

SUPPLEMENTARY FUNDING

Sh16.5bn sought from local market

Uhuru makes announcement as he asks MPs to endorse Sh42bn budget

By ALPHONCE SHIUNDU and NJERI RUGENE

The government seeks to borrow Sh16.5 billion from the domestic market to plug a budget deficit even as it asked MPs to endorse a Sh42 billion Supplementary Budget.

Finance minister Uhuru Kenyatta told MPs that all ministries had asked for up to Sh123 billion but not all the money could be granted.

An additional Sh22.1 billion will be raised from under-expenditure mop-ups in various ministries and from the contingency kitty, especially where projects for this financial year were not implemented. Reallocations will cater for Sh22.9 billion.

Mr Kenyatta said allocations were for crucial projects that could bring the country to a standstill if not implemented.

Top on the list of beneficiaries is the Interim Independent Electoral Commission which got Sh5.6 billion for voter

registration in preparation for the referendum.

University lecturers, who recently threatened to strike, also have reason to smile after Mr Kenyatta included Sh1.94 billion for their salary increase in the estimates tabled in Parliament yesterday.

Drought mitigation takes Sh24.2 billion while Sh2.7 billion was set aside for the national census shortfall. National security also got a boost of Sh2.5 billion.

Despite Mr Kenyatta working with seemingly tight resources, MPs did not spare him, saying crucial interventions had been omitted.

Ms Martha Karua (Gichugu, Narc Kenya) said 40,000 tonnes of maize, reportedly genetically modified, is waiting to be cleared at Mombasa.

'There is no intention by the government to import maize'



Finance minister Uhuru Kenyatta (centre), Permanent Secretaries Joseph Kinnyua (right) and Edward Sambili when they

appeared before the Parliamentary Budget Committee at County Hall in Nairobi yesterday. Photo/STEPHEN MUDIARI

She said Parliament needed assurance that by endorsing the supplementary budget, the money would not end up in the pockets of a few.

In response, Mr Kenyatta said the maize did not belong to the government. "There is no intention by government to import maize. The maize is being brought by private millers," he said.

He said IDPs had been

adequately taken care of and more resources were being sought to resettle all of them.

Parliament and Treasury had earlier locked horns over next year's budget.

Mr Kenyatta told the Budget Committee that politicians were pushing for grandiose projects without considering the financial implications.

The minister said funds were almost wholly used for

recurrent expenditure (97.4 per cent), leaving a paltry 2.6 per cent for development. "Unless we adopt a policy to stop this year-on-year increase on salaries, we won't have any money for development," he said.

The MPs had accused Treasury of failing to give priority to crucial issues like poverty, unemployment and funding for agriculture.

BRIEFLY

NAIROBI

House team to name new anti-graft boss

A parliamentary committee meeting scheduled for next week could finally pick the next director of the Kenya Anti-Corruption Commission. At the top of the agenda of the Parliamentary Committee on Administration of Justice and Legal Affairs meeting is the approval of proposed directors of the anti-graft agency. A committee member, Mr Aluoch Olago, said the meeting, to be chaired by Mr Mohammed Abdikadir, hopes to determine the fate of those proposed to join KACC.

NAIROBI

NHIF members to contribute more

Compulsory contributions to the National Hospital Insurance Fund could go up from July. NHIF plans to increase members' monthly contributions. The fund said yesterday that the increase would cover outpatient services. Chief executive officer Richard Kerich said the increase from the current Sh30 for the lowest income earners, Sh320 a month for the highly paid, and Sh160 for the voluntary or self-employed contributors had to be approved by trade unions.

NAIROBI

Kibaki and Raila to tour projects

President Kibaki will be in Nakuru today as Prime Minister Raila Odinga heads to the Coast for a four-day visit. The President will preside over the opening of the upgraded Lanet-Nakuru-Njoro turn-off road at 10am and later address a rally. Mr Odinga will have a busy schedule that will see him traverse the Coast region. The visit, the PM's second official one this year, will see him inspect a host of government projects. He will also lay the foundation for a number of new projects.

NAIROBI

CBK sued over seized papers

A collapsed micro-finance company has gone to court, seeking the release of documents confiscated from its premises by the Central Bank of Kenya five years ago. In a suit certified urgent yesterday, Kenya Akiba Micro Finance Ltd wants CBK to, alternatively, deposit Sh2 billion in court to act as security. A director of the firm, Mr Gideon Mwati Irea, said the amount demanded was an approximate value of the log books, title deeds, other securities, and personal items confiscated.

Board faults audit report on CDF use

By NATION Reporter

An audit report on the Constituency Development Fund lacks credibility, the government has said.

In a statement from the CDF board, the government questioned the audit, carried out on 17 constituencies, saying that several of the projects described as "ghosts" were, in reality, a case of re-allocation.

"The projects were not implemented for reasons that were communicated to the board and the approval to spend the money on alternative projects was sought and granted," said the statement that appeared as an advertisement in yesterday's *Daily Nation*.

The audit, released by the National Taxpayers Association, said the government lost Sh445 million through the theft and mismanagement of the funds in the 2006/07 and 2007/08 financial years.

It reported also that Sh78,898,544 allocated to five local authorities as Local Authority Transfer Funds in 2007/08, could not be accounted for.

The constituencies said to have misused funds include Embakasi, Makadara, Kamukunji, Mathira, Bondo, Gem, Aldai and Amagoro.

But the board said managers, who were its employees, had confirmed that the "ghost" projects do exist.

Despite the problems, the board said, CDF had been a success story, with more than 35,000 projects initiated all over the country.

The programme has so far received a total of Sh56 billion for 210 constituencies since its inception in 2003.

In the current financial year, it has been allocated Sh12.33 billion.

445m

The amount in shillings claimed to have been lost

The board said that although it welcomed audits by lobby groups on the use of the fund, it urged them to first verify the information with its officers.

The National Taxpayers Association audit had named Makadara and Mathira as having the worst record on the use of CDF.

According to the audit, Makadara could not account for Sh30 million, while Sh5.7 million already spent was listed as "wasted" on badly executed projects in the 2006/2007 and 2008/2009 financial years.

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