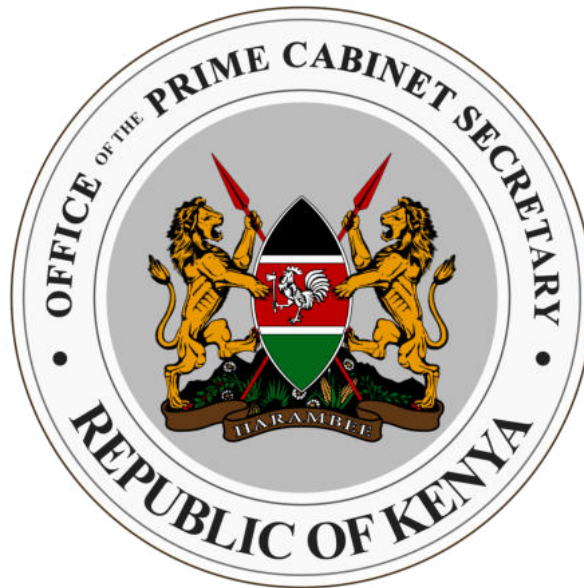




**EXECUTIVE OFFICE OF
THE PRESIDENT**
OFFICE OF THE PRIME CABINET SECRETARY

SPEECH BY THE PRIME CABINET SECRETARY H.E. DR. MUSALIA MUDAVADI, EGH, DURING THE OFFICIAL LAUNCH OF THE INDUCTION WORKSHOP FOR BOARD MEMBERS OF STATE CORPORATIONS, AT LAKE NAIVASHA RESORT, NAKURU COUNTY; WEDNESDAY APRIL 12, 2023



**SPEECH BY THE PRIME CABINET SECRETARY H.E. DR.
MUSALIA MUDAVADI, EGH, DURING THE OFFICIAL
LAUNCH OF THE INDUCTION WORKSHOP FOR BOARD
MEMBERS OF STATE CORPORATIONS**

WEDNESDAY APRIL 12, 2023

LAKE NAIVASHA RESORT, NAKURU COUNTY;





SPEECH BY THE PRIME CABINET SECRETARY H.E. DR. MUSALIA MUDAVADI, EGH, DURING THE OFFICIAL LAUNCH OF THE INDUCTION WORKSHOP FOR BOARD MEMBERS OF STATE CORPORATIONS, AT LAKE NAIVASHA RESORT, NAKURU COUNTY; WEDNESDAY APRIL 12, 2023

Board Chairpersons,

Board Members,

Chief Executive Officers,

Board Secretariat staff

Workshop Facilitators and Coordinators

Distinguished Ladies and gentlemen;

1. I am honored to officially open this 2023 MWONGOZO Induction Programme for Boards of State Corporations. I also extend my congratulations following your appointment to various Boards.

2. The broad objective of this induction Programme is to foster leadership for urgent State corporation transformation. We want you to be net contributors to the achievement of the Government's Bottom-Up Economic Transformation Agenda (BeTA) under Kenya's Vision 2030, and beyond.





SPEECH BY THE PRIME CABINET SECRETARY H.E. DR. MUSALIA MUDAVADI, EGH, DURING THE OFFICIAL LAUNCH OF THE INDUCTION WORKSHOP FOR BOARD MEMBERS OF STATE CORPORATIONS, AT LAKE NAIVASHA RESORT, NAKURU COUNTY; WEDNESDAY APRIL 12, 2023

3. Incidentally, we are in a hurry to transform State Corporations because Kenya Vision 2030 expires in seven years' time. Our focus is, therefore, the next 30 years up to 2063, when the country celebrates 100 years of independence.

4. I must caution that there is no time for hesitancy, comfort or delay in your work: We are running against the clock in achieving the overall Government Agenda. **YOU are now key actors in this scheme who must ensure the strategy, structure, culture, and philosophy of your Boards deliver results to Kenyans now and in the next 30 years.**

Ladies and Gentlemen;

5. We are not about to reinvent the wheel. **My request to you is simple; DEMONSTRATE LEADERSHIP.** The transformation of nations from poverty to prosperity has been driven by women and men who hated the indecency of the poverty burden borne by the majority of their countrymen and women. Such leaders believed in the future of their countries. They courageously worked against apparent insurmountable





SPEECH BY THE PRIME CABINET SECRETARY H.E. DR. MUSALIA MUDAVADI, EGH, DURING THE OFFICIAL LAUNCH OF THE INDUCTION WORKSHOP FOR BOARD MEMBERS OF STATE CORPORATIONS, AT LAKE NAIVASHA RESORT, NAKURU COUNTY; WEDNESDAY APRIL 12, 2023

difficulties to pull their people out of poverty. **Since lifting fellow Kenyans out of poverty is at the heart of the Kenya Kwanza contract with the people, I ask you to symbolize that faith, courage, hard work, and sacrifice that will drive the prosperity of State Corporations. We have no time and luxury *kuji-enjoy*.**

6. I must also emphasize that the transformation of State Corporations will depend on Board leadership that embraces higher levels of integrity. Your position in State Corporations gives you the opportunity to **reshape the trajectory of the workforce to do the right things by law and regulations. It is not an opportunity to recoup what you think you lost in your life. It is an opportunity to serve.**

7. Already, State Corporations are overly dependent on the exchequer. In 2021/22 the total budget estimates for State Corporations were in excess of Ksh320 billion. During the same period, they had a maximum fiscal exposure of Ksh1.3 trillion. You will earn your keep in the new appointment if your





REPUBLIC OF KENYA
SPEECH BY THE PRIME CABINET SECRETARY H.E. DR. MUSALIA MUDAVADI, EGH, DURING THE OFFICIAL LAUNCH OF THE INDUCTION WORKSHOP FOR BOARD MEMBERS OF STATE CORPORATIONS, AT LAKE NAIVASHA RESORT, NAKURU COUNTY; WEDNESDAY APRIL 12, 2023

corporation turns in a profit because you led by example. Your conduct will therefore model the way the corporation performs.

8. As Board Members, there is a lot you can do to shape output. **Stick to ethical foundations. Don't justify wrongs. Don't live a lie because you are benefitting. Emphasize values, ethics, and integrity. Insist on accountability and transparency. I am saying don't overlook corruption. Ensure the Public Officer Ethics Act is strictly complied with. Start with the submission of wealth declarations by Boards, Chief Executive Officers, and Staff at the start, mid, and end of contract terms.**

9. And don't let politics blindfold you as you execute your duties. You have a responsibility to ensure that the State Corporation you manage is apolitical in-service delivery. As a Board, you are the guarantee that Kenyans are served fairly and equitably irrespective of their political persuasions.

10. Allow me to mention that agencies whose Boards and Management bond easily perform efficiently. But let us not turn





bonding into a ritual while work that matters is neglected. Let these bonding stages not only become the breeding ground for incessant conflicts between Boards and Chief Executive Officers.

11. It is worth mentioning that the Terms of Service for Boards are provided for under Section 15(1) of the State Corporations Act. You are responsible for providing strategic direction and policies. Boards are, however, non-executive. Once you issue guidelines, allow CEOs room and latitude to execute them. **Beware that the era of *Waziri amesema* is over because you are collectively responsible as a Board for the decisions you make. I repeat, your appointment is not your turn to play politics or siphon from State Corporations. And the Board is not your retirement home.**

12. Consequently, the resolve of this Government to deliver services to the People of Kenya, is not negotiable. The culture of this Government is the pursuit of Excellence guided by the Principles and Values of Professionalism; Integrity, Loyalty,





REPUBLIC OF KENYA
SPEECH BY THE PRIME CABINET SECRETARY H.E. DR. MUSALIA MUDAVADI, EGH, DURING THE OFFICIAL LAUNCH OF THE INDUCTION WORKSHOP FOR BOARD MEMBERS OF STATE CORPORATIONS, AT LAKE NAIVASHA RESORT, NAKURU COUNTY; WEDNESDAY APRIL 12, 2023

Positive Work Ethics, Results Productivity, and Discipline. You need all five credentials to be useful in our agenda.

SYNERGY AND UNITY OF PURPOSE IN GOVERNMENT

Ladies and Gentlemen,

13. Allow me to speak on the matter of PERFORMANCE MANAGEMENT. Only yesterday, H.E. The President launched the Report of Performance Evaluation of government institutions. The government has provided you with a broad mission under BeTA. As Board members, you must confirm how the strategy and direction you have taken complement the overall BeTA.

14. As Board members, you have the critical role of securing performance targets within State Corporations by actively monitoring and reporting on the same targets. In addition, you must review management reports on the State Corporation's compliance with all legal, regulatory, and policy directives governing the entity. And peruse past, and anticipate the next Auditor-General's reports.





15. On the critical matter of the *Whole-of-Government* approach, I look to Boards of State Corporations to urgently identify sectoral linkages to improve the performance of complementary mandates. Boards across MDAs must lead the charge in resolving conflicts and enhancing complementary action. **We must rid ourselves of the *silo mentality* that breeds unproductive tuff wars between otherwise complementing MDAs.**

16. Additionally, you are required to **embrace the *Open-Government Partnership Strategies and Initiatives based on the Principles of Transparency, Integrity, Accountability, and Stakeholder Participation for Consensus and ownership*** in policy, programs, and project delivery. The aim is to facilitate the Citizenry to effectively engage and hold Governments at the two levels to account. This should be accompanied by innovative and pragmatic technological solutions to share best practices within institutions to boost the Government's commitment to good governance.





17. In the current Government setup, State Corporations are key vehicles through which **Wananchi** receives Government services. We have high expectations that you have the capacity to professionally deliver policies, programs, projects, goods, and services in an efficient, effective, transparent, and ethical manner. To do this, Boards should keep an eye on Strategic Plans; Service Charters; and Performance Contracts – the three tools that drive and engender performance for results:

18. On these three factors, I invite Board members to seek answers to the following questions:

a). Other than a lofty vision, does the **Strategic Plan's mission** show the reason why the Agency exists and its relevance to National Development goals? And is the **Monitoring and evaluation framework** able to correctly track implementation?





REPUBLIC OF KENYA
SPEECH BY THE PRIME CABINET SECRETARY H.E. DR. MUSALIA MUDAVADI, EGH, DURING THE OFFICIAL LAUNCH OF THE INDUCTION WORKSHOP FOR BOARD MEMBERS OF STATE CORPORATIONS, AT LAKE NAIVASHA RESORT, NAKURU COUNTY; WEDNESDAY APRIL 12, 2023

b). Are **Service Charters** a guarantee of predictable services to our people as anchored in the Performance Contracts? Or are they simply nice catchy statements on notice boards, but without corresponding standards of actual services availed to WANANCHI?

19. Accordingly, Boards of state corporations are required to:

- a). Update the Service Charters in all areas where *Wananchi* expects goods and services;
- b). Digitize all Government services under your Agency's jurisdiction; and
- c). Urgently automate all your Agency's business processes to ensure transactional efficiencies.

Implementation of the above measures should be realized by 30th June 2023 and where necessary, fast-tracked under the Rapid Results Initiative (RRI) Framework.





20. On Performance Contracting, the official release of the results of the performance Contracts for 2021/2022 by H.E The President yesterday is a decisive statement by the Government aimed at reversing the previous trend where performance contracting in public service had been relegated to the periphery. Consequently, all the Boards of State Corporations should ensure that:

- a).** They have a proper grasp of the prevailing Government guidelines on performance contracting;
- b).** They have identified growth-oriented targets and aptly negotiated the same with the parent Ministry;
- c).** The performance contract is signed with the Government;
- d).** Achievement of targets is tracked and reported on a quarterly basis as required; and
- e).** Adopt the institutionalized mechanism of performance contracting Monitoring and Evaluation Framework with clear Standard Operating Procedures (SOPs). This should be both manual and digital.



Again, ***Implementation of the above measures should be realized by 30th June 2023 and where necessary, fast-tracked under the Rapid Results Initiative (RRI) Framework.***

PRIVATIZATION

Ladies and Gentlemen;

21. I earlier on alluded to the pressure State Corporations exert on the Exchequer. Currently, we have 79 state corporations that are commercial in nature. Although these agencies have some strategic objectives, their main reason for existence is “for-profit”. They are meant to be a source of revenue for the Government through dividends to the National Treasury.

22. Unfortunately, only about 5% of the 79 Agencies pay any such dividends. In fact, over 40% of the commercial state corporations turn to the exchequer for financial subsidies. Sadly, in most of these cases, the problem is not one of poor





investment decisions by the investor (Government), but a consequence of poor governance and lack of strategy by the management of these Agencies.

23. This state of affairs is unacceptable. I don't envy you if you are now serving on the board of such a state corporation. You have an urgent duty to turn things into profitability, or otherwise, the hammer of privatization is knocking at the door.

STATUTORY OBLIGATIONS

Ladies and gentlemen;

24. The Auditor-General's audit reports continue to reveal that many state corporations are defaulting on statutory remittances and even on dues to parties like banks and cooperative societies. This is not only illegal but also unethical. It is inconsolable that a public institution deducts from an employee's pay-slip third party payments, and fails to remit the same. Public ethics demand that if cash to service the entire payroll is not available, it is prudent to delay the entire





payment rather than to play mischief by servicing only the net on the payroll.

25. The reasons for the cash crunch in some of the Agencies that don't fully service their monthly payrolls is occasioned by bad investments. For instance, some Agencies have incorporated lose-making secondary commercial enterprises without proper market feasibility, leading to a drain on agency resources. Hence, dependence on the exchequer.

26. Why is this habit prevalent when Section 27 of the State Corporation Act demands that SCAC approve all new ventures by state corporations? Are corporations circumventing SCAC, or is SCAC abetting this illegality? SCAC is therefore directed to ascertain full disclosure is made of all subsidiaries and ventures undertaken by state corporations, their financial stability and fiscal sustainability, or otherwise.

The above directive should be fast-tracked under the Rapid Results Initiative (RRI) Framework and realized





SPEECH BY THE PRIME CABINET SECRETARY H.E. DR. MUSALIA MUDAVADI, EGH, DURING THE OFFICIAL LAUNCH OF THE INDUCTION WORKSHOP FOR BOARD MEMBERS OF STATE CORPORATIONS, AT LAKE NAIVASHA RESORT, NAKURU COUNTY; WEDNESDAY APRIL 12, 2023

by June 30, 2023. All respective Boards should give SCAC full cooperation and disclosure.

INTRA-MDAs CONFLICTS

Ladies and Gentlemen;

25. This induction program for Board Members is not an accident, neither did your appointment happen by default. It is recognition of the relevant knowledge, skills, experience, and business acumen you possess to lead State Corporations to success. This induction workshop only enriches and horns the knowledge you already have to provide stewardship to our state agencies. It is my belief that the training will make you more effective in the management of State Corporations.

26. I therefore thank you for attending this workshop. I also thank the State Corporations Advisory Committee (SCAC) team for partnering with the Institute of Certified Public Secretaries (ICS) in mobilizing competent resource persons from across the Public and Private Sectors, to facilitate you.





**EXECUTIVE OFFICE OF
THE PRESIDENT**
OFFICE OF THE PRIME CABINET SECRETARY

SPEECH BY THE PRIME CABINET SECRETARY H.E. DR. MUSALIA MUDAVADI, EGH, DURING THE OFFICIAL LAUNCH OF THE INDUCTION WORKSHOP FOR BOARD MEMBERS OF STATE CORPORATIONS, AT LAKE NAIVASHA RESORT, NAKURU COUNTY; WEDNESDAY APRIL 12, 2023

**With these remarks, it is now my pleasure to declare this
Induction Programme officially opened.**

H.E Dr. Musalia Mudavadi, EGH,

PRIME CABINET SECRETARY

Wednesday, April 12, 2023

