

## **Repatriate looted cash to sort out Kenya's debt**

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Several weeks ago, an Action Aid bus arrived in Kenya from South Africa to add the views of Kenyans to those collected elsewhere in Africa and then carry them to the G-8 leaders' forthcoming summit meeting in Scotland. Among Africa's chief concerns is the continuing contribution to continent-wide poverty of public debt, owed, in large part, to the countries and institutions over which those G-8 leaders preside.

According to Action Aid, each living Kenyan, along with each new arrival, faces a bill of Sh45,000 of debt obligation to the country's creditors, beginning with the IMF and World Bank. In this regard, we are told some 40 percent of annual government spending must be allocated to servicing this huge debt of some Sh350 billion – four to five times what was allegedly lost via the infamous Goldenberg scandal, leaving precious little for desperately needed social services and infrastructure.

By coincidence, a few days later, the local press carried a report revealing that serious problems had been encountered in the recovery of the money "looted" from the Kenyan public by senior figures associated with the previous government and "stashed abroad." As such, Justice and Constitutional Affairs minister Kiraitu Murungi said, "Whether the main reason for this is that the London-based firm, Kroll Associates, simply requires time to carry out its investigations, or whether, as the UK's Financial Times claimed, the Kenya government has been tardy in paying them, is not clear. Whatever the case, Murungi declared that the Government was considering a pair of alternatives to using Kroll further: either "going to court or entering into negotiations with the culprits."

Notwithstanding this uncertainty, the importance of this undertaking should not be under-rated. Whatever useful deterrent-effect it may have on those in high public office currently and in the future, a successful effort here could help to significantly reduce this back-breaking debt burden with which Kenyans are saddled.

However, as Murungi's remarks suggest, the Kenyan experience so far, as well as that of other countries, raises the question as to the most efficient way of performing this critical task.

The issue of transparency is also vital here. As the Narc government's own credibility has suffered some knocks in the wake of corruption charges leveled at it from various quarters, the public's confidence in the Government's ability to undertake this task is also likely to have suffered.

In particular, how confident are Kenyans that all such money abroad will have been officially identified by the time the payments to Kroll stop and it delivers its completed report, or the Government prepares its own cases for prosecutions, or engages in such negotiations with "the culprits?"

At the end of it all, can Kenyans be assured that any and all such "loot" identified is actually returned to state coffers? Given the geographical distance and highly technical and sensitive (if not confidential) nature of the exercise, Kenya-based civil society watchdogs are poorly placed to perform their usual functions in this case.

At the same time, a section of the country's leaders — starting with President Kibaki himself, echoing earlier calls from Nobel Laureate Prof. Wangari Maathai, — NGOs,

and others continue to wail about the country's punitive present and future debt burden incurred largely through the profligate borrowing of former governments. On behalf of Kenyans present and future, they have demanded, or perhaps rather, pleaded for, debt-forgiveness, especially from Kenya's main creditors, the World Bank and the IMF.

Recall here what we were told by Assistant Justice Minister Njeru Githae more than one year ago that Kroll had already located about Sh 200 billion – in other words, well over half the country's total external debt. That Kiraitu now says 'only' Sh80 billion has been found raises questions.

A big part of the solution to debt crisis therefore appears simple: let the donors look for the money (or at least pay Kroll, or anyone else, for doing so), and then let them keep whatever they find, thereby significantly reducing Kenya's debt.

For a start, these donors would probably be all too pleased to cover the costs that Kroll or other investigative agencies or personnel, incur for this work. Not only would a swift down-sizing of the debt help to lighten the Treasury's load and that of all tax-payers or bank borrowers through lower interest rates, it would also put the country's leadership in a far stronger moral bargaining-position in negotiating a write-off for whatever balance of debt remains.

This is especially so since those G-8 members who oppose such debt-forgiveness — starting with US President George W. Bush — generally argue that "corruption" that allowed leading members of such debtor countries to secretly export so much money must not be "rewarded" via cancellation.

For its part, the Kenyan public would have greater confidence that whatever assets are recovered will end up where they are supposed to. Perhaps these donor-lending agencies will protest that this is not an activity in which they have sufficient previous hands-on experience. At the same time, it should be recalled that it is only since the end of the Cold War these funding and lending agencies themselves expressed much interest in "good governance".

And more specifically, such "technical support" was provided in Peru. (Information as just how large that country's debt was, and how much was recovered, was not immediately available.) Clearly, then, all over the world, through an increasing variety of mechanisms, individual countries are ceding certain aspects of sovereignty to such institutions.

So, if Peru did it, why not Kenya?