

Report exposes massive looting of Kenyan state funds

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A report has recently come to light exposing staggering levels of corruption and alleged looting of the Kenyan economy by former President Daniel Arap Moi and his cohorts.

The report, which was compiled in April 2004, but suppressed by the current regime, accuses Moi's family and others within the Kenyan elite of stealing over two billion US dollars from state coffers and laundering it through a web of shell companies, bank accounts and secret trusts in nearly 30 countries across the globe.

The investigation was commissioned by current president Mwai Kibaki, who came to power in 2002 on an anti-corruption platform, and subsequently engaged private investigation firm Kroll & Associates (UK) to investigate what anti-corruption officials had estimated to be between \$3 billion and \$4 billion of missing state funds.

The detailed 110-page report, which appeared at the end of last month on the WikiLeaks website is apparently incomplete, but sets out how the looted funds were used to buy properties and companies across the world, including a bank in Belgium, hotels and residences in London, New York and South Africa, and a 10,000 hectare ranch in Australia.

Moi's family members appear to be the main beneficiaries of the looting, with the report claiming that his sons, Gideon and Philip, are worth \$1.1 billion and \$760 million respectively with property and companies around the world. It also cites a "flurry of activity" in Moi's inner circle after the 2002 election to prevent any possibility of losing wealth to the new government. "The family was ... advised to use proven trusts that are experienced at hiding pursued assets among selected jurisdictions with relaxed money laundering policies," the report says.

Alfred Mutua, a government spokesman, called the

leaked report a "political gimmick" claiming that it was incomplete and inaccurate. "We did not find [it] was credible. It was based on a lot of hearsay," he said. Mutua then contradicted himself when he insisted that Kenya was working with foreign governments to recover the stolen money, claiming that: "Some of the money is in UK bank accounts. We have asked the British government to help us recover the funds, but so far they have refused."

The British High Commission in Nairobi denies this.

Reaction in Kenya has been muted, with low level coverage in the Moi-owned *Standard* newspaper and sporadic mentions in the *Daily Nation*. Public confidence in the government's anti-corruption measures is already very low, with many believing that Kibaki's government is at least as corrupt as Moi's.

The draft report had been sent to four named officials in 2004 including Kibaki and then Justice Minister Kiraitu Murungi. Within a month of its delivery, the Kibaki government itself became embroiled in a multi-million dollar corruption scandal known as Anglo Leasing, which Kroll also investigated. This involved awarding huge government contracts to bogus companies and implicated several of the president's closest advisors.

The Kibaki government subsequently suppressed the report and dropped its efforts to trace and recover international assets, which was to be the second, and more costly, part of the Kroll investigation.

None of the assets traced and identified by Kroll have been impounded, no money has been recovered, and none of Moi's relatives or close allies have been prosecuted. Additionally, three of the four government ministers who resigned after the Anglo Leasing scandal was exposed, have since been reinstated.

According to *Africa Confidential*, Kibaki and

Murungi also began at this point to make political overtures to Moi and a member of Moi's clique, Kipyator Biwott, the owner of the aforementioned ranch in Australia.

A further suppression of scandal took place last October when the Attorney General Amos Wako dismissed the Kenya Anti-Corruption Commission's (KACC) investigation into five state contracts, effectively shelving the case until after the Presidential elections scheduled for next December.

KACC Chairman Aaron Ringera had previously announced that his investigators had established a cast-iron case, and that he was recommending the prosecution of four unnamed former ministers and several unnamed former permanent secretaries in relation to Anglo-Leasing type corruption cases. Both Wako and Ringera had been under pressure from within the government to drop the case.

The Kroll report was leaked by a high level source in the Kenyan Government within days of Moi's public endorsement of Kibaki's presidential campaign, and was clearly intended to undermine his support.

Moi, who was much-hated by the end of his 24-year tenure, has re-emerged as an essential pillar in Kibaki's campaign for re-election. His massive financial resources are expected to be used to buy support for Kibaki. Particularly, in the populous Rift Valley region where Kibaki received almost no votes in the last election. The regime has recently appointed Moi as Kibaki's Personal Peace Envoy to the Sudan.

It is inconceivable that Kibaki was unaware of the level of missing state funds since he was Moi's finance minister from 1969 to 1982 and vice president of Moi's party, the Kenya African National Union (KANU), from 1978 to 1988. He only set up in opposition to the government, standing against Moi in the elections of 1991 and 1997, when Kenya's elite agreed to hold multiparty elections under pressure from the West.

Kibaki established the so-called National Rainbow Coalition (NARC), which is a fragile alliance of opposition political parties that won 122 seats in the 210-seat parliament in 2002. Many of its members are former KANU leaders who jumped ship as Moi lost his grip on power and KANU became wracked by internal divisions.

Kibaki gained popular support claiming that he would do what Moi had rejected, i.e., clamp down on

corruption and so win back international loans and investment. However, his methods and the scandals that have beset his government, in which he is heavily implicated, have shown his regime to be little different from its predecessor.

Popular opposition to Moi also derives from his tactic of whipping up inter-communal rivalries as a means of retaining power. The Kibaki' regime appears to have again resorted to this method recently in its crackdown on the ethnic Mungiki sect.

The western governments, particularly the United States and Britain, are well aware of the level and extent of corruption and looting of state funds within the Kenyan regime, both in the Moi period and subsequently. Despite occasional protestations to the contrary, they have largely been happy to overlook this inconvenient fact because of Kenya's key position with regard to the Middle East and East Africa. Kenya is central to US strategic interests in the Horn of Africa, containing US and British military and intelligence gathering bases.

In spite of the World Bank suspending aid last year and the International Monetary Fund delaying loans because of corruption, this has not affected the increasing wealth of Kenya's ruling elite. GDP growth is now more than five percent and Kenya has recently benefited from bilateral trade and investment deals with China, giving the Chinese National Offshore Oil Corporation (CNOOC) rights to search for oil and gas.

The breathtaking level of looting of the economy by the ruling clique sharply contrasts with the position of the mass of the Kenyan population. Life expectancy is a mere 54 years, and last year 2.5 million people faced starvation because of drought. Unemployment and poverty are widespread with average annual per capita income less than \$500.



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