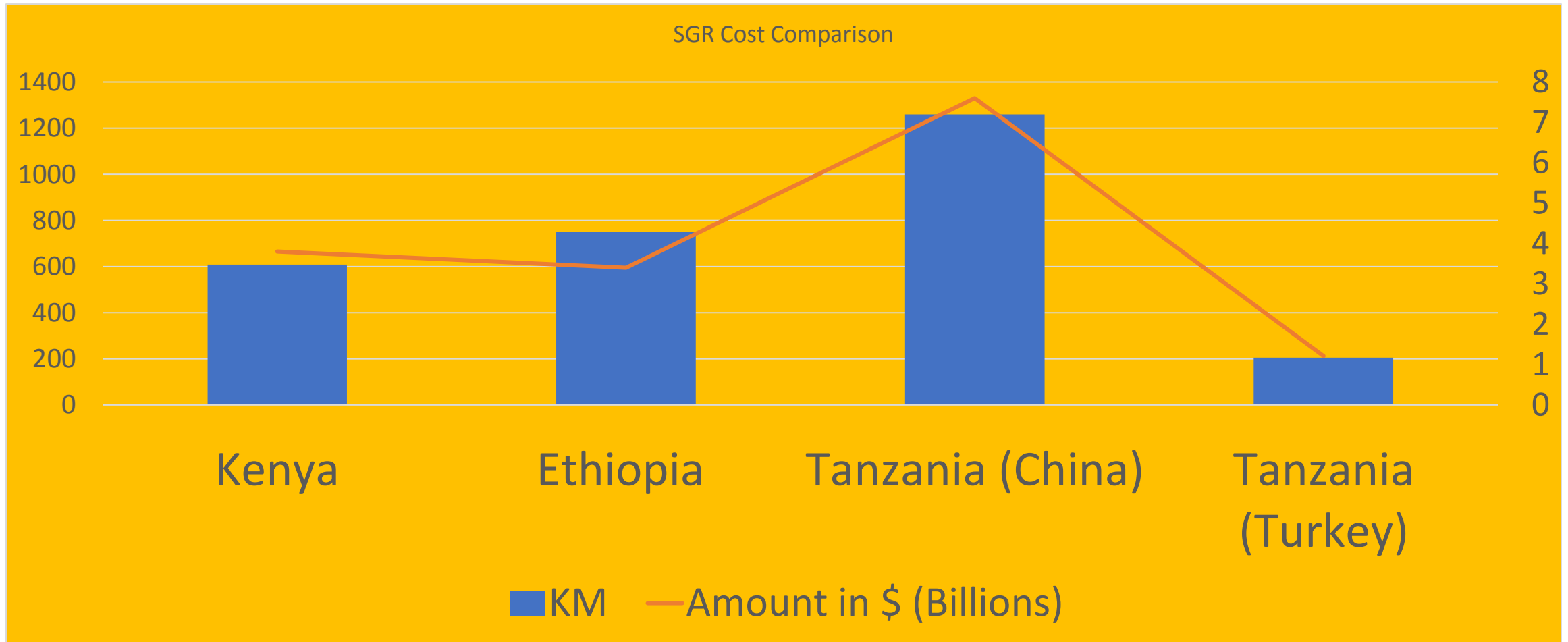
# Recent Corruption Scandals

The NYS scandal where Kshs.791 million found to have suspicious payments made to various private companies.

Chicken gate IEBC – Electoral officials received over Kshs. 50 Million from foreign companies.

Afya House Scandal – MoH diverted funds approximately KES 889 million meant for county government, double payment of goods (approximately KES 515.7 Million), manipulation of the Integrated Financial Management System (IFMIS), payments of millions of shillings to phony suppliers in the financial year (2015/2016).

# SGR Cost Comparison



# Shukran!

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