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Education for the People

Our public education sector is on the brink of collapse due to numerous challenges such as disruptive curriculum reforms and inadequate and declining public funding. These, crises are disproportionately affecting the poor and disadvantaged. They are deliberately conceived and orchestrated by imperialists and their local neocolonial clients with the express purpose of disrupting the potential emergence of a dignifying and empowering education policy that could inspire the development of an independent and transformative economic agenda that would liberate Kenya from neocolonial dependency. **>> Pg2**

ODM NEWS

Four former top officials of the Orange Democratic Movement (ODM) party nominated to the cabinet by President William Ruto faced the hot seat last week, marking the beginning of their journey into the Executive.

Former Governor of Kakamega Mr. Wycliffe Ambetsa Oparanya and his Mombasa counterpart Mr. Hassan Ali Joho, who recently resigned as Deputy Party Leaders of the party appeared before the Appointment Committee of the National Assembly chaired by Speaker Mr. Moses Wetang'ula on Sunday where they answered questions posed by the committee members as well as members of the public through memoranda. Mr. Oparanya was nominated to the docket of Co-Operatives Development and MSMEs while Mr. Joho was nominated to head the Ministry of Mining, Blue Economy and Maritime Affairs. **>> Pg 16**

Education for the People

Educating The People

Our public education sector is on the brink of collapse due to numerous challenges such as disruptive curriculum reforms and inadequate and declining public funding. These, crises are disproportionately affecting the poor and disadvantaged. They are deliberately conceived and orchestrated by imperialists and their local neocolonial clients with the express purpose of disrupting the potential emergence of a dignifying and empowering education policy that could inspire the development of an independent and transformative economic agenda to liberate Kenya from neocolonial dependency.

If Kenya is to achieve the Vision 2030 aspirations of transforming the country into "a newly-industrializing, middle income country providing a high quality of life to all its citizens in a clean and secure environment" we must fulfill our commitment to offer free education for all even amid persistent IMF pressures to slash the sector's budget.

Under the Education For All policy the Government commits to provide free and compulsory basic education that is equitable, qualitative and relevant to Kenya's development goals.

It is commonly accepted that education is the engine of a nation's cultural, intellectual, social, political and economic, development. Education also remains one of the most critical assets for any country to promote equitable growth and development, poverty eradication and shared prosperity.

This cannot happen without a solid foundation in basic and higher education especially university education. Education has therefore been deemed as a fundamental human right that is viewed as a powerful tool for developing the full potential of everyone and the productive capacity and economic productivity of a country. It also offers citizenship training enabling citizens to develop their capacity to engage in civic and political life to determine their fate and the fate of the country.

Moreover education enhances equity and equality of individuals, communities and societies as well as ensuring human dignity and promoting and protecting individual and collective wellbeing.

There is however a festering controversy on how accessing and enjoying this right should be funded, i.e. whether it should be privately or publicly funded.

The Constitutional Promise

To ensure that everyone, irrespective of their background, can access this right without let or hindrance it should be funded publicly by the state.

A review of the Constitution of Kenya 2010(CoK 2010) and statutes, shows that Kenya has recognised and guaranteed this right to education for all and the need for the state to guarantee and ensure access to quality education for all. The state is therefore obligated to provide quality education for all funded from public sources so that access is guaranteed to everyone irrespective of background.

Obligations of The State

For that reason article *43(1)(f) of the CoK 2010 guarantees that "every person has the right to education" while article 53(1)(b) stipulates that "every child has the right to free and compulsory education".*

Additionally article 39 of the Basic Education Act 2013 in elaborating on the implications of article 53(1) of the CoK 2010 provides that: It will be the duty of the Cabinet Secretary (responsible for basic education) to:-

a) provide free and compulsory basic education for every child;
b) ensure compulsory admission and attendance of children of compulsory school age at school or an institution offering basic education;
c) ensure that children belonging to the marginalised, vulnerable and disadvantaged groups are not discriminated against and prevented from pursuing and completing basic education;
d) provide human resource including teaching and non-teaching staff according to the prescribed staffing norms;
e) provide infrastructure including schools, learning and teaching equipment and appropriate financial resources;
f) ensure quality basic education conforming to the set standards;
g) provide special education and training facilities for talented and gifted pupils and pupils with disabilities;
h) ensure compulsory admission, attendance and completion of basic education by every pupil;
i) monitor functioning of schools;
j) advise the national government on financing of infrastructure development for basic education.

What Is Basic Education?

According the Basic Education Act 2013 **basic education** means the educational programmes offered and imparted to a person in an institution of basic education and

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includes **Adult** basic education and education offered in pre-primary educational institutions and centres where an adult means an individual who has attained the age of eighteen years.

Furthermore Article 4 of the Basic Education Act 2013 outlines the values and principles that shall guide the provision of basic education. Of significance to the present discussion Article 4(a) guarantees "the right of every child to free and compulsory basic education".and Article 4(u) guarantees the: "provision of appropriate human resources, funds, equipment, infrastructure and related resources that meets the needs of every learner in basic education ".

Moreover Article 28(2)(a) defines basic education institutions to include pre-primary, primary and secondary schools, and adult and continuing education centres providing basic education to out of school people beyond eighteen years of age.

No Fees Charged

Article 29(1) of the Basic Education Act 2013 further emphasises that "No public school shall charge or cause any parent or, guardian to pay tuition fees for or on behalf of any pupil in the school".

The only exceptions to this no fees rule is to be found in article 29(2). which states that:

(a) tuition fees may be payable by persons who are not Kenyan citizens; and

(b) other charges may be imposed at a public school with the approval of the Cabinet Secretary in consultation with the County Education Board provided that no child shall be refused to attend school because of failure to pay such charges.

Parental Obligations

At article 30(1) the Basic Education Act every parent whose child is:-

a) Kenyan, or

b) resides in Kenya

shall ensure that the child attends regularly as a pupil at a school or such other institution as may be authorised and prescribed by the Cabinet Secretary for purposes of physical, mental, intellectual or social development of the child.

(2) A parent who fails to take his or her child to to school as required under sub-section (1) commits an offence; and

(3) shall be liable on conviction to a fine not exceeding one hundred thousand shillings or to imprisonment for a term not exceeding a year or both.

Article 35(1) prescribes that:
Pupils shall be given appropriate incentives to learn and complete basic education.

Article 37(1) provides that:
No pupil shall be subjected to holiday tuition; and

(2) A person who contravenes subsection **(1)** commits an offence and is liable on conviction to a fine not exceeding one hundred thousand shillings or to imprisonment for a period not exceeding one year or to both.

From the foregoing it is clear that education in Kenya is not only a fundamental human right guaranteed in the CoK 2010 but also that the government is expressly committed to publicly financing education and that basic education is to be not only free but compulsory. Anyone derogating this right commits an offence punishable under the law.

The Financing Crisis

Notwithstanding the foregoing assurances, guarantees, pledges and promises the education sector is currently suffering crises at all levels and in multiple dimensions such as a controversial, contested and disruptive Competency Based Curriculum (CBC) that continues to thoroughly diminish recent achievements in the country's education sector.

Public education is rife with inadequate and poor infrastructure and facilities, equipment and teaching and learning materials as well as insufficient and often poorly trained teachers, overcrowded classrooms and poor results. The teacher deficit stands at over 100,000. The sector faces treacherous sources of inequality including uneven quality and results across the country and socio-economic backgrounds.

Until the 2022 order to hire 30,000 new teachers, only enough were employed to replace those retiring or leaving the profession through natural attrition. The lack of infrastructure is a challenge which the government hasn't met over the years. Many especially in rural areas and in urban slums learners continue to attend lessons in dilapidated structures and even under trees. This situation has worsened following recent floods.

Kenya also suffers huge regional inequalities in all education input indicators and outcomes, with much lower outcomes in rural areas and for lower-income populations, especially those in the slums. Nine in ten children from poor households fail to complete class eight.

According some estimates Nairobi has a population of 3 million, half of whom live in slum conditions. There are hardly any public schools in the slums. It is said that in Mathare Valley, there are two public schools for 70,000 students.

Although primary education is meant to be free there are numerous barriers to entry and retention such as uniforms. In slum areas, class size is often 100 students, with five students frequently sharing a desk.

The absence of free secondary schooling in slums means that many of the young people there are excluded from education after age 14. Children who are not engaged in school through the eighth grade are likely to be consumed by a culture of gangs, drugs and criminal activity for boys, and a world of rape, exploitation, and prostitution resulting in early, unwanted pregnancy for girls.

Many thousands of youngsters in Kenya from slum communities therefore grow up without hope – without the opportunities and skills that would enable them, against the odds, to break the cycle of poverty and hopelessness.

Most of these challenges can essentially be reduced to inadequate financing of the sector by the government at every level.

Who Pays For Education?

> ***According to a Kenya Institute of Public Policy Research and Analysis (KIPPRA) Policy Brief (No. 64/2018-2019) on Education and Budget the country has no institutionalised system that captures all sources of education financing and uses.***

A review of the evidence shows that households are bearing unnecessary financial burdens for financing education that should constitutionally be borne by the state.

According to a Kenya Institute of Public Policy Research and Analysis (KIPPRA) Policy Brief (No. 64/2018-2019) on Education and Budget the country has no institutionalised system that captures all sources of education financing and uses. However it is well known that the education sector relies on a wide range of financing sources that includes the public sector (national and county governments), private sector, development partners, households, civil society, faith-based organisations and non-govermental organisations.

In the period 2013/2014-2017/2018 public education financing was estimated at 57.6% followed by parents at 33.7%. During the same period education spending as a percentage of total government outlays averaged 17% which was below Icheon Declaration of 20%.

Public education spending in Kenya as a percentage of GDP oscillated between 5.3% in 2013/14 and 5.2% in 2017/18, and between

18% and 21% as a percentage of total government outlays.

According to the KIPPRA brief referenced above underfunding of the development budget has undermined growth in school infrastructure.

During this period recurrent expenditure which covers personnel emoluments, capitation or grants for Free Primary Education (FPE) and Free Day Secondary Education (FDSE) consumed 92.6% of the education budget and 7.4% for development spending.

It was also noted that during the review period the sector was characterised by large deviations between approved budgets and actual spending which implies either overspending or understanding reflecting poor budget credibility.

In 2015/16 for example there was a 6% overspending on wages and salaries while significant underspending was observed in the infrastructure investment and goods and services budget between 2013/13 and 2017/2018 period.

The underspending implies that the actual spending is below the higher figures reflected in the budget allocations. This is bound to further shift the burden of funding to households.

Is University Education a Public Good or Not?

University and higher education can be viewed as a production chain whose output is qualified human resources, serving as a foundation for forming and developing the innovative capacity to serve a country's development and contribute to human knowledge.

Viewed in that perspective the university system is pivotal to meeting the education, training and innovation needs of the society, at all levels To accomplish such tasks, university education ought to be viewed primarily as a public good paid for out of public funds so as to guarantee access to all who aspire to a university education irrespective of their background.

Public goods were first defined by Paul Samuelson, in 1954, as non-excludable and non-rivalrous. If a good is non-excludable, it is available to all and consumption by one person does not affect its availability to others. Higher education should fulfil these criteria to be a pure public good.

Josep Stiglitz has argued that knowledge is considered a public good, and as knowledge is the unique claim of higher education, it is a public good.
In many countries, including Kenya, government policies are increasingly viewing the benefits of higher education as private economic gain, leading to a shift towards cost-sharing and market forces in university education.

This raises questions about whether higher education is a public good or a private good.

Evolution of University Funding Models in Kenya:

Kenya's higher education financing history can be divided into two phases: a free and low-key loan scheme from 1963-1983 and a loan scheme and pay-as-you-go financing from 1984 to the present.

Marginalising The Marginalised

Cost-sharing and direct upfront payment has shifted costs further onto students and the households they come from thus marginalising the disadvantaged, poor, vulnerable and marginalised in society.

Consequently higher education in Kenya is highly unequal. Despite the presence of financial assistance through HELB, and recently launched learner-based financing model Kenya's higher education system remains highly unequal.

Studies have shown a disparity ratio of 49 indicating that individuals from the highest income group are 49 times more likely to pursue higher education than those from the lowest income group. This inequality is not solely a result of higher education, but can be traced back to primary and secondary education where students from poorer backgrounds tend to have less academic success compared to those from wealthier families, as stated in the World Bank report of 2019.

The Learner-based Funding Model:

The new higher education funding model called the Variable Scholarship and Loan Funding (VSLF) offers financial assistance to students pursuing higher education in universities and Technical and Vocational Education and Training (TVET) institutions. The support is provided through government scholarships, loans, and student household contributions.

The model launched by President William Ruto on May 3, 2023, is likely to intensify the marginalisation of the marginalised. Numerous complaints by students and parents show that it is already encountering severe funding hurdles leading to over 70,000 out of 122, 000 potential beneficiaries missing out on the funding in the 2024/2025 university admissions.

Constitutional Guarantees Betrayed:

Even though the CoK 2010 and the Basic Education Act 2013 guarantees free and compulsory education household financing of education cost was estimated at 37% of the total cost during the review period and these continue to escalate by the day as government has arbitrarily reduced the capitation and failed to fully disburse even those reduced figures.

This underscores the compelling need for urgently reviewing upwards the funding to the sector inspite of IMF austerity pressures to cut down on social spending.

Many people are presently beginning to question why there is a proliferation of uncoordinated bursary funds littered all over the system and asking why we can not aggragate and consolidate the funds to assure every learner of a genuinely free education.

Even though the government is torn between protecting the rights of all the citizens and the need to develop the nation's human capital and bending backwards over to appease the IMF who are demanding slashing of education budgets we must insist on fulfilling our promises to provide quality education for all. We must equip our people with an education that will enable them to liberate themselves and the country from the yoke of foreign domination and exploitation and backward ideologies and beliefs.

RESTRUCTURING KENYA'S ECONOMY

Kenya landscape

The economic challenges facing Kenya under President Ruto's regime have incited widespread protests, particularly among Generation Z. These protests have prompted a reevaluation of the country's economic policies, largely influenced by the International Monetary Fund (IMF). The policies, which have led to significant economic strain on low and middle-class Kenyans, are part of a broader neoliberal agenda that has historically prioritized economic efficiency and market supremacy over social equity and welfare.

Neoliberalism

Neoliberalism, which gained prominence in the US and UK in the 1980s, advocates for minimal government intervention, deregulation, and the primacy of markets. This approach was transmitted globally through structural adjustment programs and policies that emphasized trade and investment liberalization.

In Kenya, these neoliberal policies have resulted in job insecurity, lower wages, and increased inequality. Real wage growth has stagnated, and income disparities have widened, mirroring trends seen in other major economies since the advent of neoliberalism.

These changes led to a less interventionist state, reduced employment regulation, and lowered trade barriers, facilitating a hyper-globalized economy where industries migrated to regions with cheaper labor and lower taxes. Consequently, the tax burden shifted towards labor and the middle class, and essential services like education and healthcare saw reduced government spending.

In Kenya, these neoliberal policies have resulted in job insecurity, lower wages, and increased inequality. Real wage growth has stagnated, and income disparities have widened, mirroring trends seen in other major economies since the advent of neoliberalism. Despite the current economic challenges, there is an opportunity for Kenya to reform its economic and political systems to better serve its population.

The Washington Consensus that drives our macroeconomic policy is premised on a quasi-theological doctrine anchored on some ten commandments that must be breached by developing countries like Kenya in order to re-jig their economies.

First commandment: economic growth, without equitable and targeted distribution, environmental sustainability or well-being, is the overarching aim of economic policy-making.

Second commandment: economic efficiency, not economic justice, is, and should be, the ultimate goal of all economic policy; markets are the most reliable deliverers of economic efficiency; they should therefore be elevated to become the supreme organising principle of society

Third commandment: markets – not governments, and least of all parliaments – should be tasked with allocating and distributing resources, like income from taxation. They should mobilise and allocate the resources needed for basic needs. Indeed markets, it is argued, should allocate resources for almost every aspect of the economy, perhaps with warfare being the only exception.

Fourth commandment: governments are "rent-seekers" and should be rolled back and marginalised.

Fifth commandment: economic policy – fiscal and monetary – should be privatised in the hands of financial markets that are regarded as having no such "rent-seeking" instincts.

Sixth commandment: distribution of income is, and must remain, beyond the control of economists and the "vested interests" of governments; markets are better at redistributing income than elected democratic institutions.

Seventh commandment: human happiness, human security, harmony, equity, and environment are externalities and must never feature in the dominant organising principles of the economy.

Eighth commandment: the interests of the owners and lenders of capital (creditors, financiers, investors, bankers, bondholders) should take precedence over the interests of the users of capital, the productive sector, or governments.

Ninth commandment: inflation is inimical to the interests of creditors, as it transfers assets from creditors to debtors; therefore, inflation must be treated as "Public Enemy Number One" in the global economy. All economic policy-making efforts must be geared towards its defeat.

Tenth commandment: deflation, or suppression of prices, transfers assets from debtors to creditors and therefore must be at the heart of the economic policies of developing countries.

Kenya's reliance on exporting primary commodities has limited its economic growth. To address this, the country needs to focus on rapid industrialization and developing internal markets for basic goods. This involves shifting from an inward-looking import-substitution strategy to one that supports local industry and targets regional and global markets. Effective industrialization strategies should consider local conditions, make efficient use of domestic resources, and establish appropriate linkages with agriculture.

Rural-focused industries, modeled after successful examples in China and East Asia, could emphasize the production of consumer goods and agricultural inputs. This approach would reduce the economy's vulnerability and bolster the balance of payments.

Export of primary commodities has been the bane of our economy. Kenya has some of the finest agricultural products but has not benefitted therefrom. For example, Kenyan coffee is considered one of the best in the world and is often used to blend other coffee by giants in the industry like Starbucks, Sarah Lee, Nestle, and others. So is the Kenyan tea. However, the farmers can hardly recover the costs of their input. Through processing, packaging, branding and marketing, the return to coffee farmers could increase between 17 and 21-fold. Agro-processing should be encouraged across the sector through tariff and non-tariff measures.

Five key areas of manufacturing can quickly catapult Kenya to an upper-middle-income economy, create vast employment opportunities, and enable the government to raise revenue to fund healthcare, education, housing, water and sanitation, and other basic social services. These include textile and apparel; leather; pharmaceuticals; glass; paper and pulp; and furniture.

Textile and Apparel: This sector can anchor Kenya's transition to middle-income status and employ its young population. By capturing more value through improved trade logistics and skill development, Kenya can enhance its share in global trade and diversify its economy.

Leather: Despite having a large leather industry, Kenya's exports mostly consist of semi-processed leather. Developing a competitive leather goods sector, focusing on products like footwear and handbags, could generate more jobs and economic growth. Enhancing product quality and building a "Made in Kenya" brand could improve market competitiveness.

Pharmaceuticals: With significant potential for growth, Kenya's pharmaceutical industry can meet a larger share of domestic demand and supply the East African region. Overcoming competition from imports and enhancing local production capabilities are crucial steps.

Glass: The flat glass market in Kenya is growing due to increased construction projects and consumer demand for stylish interiors. As plastic faces global backlash, glass is becoming a preferred packaging material. Expanding the glass container segment could further boost the industry.

Paper and pulp: Utilizing bagasse, a by-product of the sugar industry, for paper production could alleviate wood shortages and enhance sustainability. This approach would increase the value of bagasse and support the paper and pulp industry.

Furniture: The furniture industry, linked to the forestry sector, involves multiple stages from timber processing to consumer sales. Developing this value chain can support economic growth and job creation.

The foregoing can never be realised without fundamentally reforming our taxation regime. In Kenya, like in many capitalist countries, the current tax system disproportionately burdens lower and middle-income families. Income taxes favor high earners, and consumer taxes such as VAT are regressive, causing the poor and middle class to pay a higher percentage of their income. To address this, a progressive tax system on production is proposed, where taxes on goods are levied at the production stage and on services at the service provider level.

Reforming Kenya's taxation regime is essential to address the disproportionate burden on lower and middle-income families. A progressive tax system on production, where goods are taxed at the production stage and services at the provider level, is proposed. This approach would broaden the tax base and maximize government revenue. Essential goods and services would be taxed at the lowest rates, semi-essential goods at a higher rate, and non-essential items at the highest rate, allowing consumers to make informed choices.
Implementing this system could significantly increase Kenya's tax-to-GDP ratio, providing the government with more resources to fund essential services like healthcare, education, and infrastructure.

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Settle Pending Bills To Save The Country!

Bills

The government must urgently find ways and means of immediately discharging it's obligations to contractors, suppliers and service providers to save the country from an economic meltdown and total collapse.

In the midst of the unfolding economic and political crisis engulfing the country the ever-rising Pending Bills challenge is not getting the attention it deserves and yet a resolution of this challenge should top the list of the extremely urgent things to do to revive the struggling economy.

Many of these entities are local small micro and medium enterprises (SMSEs). A 2018 World Bank Enterprise Survey for Kenya report shows that most firms that secured government contracts were small firms at 40% followed by medium firms at 35% and large firms at 25%. It also reported that 9% of the firms with government contracts were for youth, women and for persons living with disabilities under the affirmative platforms.

What Are Pending bills?

A special audit on pending bills done by the Office of this Auditor General (OAG) on the status of Pending bills in Kenya as at 30th June 2018 categorized pending bills into:
a) eligible pending bills, and
b) ineligible pending bills.

Eligible pending bills are unsettled financial obligations that occur at the end of a financial year as a result of failure to pay for goods and services that have been properly procured. Ineligible pending bills on the other hand are those with audit queries and lack proper documentation to support the delivery of goods and services by firms.

The Pending Bill Problem.

In this special audit the report showed that as at that date County Governments had higher eligible pending bills at 57.5% while the National Government had only 25.8% of the total pending bills, categorized as eligible pending bills.

It is interesting to note that as at the time of that audit the ineligible pending bills were more prevelant in the national government where 74.2% of the total value of the pending bills compared to 42.5% at the county level.

According to a 2019 World Bank report on the state of the economy in Kenya pending bills had increased from 0.9% to 1.6% in the 2017/2018 financial year. Pending Bills in counties increased by 59.38% to 153.02 billion in the 2021/2022 financial year from 96 billion in 2020/2021. According to the CoB as at December 31st, 2022 counties reported a rise in pending bills to 157.87 billion.

This implies that there is a growing buildup of pending bills in the economy over time as a result of delayed payment by the government.

According to recent media reports, the National Treasury estimates that the National Government owes businesses an accumulated figure of over Ksh 650 billion while the Controller of Budget also estimates that county governments owe suppliers and businesses about Sh159.9 billion as of June 2023.

Chris Kiptoo the Principal Secretary to the National Treasury was reported in the Star newspaper of 1st February 2024 to have observed that: "The accumulated pending bills have led to reduction of profitability of enterprises by negatively impacting the value of payment due to the time variation which has led to most firms being bankrupt."

The Principal Secretary was reported to have promised that government would begin clearing pending bills in March 2024. Despite the call, a review by the Controller of Budget covering the first quarter of the current financial year revealed that no pending bills were settled.

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In spite of government acknowledgement of the severity of the pending bills crisis the Business Daily newspaper of 11th June 2024 carried a story on pending bills with the headline: "Pending Bills nightmare as State allocates zero budget."

Moreover the prevelance of ineligible pending bills should be of grave concern because it implies that firms with such bills categorized as ineligible pending bills face the risk of not being paid at all for the goods and services they delivered to the government. This is inspite of the widespread belief that fake bills are more likely to be prioritised during payment as some of those introducing the fake claims into the system for payment processing are insiders with vested interests in their speedy settlement at the expense of genuine claims.

Pending Bills and Corruption

The problem of rising pending bills and especially the notion of ineligible pending bills is complicated by the perception that some of the claims are fraudulent and are a result of criminal collusion between officials in the government procuring entities and corrupt individuals and business entities. The CoB, for example, has accused counties

of manipulating approved requisitions by making fictitious or discriminatory payments.

The government must move with speed to resolve the issue by separating any fraudulent claims from genuine claims so that honest businesses are paid speedily.

It is to be assumed that the government set up a Pending Bills Verification Committee to separate the wheat from the chaff in the mountain of the contested pending bills to hasten the payment of the genuine claims. However some people are suspecting that this is yet another delaying tactic open to abuse by the corrupt in government who are likely to shakedown the long-suffering creditors pleading for favourable consideration. The government must prove the skeptics wrong by settling the bills without unnecessary delays and frustration of the creditors.

Pending Bills Verification

Under Gazette No. 13355 of 30th June 2023, the Cabinet Secretary, the National Treasury and Economic Planning appointed a Pending Bills Verification Committee to carry out a thorough analysis of the stock of pending bills that had accumulated from June 2006 to June 2022.

The mandates of the committee included:

a) scrutinising analysing existing National Government pending bills that have accumulated between June 2005 and June 2022 and make recommendations on the government on settlement of the same;
b) establish a clear criteria for detailed examination of and analysis of such pending bills or claims with a view to determining the genuineness of each or otherwise;
c) make recommendations to the National Treasury on the necessary actions to be taken for satisfactory disposal or settlement of identified pending bills or claims;
d) identify any cases where there may have been corrupt, fraudulent and false claims against the government and make appropriate commendations to the relevant government agencies;
e) develop reforms or measures that will ensure future accumulation of pending bills is avoided;
f) perform any other function incidental to the foregoing.

Even though the committee has not completed the assignment creditors owed by government have been anxiously waiting for the government to clear the bills that were reported to have been cleared as eligible for payment and yet there are no signs of payment because no adequate provisions were made in the 2024/2025 budget for the national government.

Why Are Pending Bills Rising?

According to the Controller of Budget (CoB) pending bills in counties are rising due to:
a) Delays by the National Treasury disbursing funds to spending entities on a timely basis leading to outstanding payments at the end of the financial year.
b) Diversion of the funds meant to pay the bills to other purposes
c) Underperformance of Own Source Revenue leading to Budget deficits and unfunded commitments
d) Failure by the spending entities to align their procurement plans to cash flow plans and approved budgets
e) Delays in approving Supplementary Budgets and Failure to adopt previous year's pending bills in the revised budget lead to settlement delays
f) IFMIS related challenges where the system is also frequently closed to prevent procurement.

The CoB also complained that Office of the CoB can not adequately play its oversight role to verify settlement of approved bills because they can not access county banking records.
Rising Pending Bills is a sign of corruption and impunity.

The existence and increase of pending bills at both levels of government in the country inspite of the existence of a legal framework to prevent the proliferation of such bills is a sign of impunity and gross financial mismanagement by those in charge of the management of our public affairs and finances.

Under section 74 of the PFMA (2012) it is an offence for an Accounting Officer to implement activities without approved budgets.

Failing to pay for legally incurred expenditures is also an offence and yet the problem is escalating without any of the perpetrators being appropriately sanctioned by the relevant authorities in government.

Section 53(8) of the Public Procurement and Disposal Act (PPDA) also provides that accounting officers should not commence any procurement proceedings until they are satisfied that sufficient funds to meet the obligations of the resulting contract are in the approved budget estimates.

It is therefore strange that pending bills exist and are in fact rising. Questions must be asked what happens to the budgeted funds. This is a sign of impunity and possibly corruption.

What Must Be Done

The government must urgently find ways to clear the pending claims and put in place measures to prevent further accumulation of new pending bills to enhance the survival of the private sector.

It doesn't make sense that the government bends backwards to pay debts owed to foreign and local banks and financiers while completely ignoring local businesses who have supplied government with goods, services and works.

Kenya Private Sector Alliance (KEPSA) has proposed that to avoid pending bills the PFM Act should be amended to provide for payment of goods and services supplied to government within 30 to 60 days otherwise the officers responsible for the delays must be held criminally liable.

They have also suggested that the ammendment should provide for interest to be payable on all bills after the lapse of sixty days.

A study done by the Kenya Institute of Public Policy Research and Analysis (KIPPRA) entitled: "Pending Bills: Will the Private Sector Survive?" published on 29th July 2020 suggested that Kenya could also benefit from experiences of Italy and Spain in dealing with the pending bills problem.

The Italian government announced a major programme to a tune of EUR 40 billion to clear pending bills arrears within a period of two years. This programme was expanded to EUR 66 billion and by October 2014 about 49% of pending bills had been cleared.

To eliminate administrative bottlenecks that may complicate prompt payment the Italian government also introduced electronic invoicing and the online publication of all the data in the electronic invoices. This enhances transparency and accountability in the process and minimises chances of corrupt practices in processing of payments.

Spain on the other hand introduced syndicated guaranteed loans worth EUR 30 billion in 2012 to help regional and local governments to clear pending bills.

Accrual Accounting

It has also been suggested the government should consider shifting its budgeting from the current cash basis to an accrual basis. Accrual accounting is preferable and beneficial because it prioritises payment of trade debts and arrears in all budget allocations and will therefore reduce pending bills.

Securitization of The Pending Bills

When the Kenya Kwanza (KK) government came to office in 2022 they promised to prioritize the resolution of pending bills to facilitate economic growth by proposing securitization of the pending bills. The pending bills were to be transformed into securities that can be sold in the market to raise cash for payment.

The government was then reported to be considering hiring a transactional advisor to assist with the issuance of a Ksh 500 billion bond aimed at lessening the burden of these bills on annual government budget allocations. However it is said that the government opted to abandon the securitization plan because of the country's declining ability to borrow.
In spite of that challenge the government issued a three-year bond in June 2023 to pay off the Sh45.8 billion debt owed to oil marketers resulting from the discontinued fuel subsidy scheme.
Securitization would have enabled the government to access immediate capital to pay off the creditors. Such a move would relieve the crisis facing those businesses and the economy in general. It would also enhance cash flow management for suppliers by ensuring predictable income.

If government is willing and able to borrow to pay the public debt it should also find ways to clear the pending bills. Otherwise the impression is created that this is just an insensitive and uncaring client regime beholden to foreign interests and self-serving corruption cabals that is willing to strangulate local businesses to serve themselves and their foreign patrons.

A study done by the Kenya Institute of Public Policy Research and Analysis (KIPPRA) entitled: "Pending Bills: Will the Private Sector Survive?" published on 29th July 2020 suggested that Kenya could also benefit from experiences of Italy and Spain in dealing with the pending bills problem.

Ethiopia at Crossroads

Ethiopia at Crossroads

At the end of July Ethiopia's currency fell by 30% against the US dollar after the government relaxed currency restrictions. The government reversed its long-standing policy of fixing the exchange rate in a bid to secure a loan of $10.7bn (£8.3bn) from the International Monetary (IMF) and World Bank.

The country has been struggling with chronic foreign currency shortages, particularly in recent years. The economy has suffered due to a brutal two-year civil war in the northern Tigray region, which ended in 2022, and ongoing conflicts in other regions, making it difficult for the country to attract much-needed foreign investment.

For many centuries, the Ethiopian Empire had a semi-feudal mode of production, with most land held by the church (25%), the Emperor (20%), the feudal lords (30%) and the state (18%), leaving a mere 7% to the roughly 23 million Ethiopian peasants. The landless peasants lost as much as 75% of their produce to the landlords, leaving them in a miserable life state. of Italy and Spain in dealing with the pending bills problem.

Under the new policy announced by the central bank, the value of the Ethiopian currency - the birr - will be set by the market. The IMF has been calling for a series of reforms, including floating the currency before it agrees to a bailout. The negotiations also involve restructuring Ethiopia's external debt of around $28bn.

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The late 1960s in Ethiopia included student movements developing their knowledge of and debating the social sciences and social change. Their debates were influential in their opposition to Emperor Haile Selassie. In December 1960, a coup d'état attempt seeking liberal reforms, including land reforms and land redistribution, took place. The Wollo famine overshadowed the emperor's reputation, affecting the peasants.The government negligence in dealing with the famine was known by this point, and no relief effort report arrived via the Ministry of the Interior.

The Ethiopian Revolution of 12 January – 12 September 1974 was a period of civil, police, and military upheaval in Ethiopia to protest against the weakened Haile Selassie government. It is generally thought to have begun on 12 January 1974 when Ethiopian soldiers began a rebellion in Negele Borana, with the protests continuing into February 1974. People from different occupations, including junior army officers, students and teachers, and taxi drivers, joined a strike to demand human rights, social change, agrarian reforms, price controls, free schooling, and releasing political prisoners, and labor unions demanded fixation of wages in accordance with price indexes, as well as pensions for workers, etc.

In June 1974, a group of army officers established the Coordinating Committee of the Armed Forces, later branding itself as the Derg, which struggled to topple Haile Selassie's cabinet under Prime Minister Endelkachew Makonnen. By September of that year, the Derg began detaining Endalkachew's closest advisors, dissolved the Crown Council and Imperial Court and disbanded the emperor's military staff. The Ethiopian Revolution ended with the 12 September coup d'état of Haile Selassie by the Coordinating Committee.

Haile Selassie's rule ended on 12 September 1974, when he was deposed by the Derg, a committee made up of military and police officers. After the execution of 60 former government and military officials, the new Provisional Military Administrative Council abolished the monarchy in March 1975 and established Ethiopia as a Marxist-Leninist state. The abolition of feudalism, increased literacy, nationalization, and sweeping land reform including the resettlement and villagization from the Ethiopian Highlands became priorities.

After a power struggle in 1977, Mengistu Halie Mariam gained undisputed leadership of the Derg. In 1977, Somalia, which had previously been receiving assistance and arms from the USSR, invaded Ethiopia in the Ogaden War, capturing part of the Ogaden region. Ethiopia recovered it after it began receiving massive military aid from the Soviet bloc countries. By the end of the seventies, Mengistu presided over the second-largest army in all of sub-Saharan Africa, as well as a formidable air force and navy.

In 1976–78, up to 500,000 were killed as a result of the Red Terror, a violent political repression campaign by the Derg against various opposition groups.In 1987, the Derg dissolved itself and established the People's Democratic Republic of Ethiopia (PDRE) upon the adoption of the 1987 Constitution of Ethiopia.A 1983–85 famine affected around 8 million people, resulting in 1 million dead. Insurrections against authoritarian rule sprang up, particularly in the northern regions of Eritrea and Tigray. The Tigray People's Liberation Front (TPLF) merged with other ethnically based opposition movements in 1989, to form the Ethiopian People's Revolutionary Democratic Front (EPRDF).

The collapse of Marxism–Leninism during the revolutions of 1989 coincided with the Soviet Union stopping aid to Ethiopia altogether

in 1990. EPRDF forces advanced on Addis Ababa in May 1991, and Mengistu fled the country and was granted asylum in Zimbabwe.

In July 1991, the EPRDF convened a National Conference to establish the Transitional Government of Ethiopia composed of an 87-member Council of Representatives and guided by a national charter that functioned as a transitional constitution. In 1994, a new constitution was written that established a parliamentary republic with a bicameral legislature and a judicial system.

In April 1993, Eritrea gained independence from Ethiopia after a national referendum. In May 1998, a border dispute with Eritrea led to the Eritrean–Ethiopian War, which lasted until June 2000 and cost both countries an estimated $1 million a day. This had a negative effect on Ethiopia's economy, and a border conflict between the two countries would continue until 2018.As of 2018, further civil war in Ethiopia continues, mainly due to destabilization of the country.
y
Ethnic violence rose during the late 2010s and early 2020s,with various clashes and conflicts leading to millions of Ethiopians being displaced.

The federal government decided that elections for 2020 (later being rescheduled to 2021) be cancelled, due to health and safety concerns about COVID-19.The Tigray Region's TPLF opposed this, and proceeded to hold elections anyway on 9 September 2020. Relations between the federal government and Tigray deteriorated rapidly, and in November 2020, Ethiopia began a military offensive in Tigray in response to attacks on army units stationed there, marking the beginning of the Tigray War. By March 2022, as many as 500,000 people had died as a result of violence and famine. After a number of peace and mediation proposals in the intervening years, Ethiopia and the Tigrayan rebel forces agreed to a cessation of hostilities on 2 November 2022. Coupled with OLA insurgency, the federal government relations with Fano militias, who previously allied with the government in the Tigray War, deteriorated in mid-2023, resulting in a War in Amhara.

According to reports conducted by the Ethiopian Human Rights Commission (EHRC), mass human rights violations carried out by ENDF troops including door-to-door searches, extrajudicial killings, massacres, and detentions. Notable incident includes the Merawi massacre in early 2024, which left 50 to 100 residents deaths in Merawi town in Amhara Region.

Last year, as part of the ongoing political transformation, Abiy Ahmed's government pledged swift economic reform. The government specifically expressed its intention to fully or partially privatize four key public enterprises: Ethio Telecom, Ethiopian Electric Power, Ethiopian Airlines, and Ethiopian Shipping & Logistics Services Enterprise. In doing so, Abiy's government aims to attract foreign investment and stimulate economic growth.

Parliament approved the liberalization of these state-owned companies. This is a clear signal that the ruling party has abanded the developmental state model that it once zealously endorsed. As William Davison has rightly noted, what former Prime Minister Meles Zenawi saw in neoliberalism as a 'dead end' now Abiy sees as a 'new horizon'.

Neoliberal Shock Therapy

Shock results from a sudden and unpredictable turmoil, be it a natural disaster or a political crisis. It represents fear and uncertainty. Shock activates a sense of urgency in our response. When it happens in a national political space, a shock is a sign of vulnerability. Especially in the context of a weak state and dysfunctional political order, shock signals danger. It invites external intervention.

In her book, The Shock Doctrine, Canadian journalist and activist Naomi Klein documents how neoliberal plutocrats exploit disasters that produce a collective shock. She uses the term 'shock doctrine' to describe 'the quite brutal tactic of systematically using the public's disorientation following a collective shock' in order to 'push through radical pro-corporate measures.' Shock therapy refers to the calculated neoliberal response to conditions of crisis resulting from wars, coups, terrorist attacks, market crashes or natural disasters. Klein substantiates her claims with empirical accounts from Chile, Russia, Iraq, etc. Klein observes that neoliberals subscribe to Machiavellian advice: injuries should be inflicted 'all at once' – at a time when one is weak and confused.

In the last four decades, proponents of the unfettered market have taken advantage of extraordinary conditions (e.g., deep economic crisis or heightened political instability) to provoke their neoliberal agendas of privatization, deregulation, and decentralization. In nearly all cases, the shock therapy ends with political and economic disaster for the afflicted population. I want to briefly discuss two examples.

Lessons for Ethiopia

The lesson from the experiences of Chile and Yemen is evident: "do not rush to liberalize the economy". At present, Ethiopia is in a state of political shock. The promise of positive change that has accompanied the ascent to power of Abiy Ahmed remains just a promise. With the rise of intensified ethnic extremism, the country's transition to a democratic political order appears to be a distant mirage. With each passing day, the sense of uncertainty deepens. Amidst this widespread anxiety come the shock therapists: the Bretton Woods Institutions, the European Union and the United States government as well as peripheral and regional players in the Middle East.

Abiy Ahmed assumed power in April 2018. In June 2018, the United Arab Emirates pledged $3 billion in aid and investment. In October 2018, the World Bank approved a total of $1.2 billion to support the government's 'policies designed to accelerate economic growth.' What these and other donors wanted in return has not been made public but we know that the dollars are always attached to policy conditionalities – mainly aiming at further liberalizing the economic sector.

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Neoliberal forces do not necessarily instigate political and economic crises. However, in the context of aid-recipient poor countries such as Ethiopia, they are always ready to exploit such calamities. Hence, in dealing with the latest round of neoliberal pressure, there is a vital lesson to be learned from the experiences of Chile and Yemen. The privatization of treasured public holdings – whether it is Chile's lucrative copper mining fields, Yemen's valuable oil refineries or Ethiopia's profitable airline – serves only the interest of transnational corporates based in the Global North. Private investors focus on maximizing their profit and are unlikely to reinvest their returns in the country. In other words, privatizing profitable public assets diminishes the national wealth, and the government will have limited access to resources that can be reinvested in vital services such as education and health.

As many economists and commentators have argued, the privatization initiative is highly problematic. While there are state-owned enterprises that could arguably benefit from private management, Ethiopian Airlines is not one of them. Ethiopian Airlines started operation in 1946 when most African nations were still under the colonial yoke. The success of the airline is regarded as embodying the resilience of the country.

Ethiopian Airlines is probably the nation's most profitable and well-managed public enterprise.

With 110 modern aircraft and over 100 international destinations, the national flag carrier is the largest in Africa by revenue, and indeed one of the most successful public enterprises in the world. As a testimony of its incomparable achievements, it has won a number of regional and international awards. Even CNN reported, Ethiopian Airlines has positioned itself to dominate Africa's aviation sector, expanding its shares in other African countries' airlines (including Ghana, Burkina Faso, Rwanda, Côte d'Ivoire, Mali, Mozambique, and Zambia). In other words, if the stated purpose of privatization was to improve the efficiency and profitability of public assets, then the privatization of Ethiopian Airlines is not justifiable.

The other key concern is that at the moment there are no reliable institutions that can ensure transparency and accountability in the transfer of assets from the public to the private. In this context, there is a possibility that national wealth can be unfairly transferred to the hands of those who are connected to the political elite, enriching a wealthy oligarchy. What had happened in Russia nearly three decades ago is illustrative of the risk. Even though the Prime Minister has established an advisory council for privatization, its functionality is yet to be seen.

Most importantly, in a multi-ethnic society such as Ethiopia, an unhealthy concentration of national wealth in the hands of foreign corporations and corrupted individuals is a recipe for serious social and political ills. The success of developmental states of China, Singapore, South Korea, Malaysia, and Vietnam suggests that economic security is a safeguard for political stability. Hence, the political transition spearheaded by Abiy Ahmed's government needs to take the economic variable very seriously. As the national cake shrinks, self-interested ethnic nationalists will not hesitate to use economic grievances to mobilize their base, and take chauvinistic political positions. In so doing, they undermine symbiotic inter-ethnic relations and the very existence of Ethiopia itself.

Even worse, there is a high possibility that those lucrative public enterprises may end up in the hands of the Gulf states. Any conscious Ethiopian would understand that—for historical, cultural and geopolitical reasons—this is a highly perilous scenario. The existing cultural and political disenchantment creates a fertile ground for those foreign forces to nurture dissent. Could the country face what we are witnessing in Yemen today?

The lesson for Abiy Ahmed is clear:"It is unwise to make sweeping economic policy decisions when you are in a state of political volatility".

The ongoing conflict in Ethiopia's Tigray region is largely framed in terms of a power struggle between the rebellious Tigray People's Liberation Front (TPLF) and the Ethiopian federal government. Even though the TPLF has been dethroned from its regional stronghold of Mekelle by Ethiopian federal forces backed by Eritrea, Amhara regional forces and allied militias, fighting is continuing in the region's rugged mountainous countryside. Power politics aside, the conflict has another layer that most analysts have failed to discern: the role of neoliberal market forces taking root with destabilizing effect under the leadership of Prime Minister Abiy Ahmed.

In a clash of ideological paradigms, Abiy's administration has embarked on a path of neoliberalism that has placed Ethiopia in direct conflict with the Chinese-backed developmental state initiated by former leader Meles Zenawi, and principally favoured by the TPLF militants in the north. In part, the military intervention in Tigray is a push by Abiy to integrate the rebellious region into the neoliberal fold and to eliminate any remaining obstacles to his Western-backed reform agenda.

When Zenawi, Ethiopia's former charismatic but despotic prime minister, hosted the 2012 World Economic Forum on Africa in Addis Ababa, he shocked the international financial elite by declaring that neoliberalism was a failed project. After taking over the reins of power in May 1991 following the ouster of Colonel Mengistu Haile Mariam's Derg regime, Zenawi, who espoused Marxist-Leninism during his guerrilla fighting days, initially pursued watered-down free-market reforms in a bid to win over Western aid following the collapse of the Soviet Union.

Unlike other developing countries, Zenawi did not implement these reforms to the letter, but instead, positioned Ethiopia as the West's preferred ally in its so-called War

on Terror in the Horn of Africa. At the behest of the United States, Zenawi rolled Ethiopian troops into Somalia in December 2006 to topple the moderate Union of Islamic Courts (UIC) that had in the previous six months pacified much of south-central Somalia after defeating the notorious Mogadishu-based warlords. By playing proxy to US objectives in the region, Ethiopia regained its strategic geopolitical significance that it lost in the final days of the Derg regime. With Zenawi acting as the US's "anti-terror" enforcer, the West could look the other way, as he cracked down on dissent with a level of political repression reminiscent of the Derg and imperial eras.

At the onset of China's ascendancy in Africa in the early 2000s, Zenawi ditched his piecemeal reforms and vigorously promoted a "developmental state" loosely based on the Chinese and East Asian models. According to Stephanie Jay, writing for Jacobin, Zenawi's vision placed Ethiopia in the driver's seat of development, with ownership over key economic sectors and a tightly regulated private sector that served to advance the overall national development agenda. Under Zenawi, the developmental state became official policy in 2006. Despite this, Zenawi was able to play China off the West, allowing Chinese capital to extract Ethiopia's resources with unfettered access to its vast oil reserves while retaining US support through the Pentagon-led military intervention in Somalia, aimed at neutralizing Al-Shabab and Al-Qaeda's influence in the region.

Zenawi created state monopolies in key sectors of the economy, including the Ethiopian Electric Power Corporation (EEPCO), which operates about a dozen hydro-electric power plants across the country, the Ethiopian Sugar Corporation, the Ethiopian Railway Corporation (ERC), Ethiopian Airlines, and the Metals and Engineering Corporation (METEC)—a military-owned conglomerate made up of 98 companies, two of which manufacture military equipment while dozens of others make

civilian products including TVs, solar panels, trucks, construction machinery, plastic products and other goods. As Jay further notes, Zenawi saw METEC as critical to the centrally-planned economy, using it as a program to transform the country of 105 million people into a middle-income state by 2025 through investments in infrastructure and manufacturing.

It should be noted that the choice of the developmental state paradigm for Ethiopia is the result of a long process of searching for alternative development paths. The model aimed to bring structural change through prioritizing and modernizing agriculture and moving towards industrialization. It ushered in an era of unprecedented economic development with annual growth rates averaging around 10 percent for a straight decade. However, this growth mostly benefited a small clique of the TPLF elite while ordinary Ethiopians—who nevertheless gained better access to education, healthcare and potable water than ever before—still languished in poverty at the margins of society.

The Ethiopian developmental state was largely financed by Chinese largesse that infused billions of dollars into mega infrastructure projects. These include the $2.9 billion standard gauge Addis Ababa-Djibouti railway, connecting landlocked Ethiopia with the Djiboutian port of Doraley, which provides both passenger and cargo service. Construction of the 759-kilometre electrified railway began in 2011 and concluded in 2017 before it was officially launched the following year. Operated by the ERC, the line was jointly built by two Chinese state-owned companies, the China Railway Group (CREC) and the China Civil Engineering Construction Corporation (CRCC). In 2015, the $800 million, two-line Addis Ababa Light Rail System, totaling more than 30 kilometers, was completed with a north-south line running from the city centre to industrial areas in the south and an east-west line serving key residential and commercial districts.

According to Ethiopian scholar Messay Kabede, Meles' criticism of neo-liberalism stemmed from the fear that it may simply result in him and his followers losing power, as evidenced by the 2005 elections. In those elections, opposition parties that favoured a free-market economy registered sizeable victories in Addis Ababa and nationwide, directly threatening the TPLF's hold on power.

Other gigantic projects of the developmental state include the Hawassa Industrial Park (HIP) in southern Ethiopia, which provides employment to around 100,000 low-wage earners and has 52 production units designed to accommodate the needs of 30 different international corporations. While Hawassa is a flagship industrial park focused on textiles and garments, Ethiopia has 10 other such parks leading production in other sectors of the economy.

Another mammoth project is the Grand Ethiopian Renaissance Dam (GERD) formerly known as the Millennium Dam. Built in the Benishangul-Gumuz region on the Blue Nile River, about 40 kilometres east of the border with Sudan, the $4.7 billion project is owned by EEPCO and is entirely financed by domestic bonds. The dam has the capacity to meet the electricity needs of Ethiopia, Sudan, South Sudan, and Egypt. The filling up of the dam reservoir has triggered a bitter diplomatic row with Egypt, which fears a significant reduction in its quota of the Nile waters. Egypt depends on 90 percent of its water needs from the river based on a 1959 agreement that gives it the lions share of the Nile.

According to Ethiopian scholar Messay Kabede, Meles' criticism of neoliberalism stemmed from the fear that it may simply result in him and his followers losing power, as evidenced by the 2005 elections. In those elections, opposition parties that favoured a free-market economy registered sizeable victories in Addis Ababa and nationwide, directly threatening the TPLF's hold on power. Even though neoliberalism is a failed project in Africa, reactionary oppositional forces peddle it as a tool to enlist Western support in a bid to wrestle power from authoritarian states. What made the promotion of the developmental state a necessity for Meles and his cronies was its overriding ability to effect absolute control of state power.

Abiy's attempts to liberalize the economy through market reforms and privatization of previously TPLF-controlled public assets is aimed at dismantling the remaining vestiges of the developmental state. During his World Economic Forum speech in Davos in 2019, Abiy pledged to make doing business in Ethiopia easier for everyone who wishes to invest in the country and called on investors from across the world to take advantage of the considerable business potential in Ethiopia.

Liberalization and privatization were major talking points in his speech. Abiy said his government was committed to opening up the economy to international investors in telecoms, logistics, energy, aviation, railways, and industrial parks. Abiy further said his government would continue to foster public-private partnerships. In late February 2019, Abiy told the Financial Times that his "economic model is capitalism" and said Ethiopia aimed to complete a multibillion-dollar privatization of

its telecoms sector followed by a sell-off of stakes in state energy, shipping and sugar companies. Ethio Telecom is one of the biggest internet and telephone service providers in Africa with over 60 million users. The partial privatization of Ethio Telecom is expected to open bids by Vodacom, Orange, and others.

Abiy's pursuit of neoliberalism means the doctrine must be applied uniformly across the country including the Tigray region, which before its fall, maintained a strong preference for the developmental state and vehemently rejected attempts to impose free-market reforms. Debretsion Gebremichael, the deposed Tigrayan leader warned against the shift to neoliberalism stating that it would derail Ethiopia's state-led economy. To pave the way for these changes, Abiy moved fast to purge key Tigrayan government and military officials at the helm of state-owned enterprises, replacing them with his appointees before embarking on a military offensive to enforce his rule in the rebellious Tigray.

Abiy's move to overhaul the Chinese supported developmental state is largely driven by the West's injection of financial aid to support his economic reforms. According to Politico, in December 2019 Ethiopia received a $9 billion aid package from the International Monetary Fund and the World Bank. "The influx of cash could upend 15 years of Chinese dominance and spark unprecedented interest from Europe and America," investors, economists and political analysts say.

"The granting of this money sees the West countering China in a very tangible way, in one of the more politically and economically important and consequential countries in Africa," said Zemedeneh Negatu, an Ethiopian American investor and global chairman of the Fairfax Africa Fund. "The reforms are creating "opportunities for Western businesses to invest in Ethiopia, even as they are altering Ethiopia's relationship with China," noted Abdulmena Mohammed Hamza, an economist specializing in banking at the Edinburgh Business School. There are indications that Abiy may go the full distance and ditch Chinese aid in favour of his newfound Western benefactors. Speaking at a conference in Addis Ababa, Abiy went as far as to say the terms of Chinese loans had damaged the Ethiopian economy. "There are some that say we are adding more debt to the country's already high debt. But borrowing from the IMF and the World Bank is like borrowing from one's mother," Abiy said. "What hurt Ethiopia is borrowing from other companies or some countries. For instance, Ethiopia borrowed to build a railway but was asked to repay the debt before the completion of the construction," he added, referring to the Chinese-backed railway line to Djibouti.

Neoliberalism and the new scramble for Ethiopia threatens to tear the restive nation apart. State formation in modern Ethiopia has always been rooted in economic systems that entrenched imperialism, and dictatorships that benefited state cronies at the expense of the masses. Since the days of Emperor Haile Selassie I, Ethiopia has transitioned from one regressive state model to another with the imperial state and its feudal tendencies a hallmark of the emperor's reign (1930-1974), while Colonel Mengistu Haile Mariam's Derg regime (1974-1991) created a pseudo-Marxist state that was equally oppressive. Likewise, Zenawi's developmental state was an authoritarian system whose unprecedented economic growth only benefited the TPLF elite and did not trickle down to the impoverished masses. Ethiopia is now transitioning to a neoliberal state amid a fierce East-West geo-strategic competition that poses an existential threat to its sovereignty.

The only system that can work for Ethiopia and Africa at large is the establishment of a revolutionary, Pan-African, socialist state that can not only forge national unity and Pan-African identity but end centuries-old imperialist-driven, conflict-prone, socio-economic inequalities.

Ethiopia needs a third force, a movement that can mobilize the masses toward the establishment of a fully independent Pan-African state responsive to the needs of its impoverished peoples.

ODM Members Sworn Into Cabinet

Party Leader Mr. Raila Odinga poses for a photo with CS Nominees Opiyo Wandayi, Wycliffe Oparanya, Hassan Joho and John Mbadi shortly after tendering their resignations from party positions.

Four former top officials of the Orange Democratic Movement (ODM) party nominated to the cabinet by President William Ruto faced the hot seat last week, marking the beginning of their journey into the Executive.

Former Governor of Kakamega Mr. Wycliffe Ambetsa Oparanya and his Mombasa counterpart Mr. Hassan Ali Joho, who recently resigned as Deputy Party Leaders of the party appeared before the Appointment Committee of the National Assembly chaired by Speaker Mr. Moses Wetang'ula on Sunday where they answered questions posed by the committee members as well as members of the public through memoranda.

Mr. Oparanya was nominated to the docket of Co-Operatives Development and MSMEs while Mr. Joho was nominated to head the Ministry of Mining, Blue Economy and Maritime Affairs.

Former party Chairman Mr. John Ng'ong'o Mbadi who was nominated to the all Executive Ministry of National Treasury appeared before the Committee of Saturday 3rd August where he pledged to revive the country's economy, stabilize the Kenya shilling against the dollar and make a raft of changes in the Treasury building to end rampant corruption in the ministry if approved by the committee.

Mr. Mbadi also pledged to make the Kenya Revenue Authority (KRA) meet its targets of revenue collection to meet the budget requirements.

Former Minority Leader in the National Assembly Mr. James Opiyo Wandayi who is also the immediate former Secretary for Political Affairs in the party was vetted by the committee where he exuded confidence that he will work round the clock to turn around fortunes at the Ministry of Energy and Petroleum. He was nominated to this Ministry and he pledged to end frequent power outages if the committee approves.

Another nominee from the ODM party is Ms. Beatrice Askul who was nominated to the Ministry of East African Community Affairs and Regional Development.

Speaker Wetang'ula's committee retreated to prepare the final report which is expected to be tabled before parliament for debate and subsequent approval or rejection.

Raila visits Toi Market and tells Sakaja to protect the market

Party Leader Raila Odinga at Toi Market

Traders at the famous Toi market in Kibra constituency on Sunday morning woke up to count losses after a fire engulfed the market, razing down their stalls and causing death and loss of property worth millions of shillings.

The fire whose cause remains unclear, razed down all the stalls in the expansive market, raising questions about the motive behind frequent fires at the market.

On Monday, ODM Leader Mr. Raila Odinga visited the market where he held a public baraza with the distraught traders and promised to ensure the land on which the market sits will not be grabbed. "I have fought off people who have been wanting to grab this land for over thirty years, they seem not to get tired. But let me assure you that they will not manage", he said.

He noted that the market serves as a source of living for many households and families and assured them that he will do everything to protect them from grabbers. "I have spoken with Governor Sakaja and instructed him to put up a perimeter wall around the market to prevent any unauthorized persons", he added.

Mr. Odinga was accompanied by the Senator for Nairobi Mr. Edwin Sifuna, area MP Mr. Peter Orero, the Chief Officer for Trade at the Nairobi County Government Ms. Jane Wangui, and a host of MCAs from Kibra constituency.

Mr. Odinga donated one thousand iron sheets, three bags of building nails, and Ksh. 1.5 million in cash. Mr. Sifuna gave a cash donation of Ksh. 250,000 while Mr. Orero donated 100 iron sheets and a sum of Ksh. 250,000.

Kenya formally submits Raila AUC chair application

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Kenya on Monday 29th formally submitted Mr. Raila Odinga's application for the top job at the African Union Commission (AUC) in Addis Ababa, Ethiopia.

The application was lodged by Kenya's Foreign Affairs Principal Secretary Amb. Korir Sing'eoi to the Office of the Legal Counsel of the African Union through the Dean of Eastern Region Mr. Dharmraj Busgeeth who is also the Ambassador of Mauritius.

"Under the authority of the Government of Kenya and as per the Statutes and Rules of the African Union Commission, we have today formally submitted requisite documentation of Kenya's nominee for the Chairmanship of African Union, H.E. Raila Amolo Odinga", Dr. Sing'eoi said in a statement.

He said the decision was informed by Mr. Odinga's Pan-Africanist credentials, his suitability, his vast networks across Africa and his proven competence to lead the AUC Africa's premier continental organization.

In his application, the ODM Leader has outlined his vision for the AUC which is hinged in various focal areas including African integration and infrastructure development, economic transformation of the continent, enhancing intra-African trade, financial independence and gender equity and equality.

Other areas of focus in his grand plan are agricultural transformation, climate action, peace and security and youth empowerment.

Among the documents delivered in Addis was Mr. Odinga's Curriculum Vitae (CV) which the Office of the Legal Counsel in May said should be submitted in six languages, English, Arabic, French, Portuguese, Spanish, and Kiswahili.

Kuria visits Raila, thanks him for saving Kenya

Former Cabinet Secretary Mr. Moses Kuria Monday paid a courtesy call on ODM leader Mr. Raila Odinga at his Capitol Hill office in Nairobi where he hailed him for agreeing to save the country from the brink of the precipice.

Mr. Kuria who until the dissolution of the cabinet last month held the docket of Trade, Investment, and Industrialization, posted on his X account how the meeting between him and the former Prime Minister was cordial. He thanked Mr. Odinga for bending backward yet again to save the country from self-destruction.

"We were unanimous that going forward we cannot continue to prescribe Panadol where surgery is required", he posted.

He added that the upcoming process of national dialogue "must and will" culminate in deliberate structural reform for a lasting solution.

"We will work very closely in that endeavor as we continue to consult with other like-minded leaders, he said.

In his reconstituted government, President Ruto nominated five members of the ODM party for vetting. He nominated the Party's Deputy Party Leaders Mr. Hassan Ali Joho and Mr. Wycliffe Ambetsa Oparanya, National Chairman Mr. John Mbadi, Secretary for Political Affairs Mr. Opiyo Wandayi, and a member of the National Elections Coordination Committee (NECC) Ms. Beatrice Askul to serve in the cabinet.