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EXECUTIVE ORDER NO. 4 OF 2024

PRESIDENTIAL TASKFORCE ON FORENSIC AUDIT OF PUBLIC DEBT

WHEREAS, the national values and principles of governance as well as principles of public finance as set out in the Constitution require adherence to equity, good governance, transparency, integrity, openness and accountability, and public participation in the management of public finances;

WHEREAS, public debt refers to all financial obligations attendant to loans raised or guaranteed and securities issued or guaranteed by the national government and that the Constitution requires responsible financial management and clear fiscal reporting;

WHEREAS, a sacred duty devolves upon all those charged with the management of public affairs to ensure that public resources, including public debt, are managed prudently and that the burden and benefits of public debt are shared equitably between present and future generations;

WHEREAS, Article 211 of the Constitution and sections 49 and 51 of the Public Finance Management Act vest the authority of borrowing for purposes of public expenditure on the National Government and its entities;

WHEREAS, Section 50 of the Public Finance Management Act requires the National Government to ensure that in borrowing and guaranteeing the borrowing of money, its financing needs and payment obligations are met at the lowest possible cost in the market which is consistent with a prudent degree of risk, while ensuring that the overall level of public debt is sustainable;

WHEREAS, Kenya's public debt has grown rapidly in recent years to over Kenya Shillings 10 trillion today, a five-fold increase from Kenya Shillings 2 trillion a decade ago; and the debt burden relative to the economy has increased from 40 to 70 percent of the Gross Domestic Product (GDP), above a prudential limit of 60 percent of GDP;

WHEREAS, as a result of the increased debt stock, debt service has become the single largest expenditure item today with interest payments alone exceeding the development expenditure of the National Government;

WHEREAS, owing to the quantum of the debt stock, the government budget and the economy, the government has had to set priorities in public expenditure programmes leading to concerns by members of the public on financial and auxiliary governance issues;

NOW Therefore, I, William Samoei Ruto, President of the Republic of Kenya and Commander-in-Chief of the Defence Forces, in exercise of the powers conferred on me by the Constitution and the Statute Laws of the Republic of Kenya, do hereby order and direct:

- I. THAT a Presidential Taskforce on Forensic Audit of Public Debt is hereby established;
- II. THAT, the Presidential Taskforce on Forensic Audit of Public Debt shall be constituted as follows:

Nancy Onyango — *Chairperson*

Luis G. Franceschi (Prof.) — *Vice-Chairperson*

Members:

CPA Philip Kaikai — Chairperson, ICPAK
Faith Odhiambo — President, LSK
Shammah Kiteme (Eng.) — President, IEK
Vincent Kimosop

One Representative from each of the following institutions:

- (a) Institute of Certified Public Accountants of Kenya (ICPAK);
- (b) Law Society of Kenya (LSK); and
- (c) Institute of Engineers of Kenya (IEK).

Joint Secretaries:

Abraham Rugo (Dr.),
Aaron Thegeya (Dr.).

III. The Terms of Reference of the Taskforce shall be to—

- (a) Verify the current stock of public and publicly guaranteed debt;

- (b) Reconcile the proceeds of loans with the requisite appropriation for which it was intended;
- (c) Reconcile the loan servicing/repayments with the attendant terms of the facility based on the relevant context and the terms of the loans;
- (d) Assess whether the country obtained value for money with regard to:
- (i) Terms of the loan;
 - (ii) Cost of the projects financed;
 - (iii) The return on investment;
 - (iv) Equity; including inter-generational equity.
- (e) Assess the adequacy of the public finance management (PFM) framework safeguards on debt management and recommend changes in control environment to strengthen the governance of the nation's public debt management system;
- (f) In the light of the current debt burden, the imperative for fiscal consolidation and the constrained fiscal space, recommend alternative sources of financing the country's development needs in the short and medium term and any debt reorganisation plan; and
- (g) To consider, perform, or advise on any other matter or subject ancillary to the above.
- IV. In the performance of its mandate, the Taskforce shall—
- (a) report to and be accountable to the President;
 - (b) consult with stakeholders in the public finance sector including industry players, associations and lobby groups, regulators and Government agencies, and any other person or entity as the Taskforce shall deem necessary;
- (c) hold such number of meetings, consultative sessions, public events and engagements as the Taskforce shall consider necessary for the purposes of receiving information or views in furtherance of its terms of reference;
- (d) co-opt any person as it may consider necessary or expedient for the proper performance of its functions and the effective discharge of its mandate;
- (e) have such powers as may be necessary or expedient for the proper execution of its functions;
- (f) regulate its own procedure;
- (g) create committees or sub-committees for the efficient and expedited discharge of its mandate;
- (h) may consider and use the reports of any past or ongoing initiatives as the Taskforce may deem relevant to its mandate; and
- (i) request and receive any information or document that may be relevant to the discharge of its mandate.
- V. The Taskforce will serve for a period of three (3) months with effect from the date hereof, or for such longer period as may be specified by Notice in the Gazette.
- VI. The Secretariat of the Taskforce shall be based at the National Treasury and Economic Planning.
- Dated the 5th July, 2024.
- WILLIAM SAMOEI RUTO,
President.