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PARLIAMENT OF KENYA



THIRTEENTH PARLIAMENT

THIRD SESSION - 2024

REPORT OF JOINT SITTING OF THE NATIONAL ASSEMBLY DEPARTMENTAL COMMITTEE ON
FINANCE AND NATIONAL PLANNING AND THE SENATE STANDING COMMITTEE ON
FINANCE AND BUDGET

ON

THE APPROVAL HEARING FOR MR. GERALD NYAOMA ARITA THE NOMINEE FOR
APPOINTMENT TO THE POSITION OF DEPUTY GOVERNOR OF THE CENTRAL BANK OF
KENYA

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 27 NOV 2024	DAY: WEDNESDAY
TABLED BY:	MAJORITY DEPUTY WHIP
CLERK-AT-THE-TABLE:	

Members' Chambers
Parliament Buildings
Nairobi

November, 2024



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LIST OF ABBREVIATION AND ACRONYMS

CBK	-	Central Bank of Kenya
DCI	-	Directorate of Criminal Investigations
EACC	-	Ethics and Anti-Corruption Commission
H.E.	-	His Excellency
HELB	-	Higher Education Loans Board
KRA	-	Kenya Revenue Authority
ORPP	-	Office of the Registrar of Political Parties

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CHAIRPERSONS' FOREWORD

This report contains the proceedings of the Senate Standing Committee on Finance and Budget and the Departmental Committee on Finance and National Planning of the National Assembly during the approval hearing of **Mr. Gerald Nyaoma Arita**, nominee for appointment as Deputy Governor Central Bank of Kenya as forwarded by H.E. Dr. President William Samoei Ruto. CGH and communicated to both Houses by the Speakers of Senate and National Assembly.

Article 231 of the Constitution sets out the establishment of the Central Bank of Kenya, which is responsible for formulating monetary policy, promoting price stability, issuing currency and performing other functions conferred on it by an Act of Parliament and shall not be under the direction of any person or authority in the exercise of its powers or in the performance of its functions.

Section 13B of the Central Bank of Kenya Act, Cap. 491 establishes the Offices of the Deputy Governor, who shall be appointed by the President through a transparent and competitive process and with the approval of Parliament. The Deputy Governors shall perform such functions as the Governor may from time to time assign them.

After receiving the message from H.E. the President on the nomination of **Mr. Gerald Nyaoma Arita** for the position of the Deputy Governor of the Central Bank of Kenya, the Speaker of the National Assembly and the Speaker of the Senate on Wednesday, 13th November, 2024 and Thursday, 14th November 2024 respectively issued a communication and directed that the approval hearing for the nominee for appointment to the position of Deputy Governor Central Bank, be conducted jointly by both Houses of Parliament as required by the Constitution and Central Bank Act.

The name of the nominee and his curriculum vitae were referred by the Speaker of the National Assembly to the Departmental Committee on Finance and National Planning, and by the Speaker of the Senate to the Standing Committee on Finance and Budget. The Committees held a preliminary sitting on Monday, 25th November, 2024 to prepare for the approval hearing and to consider memoranda received from the public.

The aforementioned Committees, complied with the constitutional and legal requirements and established procedures for the approval hearing. The Committees adhered to the provisions of Article 118 of the Constitution on public participation and openness in carrying out the approval process. Notifications inviting the public to submit memoranda were placed in the mainstream print media on Saturday, 16th November, 2024 as required under the law.

The Committees conducted the approval hearing on Monday, 25th November, 2024. In conducting the approval hearing, the Committees were guided by the provisions of the Constitution, the Central Bank of Kenya Act, Cap. 491, the Public Appointments (Parliamentary Approval) Act, 2011 and the Standing Orders of the respective Houses.

The Committees made observations, contained in this Report, on the basis of constitutional and legal requirements as well as submissions of the nominee during the approval hearing. Article 231 of the Constitution read together with sections 13B and 13C of the Central Bank of Kenya Act, Cap. 491.

Committee Recommendation

The joint Committee, having held the approval hearing of the nominee regarding his suitability, observed that due process was followed in the nomination of the nominee in accordance with Article 231 of the Constitution as read together with sections 3 and 5 of the Public Appointments (Parliamentary Approval) Act, 2011 and section 13B and 13C of the Central Bank Act. The joint Committee, therefore, recommends that the National Assembly and the Senate **APPROVES** the nomination of **Mr. Gerald Nyaoma Arita** for appointment to the position of the Deputy Governor of the Central Bank of Kenya.

Acknowledgements

The Committee registers its appreciation to the Office of the Speakers National Assembly and Senate, Office of the Clerks of the National Assembly and Senate and the Committee Secretariat for the logistical support extended during the approval hearing process.

In addition, the Committee thanks the nominee for his cooperation during the Parliamentary approval hearing process. Finally, the Committee appreciates the DCI, EACC, HELB, KRA and ORPP for providing references and background checks relating to the suitability of the nominee.

I acknowledge and appreciate Members of the Committee for their patience, sacrifice and commitment which enabled the Committee to complete the task within the required timelines.

On behalf of the Committees, and pursuant to Article 231 of the Constitution, sections 13B and 13C of the Central Bank of Kenya Act, Cap. 491, section 8 of the Public Appointments (Parliamentary Approval) Act, 2011, it is our pleasant duty to table the Joint Report of the National Assembly Departmental Committee on Finance and National Planning and the Senate Standing Committee on Finance and Budget on the joint approval hearing of **Mr. Gerald Nyaoma Arita**, the nominee for appointment to the position of the Deputy Governor of the Central Bank of Kenya, for debate and adoption by Parliament.

Signed.....

Hon. CPA. Kuria Kimani, MP

Chairperson

Date.....

Signed.....

 Sen. (Capt.) Ali Ibrahim Roba, EGH, MP

Chairperson

Date.....

CHAPTER ONE

1.0 BACKGROUND

1.1 ESTABLISHMENT AND MANDATE OF THE COMMITTEES

1. Article 124 (1) of the Constitution provides that each House of Parliament may establish Committees and shall make Standing Orders for the orderly conduct of its proceedings, including the proceedings of its committees.
2. The Departmental Committee on Finance and National Planning is established under Standing Order 216 whose mandates pursuant to the Standing Order 216 (5) are as follows-
 - (a) To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
 - (b) To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;
 - (c) on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
 - (d) To study and review all legislation referred to it;
 - (e) To study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
 - (f) To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);**
 - (g) To examine treaties, agreements and conventions;
 - (h) To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
 - (i) To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and

(j) To examine any questions raised by Members on a matter within its mandate.

3. The Senate Standing Committee on Finance and Budget is established pursuant section 8 (1) of the Public Finance Management Act, 2012 and standing order 228 of the Senate Standing Orders, and is mandated to-

- a) Investigate, inquire into and report on all matters relating to coordination, control, and monitoring of the county budgets and examine -
 - i. the Budget Policy Statement presented to the Senate;
 - ii. the report on the budget allocated to constitutional Commissions and independent offices;
 - iii. the Division of Revenue Bill, the County Allocation of Revenue Bill, the County Governments Additional Allocations Bill, and the cash disbursement schedule for county governments;
 - iv. all matters related to resolutions and Bills for appropriations, the share of national revenue amongst the counties, matters concerning the national budget, including public finance and monetary policies and public debt, planning, and development policy; and
- b) Pursuant to Article 228 (6) of the Constitution, to examine the report of the Controller of Budget on the implementation of the budgets of county governments.

1.2 MEMBERSHIP OF THE COMMITTEES

1.2.1 National Assembly Committee Membership

4. The National Assembly Departmental Committee on Finance and National Planning comprises the following Members

Chairperson

Hon. CPA Kuria Kimani, MP
Molo Constituency

UDA Party

Vice-Chairperson

Hon. (Amb.) Benjamin Langat, CBS, MP
Ainamoi Constituency

UDA Party

Hon. Dr. Adan Keynan, CBS, MP
Eldas Constituency

Jubilee Party

Hon Andrew Okuome, MP
Karachuonyo Constituency

ODM Party

Hon. David Mboni, MP
Kitui Rural Constituency

Wiper Party

Hon. Joseph Oyula, MP
Butula Constituency

ODM Party

Hon. Joseph Kipkoros Makilap, MP
Baringo North Constituency

UDA Party

Hon. Umul Ker Kassim, MP
Mandera County

UDM Party

Hon. CPA Julius Rutto, MP
Kesses Constituency

UDA Party

Hon. (Dr.) Shadrack Ithinji, MP
South Imenti Constituency

Jubilee Party

Hon. Paul Biego, MP
Chesumei Constituency

UDA Party

Hon. Joseph Munyoro, MP
Kigumo Constituency

UDA Party

Hon. Dr. John Ariko, MP
Turkana South Constituency

ODM Party

Hon. Mohamed Machele, MP
Mvita Constituency

ODM Party

Hon. George Sunkuya, MP
Kajiado West Constituency

UDA Party

1.2.2 Committee Secretariat

5. The Committee is facilitated by the following staff.

Mr. Benjamin Magut
Principal Clerk Assistant /Head of Secretariat

Ms. Jeniffer Ndeto
Deputy Director Legal Services

Mr. Benson Kamande
Clerk Assistant III

Mr. Salem Lorot
Legal Counsel

Mr. Winfred Kambua
Clerk Assistant III

Mr. George Ndenjeshe
Fiscal Analyst II

Ms. Joyce Wachera
Hansard Officer

Mr. Andrew Jumanne Shangarai
Principal Serjeant-At-Arms

Mr. Benson Muthuri
Assistant Serjeant-At-Arms

Mr. James Macharia
Media Relations Officer

Ms. Nelly W.N Ondieki
Research Officer

1.2.3 Senate Standing Committee on Finance and Budget

6. The Senate Standing Committee on Finance and Budget comprises the following Members

- | | | |
|---|---|-------------------------|
| 1) Sen. (Capt.) Ali Ibrahim Roba, EGH, MP | - | Chairperson |
| 2) Sen. Maureen Tabitha Mutinda, MP | - | Vice-Chairperson |
| 3) Sen. (Dr.) Boni Khalwale, CBS, MP | - | Member |
| 4) Sen. Tabitha Karanja Keroche, MP | - | Member |
| 5) Sen. Joyce Chepkoech Korir, MP | - | Member |
| 6) Sen. Mohamed Faki Mwinyihaji, CBS, MP | - | Member |
| 7) Sen. Richard Momoima Onyonka, MP | - | Member |
| 8) Sen. Shakila Abdalla Mohamed, MP | - | Member |
| 9) Sen. Eddy Gicheru Oketch, MP | - | Member |

CHAPTER TWO

2.0 LEGAL FRAMEWORK

2.1 The Office of the Deputy Governor of the Central Bank of Kenya

7. Section 13B of the Central Bank of Kenya Act, Cap.491 establishes the Office of the Deputy Governor of the Central Bank of Kenya. That there shall be two Deputy Governors who shall be appointed by the President through a transparent and competitive process and with the approval of Parliament.
8. The appointment of the Deputy Governor of the Central Bank of Kenya shall take into consideration the provisions of section 13C (1) of the Central Bank of Kenya Act. This section provides that the Deputy Governors shall be fit and proper persons of recognized professional standing and over ten (10) years' experience at senior management level in the field of economics, banking, finance, law or other fields relevant to the functions of the Central Bank.
9. Pursuant to standing order 42(1) of the National Assembly Standing Orders and standing order 47 of the Senate Standing Orders, the Speaker of the National Assembly and the Speaker of the Senate on Wednesday, 13th November, 2024 and Thursday, 14th November, 2024 respectively, conveyed a message to respective Houses from His Excellency the President on the nomination of Mr. Gerald Nyaoma Arita for appointment to the position of the Deputy Governor of the Central Bank of Kenya.
10. The procedure of engagement for the Committees is set out in the Standing Orders of both Houses and the provisions of the Public Appointments (Parliamentary Approval) Act, 2011. It was resolved that the approval hearing shall proceed as follows-
 - a. That, the approval hearing of the nominee proposed for appointment as the Deputy Governor of the Central Bank of Kenya would be conducted by the National Assembly Departmental Committee on Finance and National Planning and the Senate Standing Committee on Finance and Budget;

- b. That, the quorum of the joint sittings would be the respective quorum of each of the Committees as stipulated by their respective Standing Orders;
- c. That, pursuant to the Fourth Schedule of the respective Standing Orders Rule 9(6) and (7) of the Houses of Parliament (Joint Sittings) Rules, unless a decision is reached by consensus, any vote to be taken in the joint sitting of the Committees shall be by separate Houses. This would ensure that the numerical difference of the individual members representing the Houses in the joint sittings had no effect on the decisions of the joint sittings of the Committees; and
- d. That, the Committees having conducted the approval hearings, would submit a Joint Report to the respective Houses in the manner contemplated by paragraph 7 of Joint Rule No.9 (8) of the Houses of Parliament (Joint Sittings) Rules.
- e. That, the approval hearing process would be conducted in accordance with the provisions of the Public Appointments (Parliamentary Approval) Act, 2011.

2.2 Constitutional and statutory requirements in parliamentary approval of public appointments

11. The Constitution and various statutes provide clear framework on conduct of parliamentary approval of public appointments. They are listed below-

- (a) The Public Appointments (Parliamentary Approval) Act (No. 33 of 2011);
- (b) Chapter 6 of the Constitution (leadership and integrity); Article 10 of the Constitution (*national values and principles of governance*); Article 124(4) of the Constitution (*parliamentary approval of public appointments*); Article 118 of the Constitution (*public access and participation*); Article 232 of the Constitution (*values and principles of public service*);
- (c) The Leadership and Integrity Act (Cap. 182);
- (d) The Central Bank of Kenya Act (Cap 491);

- (e) The Public Service (Values and Principles) Act (No. 1A of 2015); and
- (f) The Public Officer Ethics Act (Cap. 183).

2.3 Constitutional Provisions

12. The Constitution, in addition, sets out certain requirements regarding the appointment of persons to public office which include:

Chapter Six on Leadership and Integrity

13. The Committees, in determining the suitability of the nominees, took into consideration the provisions on leadership and integrity as outlined under Chapter Six of the Constitution. In particular, the Committee took cognizance of the following provisions-

- i. Article 73(2) of the Constitution that provides that the guiding principles of leadership and integrity include-
 - (a) selection on the basis of personal integrity, competence and suitability, or election in free and fair elections;
 - (b) objectivity and impartiality in decision making, and in ensuring that decisions are not influenced by nepotism, favoritism, other improper motives or corrupt practices;
 - (c) selfless service based solely on the public interest, demonstrated by-
 - (i) honesty in the execution of public duties; and
 - (ii) the declaration of any personal interest that may conflict with public duties;
 - (d) accountability to the public for decisions and actions; and
 - (e) discipline and commitment in service to the people.
- ii. Article 75(1) of the Constitution that requires a State Officer, whether in public or private life, to behave in a manner that avoids conflict between personal interest and public official duties and Article 75(3) of the Constitution that prohibits a State

Officer who has been removed from office under that Article from holding any other State office.

- iii. Article 77(1) of the Constitution that prohibits a full time State officer from participating in any other gainful employment.
- iv. Article 77(2) of the Constitution that prohibits an appointed State officer from holding office in a political party.
- v. Article 78 (1) of the Constitution that disqualifies persons who are not Kenyan citizens and persons holding dual citizenship from appointment as State officers.

Article 10(2) of the Constitution on national values and principles of governance

14. Article 10(2) of the Constitution provides for the national values and principles of governance which include patriotism, national unity, sharing and devolution of power, the rule of law, democracy and participation of the people; human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalised; good governance, integrity, transparency and accountability; and sustainable development.

Article 118 of the Constitution

15. Article 118 of the Constitution obligates Parliament to conduct its business in an open manner, and that its sittings and those of its committees shall be in public; and that Parliament shall facilitate public participation and involvement in the legislative and other business of Parliament and its committees. It also provides that Parliament may not exclude the public, or any media, from any sitting unless in exceptional circumstances the relevant Speaker has determined that there are justifiable reasons for the exclusion.

Article 124(4) of the Constitution

16. Article 124(4) of the Constitution provides that when a House of Parliament considers any appointment for which its approval is required under the Constitution or an Act of Parliament, the appointment shall be considered by a committee of the relevant

House; the committee's recommendation shall be tabled in the House for approval; and the proceedings of the committee and the House shall be in public.

Article 232 of the Constitution

17. Article 232 of the Constitution provides for the values and principles of public service which include high standards of professional ethics; efficient, effective and economic use of resources; responsive, prompt, effective, impartial and equitable provision of services; involvement of the people in the process of policy making; accountability for administrative acts; transparency and provision to the public of timely, accurate information; fair competition and merit as the basis of appointments and promotions; representation of Kenya's diverse communities; and affording adequate and equal opportunities for appointment, training and advancement, at all levels of the public service of men and women; the members of all ethnic groups; and persons with disabilities.

2.4 The Public Appointments (Parliamentary Approval) Act (No. 33 of 2011)

18. Section 7 of the Public Appointments (Parliamentary Approval) Act provides for issues which the National Assembly is supposed to consider in relation to any nomination. These are:

- (a) the procedure used to arrive at the nominee;
- (b) any constitutional or statutory requirements relating to the office in question; and
- (c) the suitability of the nominee for the appointment proposed having regard to whether the nominee's abilities, experience and qualities meet the needs of the body to which nomination is being made.

19. Section 6 of the Public Appointments (Parliamentary Approval) Act provides direction on the conduct of approval hearing. These are:

- (a) An approval hearing shall focus on a candidate's academic credentials, professional training and experience, personal integrity and background (section 6(7));

- (b) The criteria specified in the Schedule shall be used by a Committee during an approval hearing for the purposes of vetting a candidate (section 6(8));
- (c) Any person may, prior to the approval hearing, and by written statement on oath, provide the Clerk(s) with evidence contesting the suitability of a candidate to hold the office to which the candidate has been nominated (section 6(9));
- (d) A candidate may, at any time, by notice in writing addressed to the Clerk(s), withdraw from the approval process and the candidate's nomination shall end (section 6(10)).

20. The period for consideration of nomination is spelt out in the Act. Section 8(1) of the Public Appointments (Parliamentary Approval) Act provides that both Committees shall consider the nomination and table their report to the House for debate and decision within twenty-eight (28) days from the date on which the notification of nomination was given. Section 9 of the Act stipulates that where the House(s) does not meet the prescribed timelines, the nominee shall be deemed to have been approved.

21. Pursuant to section 6(8) of the Act, the criteria for vetting is comprehensively contained in the Questionnaire in the Schedule to the Act. The Questionnaire allows both Committees to obtain information on, among other things—

- (a) Name of the nominee—to enable both Committees to ascertain the regional background and ethnicity of the nominee.
- (b) Gender of the nominee—to enable both Committees to ascertain the gender of the nominee. This is to ensure compliance with Article 27(8) that requires the State to take measures to ensure that not more than two thirds of members of appointive bodies shall be of the same gender;
- (c) Age of the nominee—to enable both Committees to ascertain compliance with the provisions of Article 55 of the Constitution on inclusion of the youth in public appointments;

- (d) Nationality of the nominee—to enable both Committees to ascertain the nationality of the nominee. This is to ensure compliance with Article 78 of the Constitution which requires certain State officers to be Kenyan Citizens;
- (e) Educational background of the nominee;
- (f) Employment record of the nominee;
- (g) Honours or awards given to the nominees;
- (h) Membership of the nominee to professional bodies;
- (i) Public office and political affiliations held by the nominee —to enable both Committees to ascertain whether the nominee holds office in a political party. This is to ensure compliance with Article 77(2) of the Constitution which precludes appointed State officers from holding office in a political party;
- (j) Information on whether the nominee has been removed from office under Article 75 of the Constitution which prohibits a State Officer who has been removed from office under Article 75 (3) of the Constitution from holding any other State office;
- (k) Nominee's finances;
- (l) Outside commitments that the nominee intends to undertake while in office (if appointed). Article 77(1) of the Constitution prohibits a full time State officer from participating in any other gainful employment;
- (m) Tax compliance status of the nominee;
- (n) Potential conflict of interest—Article 75(1) of the Constitution bars State officers from engagements or association that may give rise to conflict between official or public duties and personal interests;
- (o) Whether a nominee has been charged in a court of law in the past three years; and
- (p) Whether a nominee has been adversely mentioned in a report of Parliament or a Commission of inquiry in the past three years.

22. The Questionnaire is largely formulated based on Constitutional and statutory requirements for State Officers and other considerations that are of importance in order to make a determination on the suitability of a nominee.

2.5 The Leadership and Integrity Act

23. The Leadership and Integrity Act provides a number of obligations to a State officer. These are, among others: to respect and abide by the Constitution and the law, public trust, performance of duties in an honest and accountable manner, professionalism, financial integrity, not to engage in activities that amount to abuse of office, not to misuse public resources, accepting gifts that may compromise the officer's duties, wrongful or unlawful acquisition of property, and conflict of interest.

24. In addition, section 10 of the Leadership and Integrity Act, 2012 in particular provides that a State officer shall, to the best of their ability-

- (a) carry out the duties of the office efficiently and honestly;
- (b) carry out the duties in a transparent and accountable manner;
- (c) keep accurate records and documents relating to the functions of the office;
and
- (d) report truthfully on all matters of the organization which they represent.

2.6 The Central Bank Act, Cap 491

25. Section 13C of the Central Bank Act provides for the qualifications for Governor and Deputy Governor of the Bank in the following terms-

(1) The Governor and Deputy Governors shall be fit and proper persons of recognized professional standing and over ten years' experience at senior management level in the field of economics, banking, finance, law or other fields relevant to the functions of the Central Bank.

(2) For the purposes of this section, "fit and proper" means possessing all the attributes to be taken into account in determining the suitability of a person to be appointed as Governor, including the person's general probity, competence and

soundness of judgment for the fulfillment of the responsibilities of office and the diligence with which the person is likely to fulfill those responsibilities.

2.7 The Public Service (Values and Principles) Act

26. Section 5 of the Public Service (Values and Principles) Act provides that a public officer shall maintain high standards of professional ethics, including, being honest; displaying high standards of integrity, transparency, accountability, respect to others, objectivity, patriotism, and observance of rule of law.

2.8 The Public Officer Ethics Act

27. The Public Officer Ethics Act provides for obligations to be carried out by a public officer. These include professionalism, carrying out duties in accordance with the law, prohibition from unjust enrichment, avoiding conflict of interest, not using office as a venue for soliciting or collecting harambees; not acting for foreigners; care of property; political neutrality, not practicing nepotism or favoritisms, giving impartial advice, conducting private affairs in a way that maintains public confidence, bar from sexual harassment, and submission of declaration of income, assets and liabilities once every two years.

CHAPTER THREE

3.0 APPROVAL HEARING PROCESS

28. Pursuant to standing orders 45(1) and 77(1) of the National Assembly Standing Orders and the Senate Standing Orders, respectively, the Speakers of both Houses of Parliament referred the nomination of Mr. Gerald Nyaoma Arita to the position of Deputy Governor, Central Bank of Kenya to the Departmental Committee on Finance and National Planning of the National Assembly and the Senate Standing Committee on Finance and Budget, to conduct a joint approval hearing and table a joint report to the respective Houses of Parliament within the stipulated period.

3.1 Clearance Requirements

29. Following the referral of the nomination to the Committees, the Clerks of both Houses of Parliament requested information on the nominee from the following statutory agencies-

	Institution	The nature of the information sought.
1.	Ethics & Anti-Corruption Commission	Compliance with Chapter 6 of the Constitution
2.	Kenya Revenue Authority	Tax compliance
3.	Higher Education Loans Board	Loans obligation
4.	Directorate of Criminal Investigations	Any criminal charge or conviction
5.	Office of the Registrar of Political Parties	Membership in any governing body of a Political Party

30. The Clerks of both Houses of Parliament received responses from various State agencies as follows-

(a) by a letter dated 19th November, 2024 Ref: HELB/RR/112009/V/343 the Higher Education Loans Board indicated that the nominee is compliant with GOK/ HELB loan.

(b) by letter dated 22nd November, 2024 Ref: EACC.7/10/5 VOL XXIX(130) the Ethics and Anti-Corruption Commission indicated that the nominee was not under any investigation.

(c) by a letter dated 21st November, 2024 Ref: RPP/ORG/34 VOL VIII(41) the Office of the Registrar of Political Parties indicated that the nominee is not a member of any registered political party.

(d) by a letter dated 22nd November, 2024 Ref: KRA/5/1002/5(11674) the Kenya Revenue Authority indicated that the nominee is tax compliant.

31. Additionally, the nominee presented before the Committees clearances from the Directorate of Criminal Investigations, the Higher Education Loans Board, the Ethics and Anti-Corruption Commission, the Kenya Revenue Authority and the Office of the Registrar of Political Parties.

3.2 Notification to the Nominee

32. By a letter dated 18th November, 2024 Ref. No. PAR/JOINT SITTINGS/AH/DG-CBK/2024/007 the Clerks of both Houses of Parliament and pursuant to section 6(3) of the Public Appointments (Parliamentary Approval), 2011, notified the nominee of the date, time and venue for the approval hearing.

33. The nominee was required to present his original identity card, academic and professional certificates and other relevant testimonials. Additionally, the nominee was requested to bring clearances from the Ethics and Anti-Corruption Commission, Kenya Revenue Authority, Higher Education Loans Board and Directorate of Criminal Investigations and the Office of the Registrar of Political Parties.

34. Further, the nominee was required to fill and present to the Committees the questionnaire in the Schedule to the Public Appointments (Parliamentary Approval) Act, 2011.

3.3 Notification to the Public

35. Pursuant to the provisions of Article 118 of the Constitution, section 6(3) of the Public Appointments (Parliamentary Approval) Act, 2011 and standing orders 45(3) and 77(2) of the National Assembly Standing Orders and the Senate Standing Orders respectively, both Clerks notified the general public of the intention of both Committees to conduct approval hearings on **Monday, 25th November, 2024 in the Mini-Chamber at County Hall.**

36. Section 6(9) of the **Public Appointments (Parliamentary Approval) Act, 2011** permits any person to provide both Clerks with evidence contesting the suitability of a candidate to hold the office to which the candidate has been nominated. **Notably, such evidence should be provided to both Clerks in the form of a written statement made on oath and must be submitted before the approval hearing.**

37. Consequently, the advertisement made on **Saturday, 16th November, 2024**, both Clerks invited the public to submit memoranda on the suitability or otherwise of the nominees **on or before Friday, 22nd November, 2024 at 5.00 pm.**

38. By the close of business on 22nd **November, 2024**, the Committees had received one memoranda against the nominee by Mr. Daniel Murugu. The Committee considered the memoranda received and was of the view that the allegations made against the nominee did not directly implicate the nominee of any wrongdoing.

3.4 Committees' Meetings

39. Prior to the approval hearing on **Monday, 25th November, 2024**, the Committees held a preparatory meeting to agree on the conduct of the approval hearing.

CHAPTER FOUR

4.0 THE APPROVAL HEARING

4.1 The Approval Hearing

40. Mr Gerald Nyaoma Arita, the nominee for appointment to the position of Deputy Governor Central Bank of Kenya, appeared before a joint sitting of the National Assembly Departmental Committee on Finance and National Planning and the Senate Standing Committee on Finance and Budget on Monday, 25th November, 2024 at 09.00 am for the approval hearing.

41. In conducting the approval hearing, the Committees were guided by the Constitution, the Central Bank Act. Cap.491, the Public Appointments (Parliamentary Approval), 2011, the Leadership and Integrity Act and the Standing Orders of the respective House.

42. The Committees considered the nominee's academic qualifications, employment record and work experience, membership to relevant professional associations, public office, political activities and affiliations, potential conflict of interest, suitability to the position, tax compliance, integrity and other thematic areas relevant to the duties and responsibilities of a Deputy Governor Central Bank of Kenya.

4.2 The Nominee's background

43. The nominee is a male Kenyan citizen and does not hold any other citizenship. He was born on 7th October, 1964 in Kisii County.

4.3 Academic and Professional qualifications

44. The nominee holds a Masters in Philosophy from University of Cambridge, United Kingdom and a Bachelor's of Arts Degree in Economics from the University of Nairobi; a Certified Public Accountant certification and Certified Public Secretary certification from KASNEB; and He is an associate of the Kenya Institute of Bankers.

4.4 Employment Record and Work Experience

45. The nominee has worked in the following capacities:

- a) as a Director, Banking Supervision Department Central Bank of Kenya from 2015 to October 2024;
- b) as a Director, Financial Markets Department Central Bank of Kenya between 2010 and July 2015;
- c) as a Director, Banking Services Central Bank of Kenya between June 2007 and December 2010;
- d) as a Director, Banking Supervision department Central Bank of Kenya, between August 2004 and June 2007;
- e) as a acting Director, Internal department Central Bank of Kenya between November 2003 and July 2004;
- f) as a Senior manager, National Payments system division Central Bank of Kenya between January 2003 and October 2004;

4.5 Relevant experience for the position of Deputy Governor of the Central Bank of Kenya–

46. The nominee has over 36 years of experience across many sectors in Central bank; Payment systems, quality control, banking supervision, banking services, and financial markets. He stated that working in these sectors have equipped him with the skills and expertise needed as the Deputy Governor of Central Bank of Kenya.

4.6 Integrity and Leadership

47. The nominee demonstrated integrity. He has not been charged in a court of law or mentioned in any investigatory reports of Parliament or any Commission of Inquiry in the last three (3) years. Further, he has never been dismissed or otherwise removed from office for contravention of the provisions of Article 75 of the Constitution.

4.7 Financial net worth

48. The nominee estimated his net worth to be KShs.169 million. However, he informed the Committees that the value was inclusive of a conservative amount of Ksh. 20 million being the value of his residential property which has not undergone valuation but with estimated acquisition cost of Ksh. 5 million and House construction of Ksh. 20 million.

4.8 Conflict of Interest

49. The nominee declared that he is currently not associated with any persons or matters that would present a potential conflict of interest should he assume the office of Deputy Governor Central Bank of Kenya.

4.9 Public Office, Political Activities and Affiliations

50. The nominee informed the Committees that he is not a member of any political party.

4.10 Key Issues Arising from the Vetting Process

51. The nominee informed the Committees that, if appointed to the position of Deputy Governor Central Bank of Kenya he would endeavor to deal with key issues in the following broad areas.

4.11 Legal and regulatory framework

52. The nominee emphasized the importance of strengthening regulatory frameworks to combat fraudulent activities in the financial sector. He stated that it was crucial to implement robust internal controls, including the segregation of duties and conditional payment rules, to prevent unauthorized transactions.

53. In his submission he highlighted the need for the Bank to leverage on advanced technology, such as automated anomaly detection and multi-factor authentication, to enhance the security of payment systems.

54. He outlined a comprehensive approach to ensuring compliance with banking regulations among financial institutions. He emphasized that establishing a robust compliance culture is essential for mitigating legal and financial risks.

55. He articulated a clear understanding of Risk-Based Supervision (RBS) as a methodology designed to enhance oversight of financial institutions. He explained that RBS focuses on identifying and prioritizing the most significant risks that financial institutions face, thereby allowing supervisory resources to be allocated more effectively. This approach aligns with international best practices, such as those

outlined in the Basel II framework, which emphasizes a tailored examination process based on the specific risk profiles of institutions.

56. The nominee outlined a proactive approach to ensuring that regulatory measures keep pace with technological advancements in banking services, particularly as mobile banking and fintech solutions continue to evolve. He emphasized the importance of adaptive regulatory frameworks that can respond to rapid changes in technology while maintaining robust consumer protection.

57. While responding on the matter of innovative approaches to financial inclusion, the nominee reiterated his participation in anchoring the mobile money transfer framework into the financial system whose introduction has revolutionized financial inclusion in Kenya. He noted that with further research and development the Bank will keep adopting resilient mechanisms to support fiscal decentralization in the country supported by other factors such as interoperability in the system.

58. With respect to the Minimum core capital requirement for Commercial Banks; the nominee noted that to enhance stability in the Banking sector it is imperative to gradually increase the minimum core capital to Ksh. 10 billion based on industry indicators. This can be done through a phased-out approach that will not stifle performance but ensure stability and in the event of lack of capacity banks can consider working as conglomerates or end up with mergers that will fortify the financial sector stability.

4.12 Monetary Policy Framework and Currency circulation

59. The nominee provided a detailed assessment of the effectiveness of the Monetary Policy Committee (MPC) in formulating and implementing monetary policy. He highlighted that the MPC plays a crucial role in maintaining price stability and guiding economic growth through its decisions on interest rates and monetary policy tools. He noted that the effectiveness of the MPC is largely dependent on its ability to analyze economic data accurately and respond promptly to changing economic conditions. He acknowledged that while the MPC has made significant strides in enhancing transparency and communication regarding its policy

decisions, continuous improvement is necessary to adapt to evolving economic challenges.

60. He stated that the recent adjustment of the Central Bank Rate (CBR) to 12.00% was influenced by a combination of factors, primarily aimed at addressing the current economic landscape characterized by declining inflation and sluggish credit growth. That the decision reflected the CBK's commitment to fostering economic stability while encouraging lending to spur growth.
61. He addressed the factors contributing to the slow response of commercial banks in lowering their lending rates following the recent cuts to the Central Bank Rate (CBR). He explained that one of the primary reasons for this delay is the high level of non-performing loans (NPLs) currently affecting the banking sector, which has made banks to adopt a cautious approach, prioritizing risk management over competitive lending rates. Additionally, that ongoing economic uncertainties and high operational costs further complicate banks' willingness to adjust their rates promptly.
62. He emphasized that to encourage banks to align their lending rates more closely with the CBR, it is essential to implement regulatory incentives for those that act swiftly, enhance transparency in lending practices, and foster collaboration between the Central Bank and financial institutions. That by taking these steps, we can improve credit accessibility for consumers and businesses, ultimately supporting sustainable economic growth in Kenya.
63. The nominee stated that there is currently a substantial amount of liquidity in the banking sector, significantly exceeding the required thresholds. This ample liquidity indicates that banks have sufficient funds available to lend, which should facilitate increased credit flow to consumers and businesses.

4.13 Economic Challenges and Opportunities for future Growth

64. He explained that it takes time for macroeconomic changes, such as a decrease in inflation, to translate into real benefits for the economy and for Kenyans to feel an increase in their disposable income. He noted that while lower inflation is a positive sign, the effects on everyday financial situations may not be immediate. It often

requires a period for these changes to filter through the economy and positively impact household budgets.

65. He highlighted the importance of improving access to finance for small and medium-sized enterprises (SMEs) by implementing credit guarantee schemes and promoting financial literacy programs. That by fostering a more supportive environment for SMEs, these measures aim to stimulate economic activity and create jobs, ultimately contributing to a more resilient economy.

66. He further, submitted that while acknowledging the reduction in inflation rate and Central Bank Rate (CBR), these changes have not reflected accordingly on the pricing of Credit facilities and other loans by Commercial Banks. He informed the Committee that if approved, he will endeavour with the management of the Bank to introduce a sustainable loan pricing model that will factor in other variables including the Central Bank Rate and related costs such as risk exposure of customers.

CHAPTER FIVE

5.0 COMMITTEES' OBSERVATIONS AND FINDINGS

5.1 COMMITTEES' OBSERVATIONS

67. The Committees, having considered the nominee's filled questionnaire pursuant to section 6(8) of the Public Appointments (Parliamentary Approval) Act, 2011, curriculum vitae and oral submissions during the approval hearing, made the following observations regarding the suitability of Mr. Gerald Nyaoma Arita for appointment as the Deputy Governor Central Bank of Kenya–

5.1.1 Constitutional and Statutory Requirements

68. The Committees found as follows–

- a) That the nominee is a Kenyan citizen and is not a citizen of any other country and therefore meets the requirement of Article 78(1) of the Constitution;
- b) That the nominee demonstrated an aspiration for integrity in public service and thus meets the requirements of Chapter Six of the Constitution on leadership and integrity; and
- c) The nominee, having been cleared by KRA, HELB, EACC, DCI, ORPP, with regard to tax compliance, higher education loan repayments, ethics and integrity, criminal records and political party affiliations has met the statutory requirements for appointment to the Office.

5.1.2 Education and Professional Qualification

69. Pursuant to the provisions of the Central Bank Act. Cap. 491 on the Qualification for appointment to the position of Deputy Governor, the Committee observed as follows:

- a) The Governor and Deputy Governors shall be *fit and proper* persons of recognized professional standing and over ten years' experience at senior management level in the field of *economics, banking, finance, law or other fields* relevant to the functions of the Central Bank.
- b) The nominee possess the relevant academic and professional qualifications and experience having served in the Bank for cumulative 36 years; with

demonstrable growth up to Senior management position, exiting at the level of Director Bank Supervision.

5.2 COMMITTEES' FINDINGS



70. The Committees, having considered the nominee's filled questionnaire pursuant to section 6(8) of the Public Appointments (Parliamentary Approval) Act, 2011, curriculum vitae and oral submissions during the approval hearing, made the following findings on the suitability of Mr. Gerald Nyaoma Arita for appointment as the Deputy Governor Central Bank of Kenya–

71. The suitability of the nominee was assessed after scrutiny of his background, academic credentials and professional qualifications, work and professional experience, personal integrity as well as his performance during the approval hearing conducted on Monday, 25th November, 2024 and the Committee observed that:

- a. The nominee possesses the relevant experience for the position of Deputy Governor Central Bank of Kenya. He was a director banking supervision department and has a vast experience in banking supervision, monetary policy and maintaining an effective payment system vital to the running of an organization.
- b. The nominee exhibited a clear understanding of the current issues affecting the Central Bank of Kenya. He also shared practical strategies to address the issues. This places him in a suitable position to provide leadership as a deputy governor Central Bank of Kenya.
- c. The nominee demonstrated a satisfactory understanding of the mandate of the Central Bank; the legal and regulatory framework for bank supervision, monetary policy, financial stability, and payment systems.
- d. A nominee ought to provide an accurate and specific wealth declaration to enable the Committee to assess their net worth.

6.0 COMMITTEES' RECOMMENDATION

72. Having considered the suitability, capacity and integrity of the nominee, and pursuant to sections 13B(1) and 13C(1) of the Central Bank Act, sections 3 and 8 of the Public Appointments (Parliamentary Approval) Act (No. 33 of 2011), standing order 216(5)(f) of the National Assembly Standing Orders and Standing Order 77(3) of the Senate Standing Orders, the Departmental Committee of Finance and National Planning of the National Assembly and the Standing Committee of Finance and Budget of the Senate recommend that the National Assembly/the Senate **APPROVE** the nomination of **Mr. Gerald Nyaoma Arita** for appointment as the Deputy Governor Central Bank of Kenya.

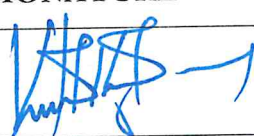

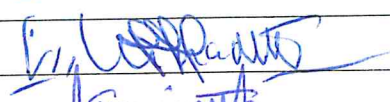
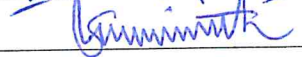
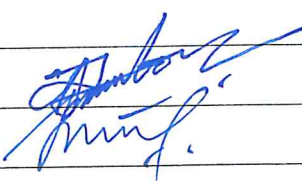


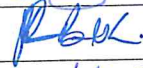
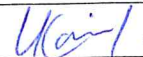
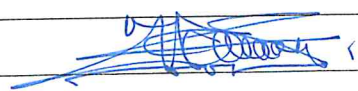
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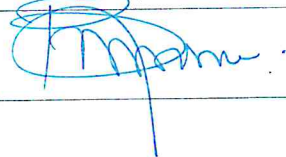
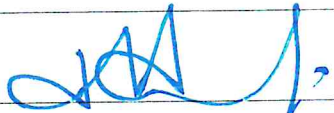
PARLIAMENT OF KENYA
THIRTEENTH PARLIAMENT - THIRD SESSION - 2024

**NATIONAL ASSEMBLY DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL
PLANNING AND SENATE STANDING COMMITTEE ON FINANCE AND BUDGET**
ADOPTION LIST
**REPORT ON THE APPROVAL HEARING FOR MR. GERALD NYAOMA ARITA THE
NOMINEE FOR APPOINTMENT TO THE POSITION OF DEPUTY GOVERNOR OF THE
CENTRAL BANK OF KENYA**

We, the Members of the Departmental Committee on Finance and National Planning of the National Assembly and Standing Committee on Finance and Budget of the Senate adopt this Report and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity on **Tuesday, 26th November, 2024.**

MEMBERS OF THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING OF THE NATIONAL ASSEMBLY		
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2.	HON. (AMB). BENJAMIN KIPKIRUI LANGAT, MP – VICE CHAIRPERSON	
3.	HON. DR. ADAN KEYNAN WEHLIYE, MP	
4.	HON. GEORGE SUNKUYIA RISA, MP	
5.	HON. (CPA) JOSEPH MAERO OYULA, MP	
6.	HON. ANDREW ADIPO OKUOME, MP	
7.	HON. DAVID MWALIKA MBONI, MP	
8.	HON. JOSEPH MAKILAP KIPKOROS, MP	
9.	HON. JOSEPH KAMAU MUNYORO, MP	
10.	HON. (CPA) JULIUS KIPLETING RUTTO, MP	
11.	HON. PAUL KIBICHIY BIEGO, MP	
12.	HON. UMUL KER SHEIKH KASSIM, MP	
13.	HON. DR. SHADRACK MWITI ITHINJI, MP	
14.	HON. DR. JOHN ARIKO NAMOIT, MP	
15.	HON. MOHAMED SOUD MACHELE, MP	

**MEMBERS OF THE STANDING COMMITTEE ON FINANCE AND BUDGET OF THE
SENATE**

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	2.	SEN. MAUREEN TABITHA MUTINDA, MP - VICE-CHAIRPERSON	
	3.	SEN. (DR.) BONI KHALWALE, CBS, MP	
	4.	SEN. TABITHA KARANJA KEROCHE, MP	
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