



REPUBLIC OF KENYA

THE NATIONAL TREASURY AND ECONOMIC PLANNING

SPEECH BY PROF. NJUGUNA NDUNG’U, CBS THE CABINET SECRETARY FOR THE NATIONAL TREASURY & ECONOMIC PLANNING DURING THE INDUCTION TRAINING FOR NEW MEMBERS OF THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD, HELD ON 23RD TO 27TH OCTOBER 2023 AT PRIDE INN PARADISE BEACH RESORT AND CONVENTION CENTRE, MOMBASA

Mr James Muhati, Principal Secretary, State Department Economic Planning,

Hon. John Olago Aluoch, NG-CDF Board Chair,

Members of the NG-CDF Board,

Mr. Yusuf Mbuno, NG-CDF Chief Executive Officer,

Ladies and Gentlemen.

Good Afternoon.

It is a great pleasure to join you this afternoon for the induction training of new members of the National Government Constituencies Development Fund (NG-CDF) Board.

Let me take this earliest opportunity to congratulate **Hon. Olago Aluoch; Hon. Janet Teiya and Ms. Masitsa Naomi Shionga** for their appointment as new members of the Board. I also applaud Hon John Olago Aluoch for being entrusted with the higher mandate of serving this Board as Chairman for the next three years. Your nomination and subsequent approval for appointment by the National Assembly signifies an important endorsement informed by your respective qualifications.

I note that in your entry into the NG-CDF Board, you are joining a team of three experienced Independent Directors: Ms Maria Lekoloto; Mr. George Ole Meshuko and Mr. Abdi Aziz Bulle Yarrow who are currently serving their second and last term. You will also benefit from the technical expertise of the Alternate Directors to the Attorney General; the Principal Secretary, State Department for Economic Planning; the Principal Secretary, State Department for Basic Education; the Principal Secretary, the National Treasury and the Management led by the Chief Executive Officer.

Ladies and Gentlemen,

Let me at this juncture recognise and underscore the great contribution of the NG-CDF to the development of our great country, taking pride in the fact that this important Fund is domiciled in the National Treasury and

Economic Planning, pursuant to **Executive Order No. 1 of 2023**, and **Section 2 of the NG-CDF Act**, which vests the Fund on the Cabinet Secretary for the time being responsible for matters relating to economic Planning and development.

Through these legal provisions, the National Treasury and Economic Planning plays critical roles in ensuring that NG-CDF thrives. Some of these roles include: -

- i. Provision of Budgetary allocation through the vote of the State Department for Economic Planning, and thereafter ensure flow of funds into the kitty;
- ii. Approval of the Annual Budget of the Board, which by law does not exceed five per cent (5%) of the resources allocated to the Fund every year;
- iii. Provision of Policy Direction to the Board in management of the Fund;
- iv. Approval of the principal structure of the Board as an institution, on advice of the State Corporation Advisory Committee;
- v. Appointment of the Chief Executive Officer of the Board, informed by the Board of Directors' competitive recruitment process undertaken pursuant to Section 20 of the NG-CDF Act; and
- vi. Appointment of Members of the NG-CDF Board with approval of the National Assembly, pursuant to Section 15(e) of the Act;

My office will continue providing the necessary support to ensure the Fund realises its objectives.

Mr. Chairman,

As part of the government efforts to strengthen the Fund, resource allocation has continued to grow.

In the current FY (2023/24), the Government allocated a total of 53.5 Billion Kenya shillings towards the Fund, translating to an increment of 21% compared to last FY (2022/23) which stood at 44.3 billion Kenya shillings. The additional budgetary allocation is an appreciation of the good work being realised through the NG-CDF in various constituencies.

The key achievements of the Fund in the last five (5) years include:

- i. Construction of new schools, mostly mixed day secondary ones which contribute to easier and cost-effective access to education for children from poor families;
- ii. Awarding KSh. 69.8 billion in bursary to about 7.3 million students;
- iii. Construction of 26,452 new classrooms, translating to an additional capacity for 1,190,340 students;
- iv. Construction of 1,156 new dormitories translating to an additional capacity for 138,732 students;
- v. Funding the construction of 76 new Kenya Medical Training College (KMTC) Campuses, significantly increasing capacity for training medical personnel in the country;
- vi. Construction of facilities in Technical Training Institutions - 10 lecture halls and 74 Administration Blocks; and
- vii. Funded purchase of 1,005 new buses for schools and other education institutions.

Ladies and Gentlemen,

Am delighted to hear that, in line with the Mwongozo Code of Governance for State Corporations, all of you have signified acceptance of the appointment in writing and similarly ascribed to the accountability pledge.

In line with the key tenets of Corporate Management, it is important for the NG-CDF Board to observe the demarcation of roles between the Board of Directors and Management as provided for in the Mwongozo Code of Governance for State Corporations, which forms the guiding framework for the governance of state corporations and agencies.

This principle of separation of roles is well established, as the board's main responsibility is to monitor the operations of the corporation, **by providing policy, strategy and oversight, and by ensuring that it is being run in conjunction with its mandate, and the will of the shareholders.**

Further, clause 3 of the letters of appointment of chairpersons and members, includes a specific provision on separation of powers. It requires appointees to "observe the principles of separation of powers... ensure that the role of the Board remains that of policy formulation, directing and monitoring, and that of the Chief Executive will be policy implementation and management of day-to-day affairs of the Corporation, with engagement with management only being undertaken through the office of the Chief Executive Officer'.

Any deviation from this working order leads to conflict which negatively affects effective operation of the Board as a Corporate entity, with devastating effect on service delivery. I therefore strongly urge the NG-CDF Board to take conscious and deliberate measures to avoid the pitfalls of violating this important working arrangement.

Mr. Chairman,

In order for the Board to realise excellence in corporate Governance, members of the Board must not only endeavour to adhere to appropriate code of governance collectively but also individually.

In this regard, each member of the Board is required to:

- i. Exercise the highest degree of care, and apply individual skills and diligence in discharge of duties and act in the best interest of the Board;
- ii. Act honestly at all times and must not place him or herself in a situation where the personal interests conflict with those of the Board;
- iii. Work as a team but at the same time exercise independence in decision making;
- iv. promote transparency and accountability at Committees and Board levels;
- v. Promote and protect the image of the Board; and
- vi. Owe the Board the duty to hold in confidence all information available to him/her by virtue of his/her position as a board member.

The Chairman, in particular, is tasked with mainly: providing overall leadership to the board in areas of policy development and direction; Playing a key role in setting the agenda for Board meetings; chairing and conducting efficient Board meetings and guiding the Board's decision-making process; and coordinating the monitoring, evaluation and reporting on the performance. Most importantly, the chair will be the principal signatory to the Performance Contract between the Government and NG-CDF as well as the Chief Executive Officer.

Ladies and Gentlemen,

It is important that I draw your attention to Circular Ref. OP/SCAC 39/4A dated 3rd August 2023 which provides the advisory opinion from the Hon. Attorney General in respect to chairpersons and board members of state corporations holding of positions in political parties.

Under the Constitution of Kenya 2010, Chairpersons and Board Members of State Corporations are public officers and the Political Parties Act 2011, and the Public Officers Ethics Act-(Cap183) prohibit public officers from holding any position in a political party.

In line with this, to ensure full implementation and compliance, newly appointed Chairpersons and Board Members must complete the 'SCAC 7' Form and a compliance report submitted to the State Department for Economic Planning.

Dear participants,

The NG-CDF just like other government Funds and agencies is governed by Government Policies. Over the past fifteen (15) years government programmes are guided by the Vision 2030 as implemented through the successive five-year Medium-Term Plans. The Medium-Term Plan four, currently under finalisation is informed by the Bottom-up Economic Transformation Agenda (BETA) which is the Blueprint of the Kenya Kwanza Government. Every Ministry, Department and Agency is therefore expected to align its programmes to the government's development agenda through its successive five-year strategic plan.

I am informed that the NG-CDF Board is in the process of preparing its five-year strategic plan for the 2023/2024 – 2027/2028 period. It is

incumbent upon the Board of Directors to guide the Management in aligning the Strategic Plan to the government development agenda.

Ladies and gentlemen,

The success of our development endeavours is strongly dependent on our efforts to integrate corruption prevention in development plans. This explains why the government is putting lots of emphasis on need to fight corruption at all level. As a key government agency, NG-CDF Board must put focus on the same by establishing mechanisms to fight the vice with special attention being accorded to preventive measures.

I appreciate the fact that the Board has taken deliberate measures to institutionalise Risk Management in its programmes, including adoption of Risk-based Internal Audit approach. This is an important pro-active move designed to ensure risks are identified upfront and appropriate mitigation steps identified, documented, implemented and monitored. I congratulate the NG-CDF Board for this initiative, and encourage that this be continued and intensified to prevent occurrences that hinder realisation of the set development goals.

Effective implementation of the Boards Risk Management Plan will also enable the Board meet the requirements for zero fault audit report strategy adopted by the government effective this year and applicable to all Ministries, Departments and Agencies.

On this note, Monitoring and evaluation should also be strengthened to enable the Board track its performance and also provide appropriate feedback to the Government.

I note with appreciation that the Board is in the process of revitalising its Monitoring and Evaluation system and ensuring that it is linked to the National Monitoring and Evaluation system (NIMES).

I also note and applaud the Board for entrenching and sustaining the culture of annual Board evaluation. This is important in not only reviewing the Performance of the Board as a Body Corporate, but also that of the individual Directors. The Board should therefore ensure that the Annual Board Evaluation process culminates in corrective action Plans to be factored in the subsequent Annual Budget for continual improvement.

Mr. Chairman,

The government has adopted Result Based Management approach aimed at improving service delivery. I want to hail the Board for not only subscribing to Performance Contracting at the National level but has also going further to Sign Performance Contracts with all the 290 constituencies which are evaluated on annual basis.

I encourage the Board to ensure that these management tools are strengthened for improved administration of the Fund.

In conclusion Ladies and Gentlemen,

I wish to reiterate my office support to this Board to enable it scale the heights in transforming lives of Kenyan.

Thank you and may God Bless You all