

**ICPAK PRESS STATEMENT ISSUED TO PRESS ON THE SIDELINES
OF THE 26TH ECONOMIC SYMPOSIUM HELD FROM 21ST- 23ND
FEBRUARY 2017, AT SAFARI PARK HOTEL, NAIROBI**

February 21, 2017

Preamble

Fellow Kenyans, Members of The Fourth Estate, and the Accounting professionals, I would like, on behalf of the Institute of Certified Public Accountants of Kenya to address a number of issues affecting our country today. We have just opened the Institute's 26th Economic Symposium themed "Consolidating Economic Gains: Creating a Legacy"

It's against this backdrop that our Press Statement today will be mainly on the 2018/19 Budget Policy Statement and how it aligns to the Government's "Big Four Agenda".

We will also comment on Respecting of Court Orders.

1. 2018/2019 Budget Policy Statement (BPS)

When releasing its Budget Policy Statement this month, the government reaffirmed the broad policy pillars guiding fiscal spending in Kenya. According to Kenya's budget statement, prudent financial management will be at the heart of public financial management as the country pursues economic growth anchored on the 'Big Four Agenda' to be implemented over the next five years. Under the agenda, the country plans to:

- i. Support value addition and raise the manufacturing sector's share of GDP to 15 % by 2022. This will accelerate economic growth, create jobs and reduce poverty;
- ii. Focus on initiatives that guarantee food security and nutrition to all Kenyans by 2022 through expansion of food production and supply, reduction of food prices to ensure affordability and support value addition in the food processing value chain;

- iii. Provide Universal Health Coverage thereby guaranteeing quality and affordable healthcare to all Kenyans; and,
- iv. Provide at least five hundred thousand (500,000) affordable new houses to Kenyans by 2022, and thereby improve the living conditions for Kenyans.

To achieve the above and make our budget realistic and competitive, the Institute of Certified Public Accountants of Kenya (ICPAK) urges the government to consider the following:

- a.* Achievement of “The Big Four” Plan necessitates prudent management of the available public resources. As such, the Government should strengthen expenditure control and improve the efficiency of public spending through public financial management reforms aimed at enhancing transparency and accountability to provide fiscal space for financing priority projects. The Institute urges the government to fast track consideration of reports and recommendation on budget implementation, and, recommendations from the Auditor General to the National Government, County Governments and State Corporations.
- b.* The country’s manufacturing sector cannot progress without the Banking Sector’s input. In this regard the sector should expand its loan portfolio to conform with the recent fiscal legislation particularly, the Moveable Property Security Rights Bill which was recently assented into law. With the Act in place, the lenders should now provide credit facilities that use moveable property as collateral. The Act also creates an online electronic collateral registry. In addition, we urge the Government to accelerate the enactment of the Kenya Credit Guarantee Scheme Bill to further support access to credit by Small and Medium Enterprises and guide structured implementation and

development of a vibrant Credit Guarantee Scheme that embraces a Public-Private Partnership Structure.

- c. The development of the proposed 500,000 housing units should be advanced. In the process, the Government should prioritize review of the National Construction Authority Act, Built Environment Bill, and related legislations to ensure they address matters of sustainable building standards and design procedures for sustainability and safety of the housing sub-sector.
- d. **For the Counties,** County governments could benefit from undertaking a comprehensive revenue enhancement study that will analyze and review the current sources of revenue with the aim of improving their revenue collection and identify other potential sources and opportunities to enhance their revenue basket.

Different counties are undertaking and laying out massive infrastructure projects. Counties stand to gain if they continually collaborate with like-minded counties to undertake and harness development projects of mutual interest.

- e. **Public Debt:** The BPS 2018/2019 reflects an expected financing gap, which would imply debt financing. Kenya's public debt currently stands at 56.6% to GDP. This means that the rate of revenue growth is less than the level of borrowing which further implies that the government will use a bigger portion of what it generates in servicing the debt.

It is also expected that out of the country's total debt of KShs. 4.38 Trillion, about KShs 1 Trillion will be maturing. The government therefore needs to consider alternative avenues like Public Private Partnerships to reduce the appetite for borrowing.

2. Respecting Court Orders

The Institute of Certified Public Accountants of Kenya wishes to express its concern around the developing trend where state and non-state actors continue to defy court orders. This has been particularly evident in the last few weeks.

It's good to appreciate that the government being the chief custodian of public interest may at times exercise some powers within the law to restrain media from revealing to the public pieces of information that would threaten national security. These include regulating information that would assist the operations of those engaged in surveillance, sabotage, subversion and terrorism. These are latitudes provided for in the enabling legislation, Access to Information Act, 2016.

However, the government is under obligation to give reasons that corroborate such actions in compliance with the due process of the law. Prior communication must be made to the concerned media outlets before a shutdown order is executed.

It is therefore incumbent upon Government through its various agencies to respect the Doctrine of Separation of Powers. The three arms of government should operate independently and harmoniously in a spirit of give and take.

For a democracy which prides itself on dictating and respect of the rule of law, noncompliance with court orders sets a bad precedent. The Judiciary is an independent arm of the government and as the chief arbiter its decisions must be respected.

We are a nation that takes pride in democratic governance, government of the people, by the people and for the people, and we are duty-bound to safeguard the essential elements of freedom of expression, right to information and tolerance to divergent opinions.

FCPA Julius Mwatu

Chairman, ICPAK

The Institute of Certified Public Accountants of Kenya (ICPAK) is the professional organization for Certified Public Accountants in Kenya established under the Accountants Act (no 15 of 2008). The Act is dedicated to development and regulation of the accountancy profession in Kenya so as to enhance its contribution and that of its members to national economic growth and development. In this regard, ICPAK wishes to advise the public that an Accountant by Law is an individual who has qualified by passing the three levels of the CPA examinations and is duly registered by the Institute of Certified Public Accountants of Kenya. For more information, please contact us on icpak@icpak.com or www.icpak.com . ##