

POLICY

Land reform needs more resources

Making resources available to fast-track land reform was one of the Jubilee government's promises in 2013. Land reform has been going on, hand in hand with efforts at strategic policy formulation. However, the enactment of these laws alone does not guarantee land reform. Those mandated to oversee the process must be adequately facilitated.

In the 2015/2016 budget, the land sector was allocated Sh27 billion while the National Land Commission (NLC) was given a paltry Sh1 billion or thereabout against a resource requirement of Sh4 billion. The government has so far issued close to 2.5 million title deeds against a target of 3 million by the next election.

It is important to ascertain who the beneficiaries are and whether due process such as survey and adjudication is followed before the titles are handed out.

The Ministry of Lands has been digitising land records in several registries. A recent survey shows that even with the ongoing digitisation, transparency and



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accountability at the ministry remain a fallacy. In the 2013/14 financial year, the Auditor General raised queries over Sh888 million that could not be accounted for. There is substantial evidence that allocations to the land sector are not sufficient and that what is given is

being spent in a non-transparent manner.

Reform also entails using land as a factor of production. Take for example, the 1.75 million acre Galana/Kulalu food security project, which the government anticipated would cost Sh400 billion. Billions of shillings have already been sunk into it, yet the first phase of just 500 acres planted with maize as a pilot project has come a cropper, with a production of 10 bags per acre instead of the projected 40 bags.

Sh1 billion has been declared spent on the feasibility study alone. The project has already gobbled up at least Sh7 billion without any tangible results. It appears Galana/Kulalu is quickly becoming a cash cow for some parties.

Consider the Waitiki land saga at the Coast. It has never been made public how much the government paid the owner, who was demanding Sh10 billion for the 780-acre Likoni farm. Addressing the Waitiki issue was a positive step towards settling a historical injustice that has dragged on for years.

An estimated Sh150 mil-

lion was used to prepare the 5,000 or so lease titles. If all the beneficiaries pay back Sh182,000, as required by the government, the Sh1 billion collected should be channelled back to the Settlement Trust Fund.

The Sh300 billion standard gauge railway is 50 per cent complete. The national Land Commission chairman Mohammed Swaziri recently appeared before the National Assembly's Land Committee to answer queries on why building owners were compensated before the owners of the land were paid, which could lead to double compensation.

It emerged that the commission had delegated its mandate of compensation to the Kenya Railways Corporation due to "inadequate staff" and could not say how much of the Sh30 billion set aside for compensation had been spent. Sh400 million is estimated to have been "lost" and 500 squatters and landowners, as well as 1,751 fishermen have not been compensated.

Money has also been misused in the drafting of land Bills in Parliament. A stark example is the task force set up in 2012 to come up

with a community land Bill. There are currently three draft Bills and the latest that was debated in Parliament earlier this month is distinctively different from the output of the task force. Public resources were spent on these draft Bills.

Land reforms come with a price tag. The government must invest taxpayers funds wisely. It must show real commitment to land reform by providing adequate funding to the NLC to discharge its constitutional mandate.

Reduction of the 2016/17 NLC budget on account of the omnibus Land Bill (2015), which is not yet even a law, can be interpreted as malicious. On the other hand, NLC should define its mandate and functions so as to request an appropriate budget.

The land sector has always fallen short in budgeting, spending, and accounting for the resources it receives. Furthermore, since 2007/08, the Ministry of Lands utilises only 88 per cent of its allocation.

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CHEATING

The new board must clean up mess at Kneec

The decision by Education Cabinet Secretary Fred Matiang'i to disband the Kenya National Examinations Council was long overdue. It is apparent that the 2015 Kenya Certificate of Secondary Education examination was riddled with cheating and other irregularities and malpractices.

It is little wonder that the 2015 KCSE examination that was released early this month left 5,101 candidates devastated when their results were cancelled for being implicated in cheating. In 2014, 2,975 candidates were involved in exam malpractices while in 2013, 3,812 candidates were penalised.

It is regrettable that exam cheating has become a deep-seated problem in this country. As the saying goes, the fish starts rotting from the head. The Kneec board seems to have concluded with unscrupulous people to leak the exams. Candidates normally do not get access to exam papers unless they are leaked to them by people intent on making a quick buck.

The newly appointed Kneec board has a herculean task ahead to clear the mess that was created by its predecessor and restore eroded public confidence. It is everybody's hope that exam leakage will soon be a thing of the past

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PRESS RELEASE

DUET PRIVATE EQUITY FUND TO INJECT KSH 1.9 BILLION IN FIDELITY BANK

Nairobi March 29, 2016: Duet Private Equity Limited, part of the Duet Group, will inject Ksh1.9 billion into Fidelity Commercial Bank to strengthen the Bank's core capital, and support its local and regional growth strategy.

In a press statement, Fidelity Bank said the deal, which is subject to regulatory and other approvals, will see the Bank's capital base grow to over Ksh3.8 billion. This new capital injection will be made through The Duet East African Financial Holdings Ltd Fund.

The Bank's Executive Director, Mr. Sultan Khimji said: "This primary capital increase will give us the ability to focus on larger transactions and increase our customer base. Duet's investment in the form of growth capital is very significant for Fidelity Bank in its transformation to a mid-tier bank. None of the Bank's existing shareholders are exiting as we are all very confident about the bank's future."

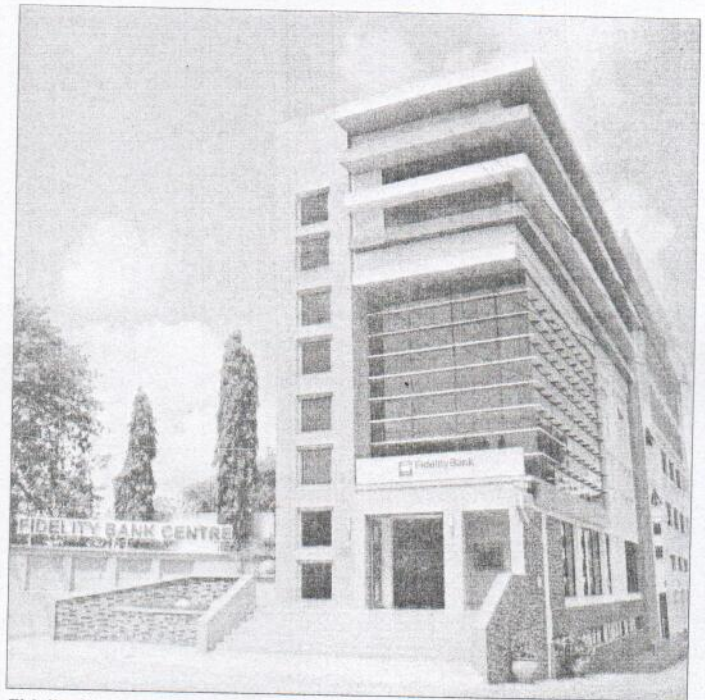
Commenting on the deal, Duet Group Co-Founder and Chief Executive Officer, Mr. Henry Gabay said that Fidelity Bank gives Duet a perfect platform to invest in the Kenyan banking sector, which he described as innovative and competitive, though fragmented and ready for consolidation.

"We have been looking at Kenya for some time now and we see the Kenyan banking sector as an opportunity which will require growth capital as well as numerous consolidation opportunities in the sector. Fidelity Bank is a reputable, well managed institution with an experienced team whom we are looking forward to working with. They have a robust financial technology platform and an aggressive expansion plan which we are looking to support both organically and by acquisition. More importantly, we value the shareholders' commitment to staying and growing the business", Mr. Gabay said.

The investment follows on from Duet's private equity investments in Ethiopia, Ghana and the Ivory Coast in the FMCG sector. In addition to private equity investments, over the past five years, Duet Group has invested in excess of US\$1.7 billion into frontier public markets including sub-Saharan Africa. Mr Gabay added, "our continuous investments in private equity are a natural extension of our investment philosophy for the region."

Duet Group is a UK-headquartered global alternative asset management firm with over US\$5.6 billion of assets under management (www.duetgroup.net).

Mr. Khimji said: "This deal with Duet Group brings us closer to our stated objective of growing to a mid-tier category bank and listing on the Nairobi Stock Exchange (NSE) in the future".



Fidelity Bank ultra-modern Coast Regional Office, Mombasa