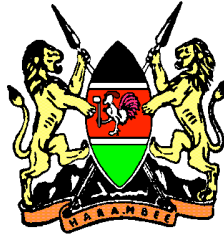


REPUBLIC OF KENYA



THE NATIONAL TREASURY

PRESS RELEASE

RE: RESPONSE TO THE HON. RAILA ODINGA'S STATEMENT ON KENYA'S EUROBOND DATED 14TH JANUARY, 2016:

Over the last three months the issue of the Eurobond has been in the public domain. During that time, the National Treasury has consistently and comprehensively responded to the issue through the media and posted the relevant documents on its website. Further, the National Treasury has also presented the same information to Parliament. Anybody who is sensible and well intentioned will be able to see that the claims that are now being made by the Former Prime Minister Hon. Raila Odinga are absolutely false and misleading.

As Kenyans will recall, the Director of Public Prosecution (DPP), directed the Ethics and Anti-Corruption Commission (EACC) and the Director of Criminal Investigation (DCI) to investigate the matter and forward their findings to the DPP's Office. These independent institutions have carried out their investigations and forwarded their report to the DPP. The DPP has summarized the findings of the EACC and DCI as follows:

- a. no government official was found culpable;
- b. recommended that the file be closed; and
- c. recommended that the Auditor General carry out a special audit in Ministries/ Departments and Agencies to verify how the proceeds of the Eurobond were applied.

It is also important to note that Parliament has also recommended that the Auditor General carries out a special audit in Ministries / Departments / Agencies and indeed the Auditor General has commenced the special audit.

Despite these ongoing processes, Hon. Raila Odinga has persistently been making allegation that the proceeds of the Eurobond were stolen or unaccounted for. However, when asked to provide any evidence which could assist the investigative arms of Government, he has failed consistently. In addition, when Hon. Raila Odinga was asked again today in a public forum, he failed to provide any evidence. It is vital for the Kenyan people to note that Hon. Raila Odinga has relied on outright lies, and subversion of the truth for political gain and at the expense of the Kenyan

economy. Clearly, these statements are meant to hurt the Kenyan Economy through sabotage by keeping away investors. The Kenyan people must hold him to account for lost opportunities now and in the future.

For purposes of the general public information, we shall again clarify some of the key issues raised in his statement as follows:

1. *The allegation that US\$ US\$ 999 million (Kshs. 88.5 billion) is missing*

Response:

The standard procedure for this transaction is for the Government to sell the dollars received to CBK which it retains as its own international reserves and simultaneously credits the Government Account at the CBK with the equivalent in Kenya Shillings.

In this particular case the Kenya Shillings Equivalent of ***Kshs. 88.46 billion*** (US\$ 999 Million) was credited in the CBK Sovereign Bond Account No.1000212764 at the Central Bank of Kenya on the 8th September, 2014. At the same time, the CBK's international reserves were increased by the equivalent in dollars of US\$ 999 million at the CBK Account held with the Federal Reserve Bank in New York. This clearly demonstrates that there were no funds lost because the CBK forex reserves increased and the Government received its money.

The SWIFT transfer documents and the bank statements from the JP Morgan Chase bank and Citibank relating to these transactions were shared with Parliament, Auditor General, investigators and the media as well as posted in the National Treasury website and no information was redacted. As indicated earlier it is evident to well-meaning Kenyans that the money was received at the CBK.

2. *The mystery of 7 letters purporting to direct the Central Bank of Kenya to make non-existent transfers to the Consolidated Fund.*

Response:

It is ridiculous to purport that the letters referred to above are not authentic and that the transfer instructions are not genuine. These were the transfer instructions to the CBK to move the funds from the Sovereign Bond Account to the National Exchequer Account. We have shared the letters that transferred these funds to the National Exchequer Account with the Auditor General, the Controller of Budget, the Ethics and Anti-Corruption Commission and the Director of Criminal Investigations who have confirmed that the funds were received into the National Exchequer Account from the Sovereign Bond Account at the CBK, from where the Controller of Budget authorized the withdrawals. We also have posted them onto the National Treasury website www.treasury.go.ke for general public consumption.

3. We wish to re-emphasize that all proceeds of the Eurobond were received and properly accounted for. The National Treasury respects the rule of law and has complied fully with the provisions of the Constitution and the Public Finance Management Act, 2012 during the Eurobond transactions.

Conclusion.

4. There is nothing new that the Hon. Raila Odinga has said. All the information is already in the public domain. Indeed the officers mentioned were in the course of ordinary government business and he has presented no evidence of misconduct on their part. He is engaged in the malicious destruction of the reputations of the public officers. Equally, *in* this day and age, it is shameful that someone can cast aspersions on independent, reputable and highly-regulated institutions such as the Federal Reserve Bank of New York, JP Morgan Chase Bank, New York, Citibank New York without a shred of evidence.

Thank you

**HENRY ROTICH, EGH
CABINET SECRETARY / NATIONAL TREASURY**

Dated: 14th January, 2016