

**MINUTES OF THE 56<sup>TH</sup> KENIC BOARD MEETING HELD ON 13<sup>TH</sup> OCTOBER 2011 AT 8.00A.M. AT THE KENIC BOARD ROOM**

**PRESENT**

Ms. Alice Munyua (Chairperson)  
Mr. Ali Hussein  
Mr. Michael Katundu  
Mr. Charles Nduati  
Dr. Jimmy Macharia  
Mr. Joshua Muiruri  
Mr. David Wambua (CEO)  
Mrs. Lucky Kulecho (Secretary)

**ABSENT WITH APOLOGIES**

Mr. Sammy Buruchara  
Mr. Moses Kemibaro

The chairperson called the meeting to order at 8.00a.m. on the realization of quorum.

**MINUTE 489/56/2011 NOTICE OF MEETING**

Notice of the meeting was taken as read.

**MINUTE 490/56/2011 AGENDA**

The proposed agenda was adopted.

**MINUTE 491/56/2011 CONFIRMATION OF THE MINUTES OF THE 55<sup>TH</sup> KENIC BOARD MEETINGS**

The Minutes of the 55<sup>th</sup> full Board meeting were confirmed and adopted as a true record of the deliberations.

**MINUTE 492/56/2011 MATTERS ARISING FROM THE MINUTES OF THE 55<sup>TH</sup> KENIC BOARD MEETINGS**

Ex-Minute 483/55/2011-Matters arising from minutes of the 54<sup>th</sup> Board meeting

The Board noted that TESPOK had not responded to KeNIC's request to transfer the balance of Kshs.233, 890 in the ICANN 2010 account for use to host the IGF 2011. Further, no response had been received in respect of KeNIC's request to participate in AfTLD's Board.

The CEO further informed the Board that Management was developing a policy to govern KeNIC's engagements in sector forums such as ICANN, IGF etc.

The Company Secretary also informed the Board that KENET and the e-government had, in response to KeNIC's request, nominated Dr. Macharia and Mr. Muiruri respectively to the KeNIC Board.

Ex-Minute 485/55/2011-Consideration of Minutes of the 9<sup>th</sup> HR Committee meeting

The CEO informed the Board that Management had made arrangements for cash flowing in order to make provision for the CEO's gratuity at the end of the three (3) year contract. This would be presented to the Finance Committee at its next meeting.

He also indicated that he had re-evaluated his staffs' performance in quarter 2 and would present this with the quarter 3 evaluations to the HR Committee at its next meeting. The Board pointed out that performance monitoring needed to be done in a timely manner, to ensure that it served its purpose of informing performance in the subsequent periods. It was, therefore, agreed that going forward, the CEO would evaluate staff and report to the HR Committee by the 15<sup>th</sup> day of the month following the relevant quarter.

The CEO also proposed to hold a Board-Staff meeting on 23<sup>rd</sup> November 2011. The Board confirmed suitability of the date and indicated that during the meeting staff would be required to make a presentation on what they do in the organization, and link it to the Strategic Plan. The Board added that the same meeting would be used to induct the new Directors and further requested the Company Secretary to make a presentation on corporate governance at the meeting.

Ex-Minute 487/55/2011- Consideration of Q2 monitoring and evaluation report

The CEO informed the Board that Mr. Andres of IDP-EA had liaised with Management and finalized the Q2 report as directed in the last board meeting. The consultant had, however, not submitted the Q3 report.

The Board expressed dissatisfaction with the Consultant's delay in reporting and tasked the CEO to follow up and report back to the board on the status of the Q3 monitoring and evaluation report.

## **MINUTE 493/56/2011 CONSIDERATION OF THE MINUTES OF THE 16<sup>TH</sup> FINANCE COMMITTEE MEETING**

The Chairperson of the Committee took the Board through the Committee's minutes, pointing out that KeNIC's internal auditors had presented the systems review audit report and pointed out the high risk areas, which were already being addressed by Management.

The Committee had also considered the investment report for August 2011 from M/s Amana Capital, noting that the cumulative income at the time was Kshs.563,360. On the Committee's request, Management had written to Amana Capital requesting to withdraw Kshs.5 Million, in order to establish how long it would take to process such requests. The request was effected within 48hrs and Management subsequently directed return of the funds.

The Committee also considered the July 2011 financial report and Management's proposed strategies to grow revenues. It was the Committee's recommendation that in view of the increase in the working capital from Kshs.20 million in 2010 to Ksh.22.441 million in 2011, the increase in cash in bank be invested in the Amana Capital fund.

To address possible loop holes regarding authorization of funds transfer from KeNIC's M-PESA to the bank current account, the Committee tasked Management to look at other solutions to compliment M-Pesa.

The Committee also considered the revised Travel Imprest policy and recommended approval by the Board subject to proposed amendments and in respect to the evaluation of law firms to undertake registration of the AfTLD, tasked Management to review the same and incorporate the background.

In discussing the Minutes, the Board expressed the need for Management to address issues raised in the internal audit report in a timely fashion and to provide feedback to the Board. In this regard, Management was tasked to develop timelines for the assignments.

The Board further pointed out that it was possible to review the contract with Safaricom to provide that any amount exceeding Kshs.50,000 in the MPesa should automatically be transferred to KeNIC's bank account. This would seal the envisaged loopholes.

With respect to matters pertaining to the AfTLD, the Board made a decision that the CEO and the Board chairperson meet with Mr. Vika Mpisane, the President of the AfTLD, to discuss and agree on the hosting of the AfTLD and KeNIC's representation on its Board.

After due deliberation, Minutes of the 16<sup>th</sup> Finance Committee meeting were approved by the Board, subject to the foregoing guidance.

**MINUTE 494/56/2011 CONSIDERATION OF MINUTES OF THE 6<sup>TH</sup> MARKETING AND COMMUNICATIONS COMMITTEE MEETING**

Mr. Ali Hussein, a member of the Marketing and Communications Committee took the Board through the Minutes. He explained that since the number of domain names had not grown as envisaged, the Committee was recommending adoption of low cost and high impact strategies for marketing, such as digital marketing, rather than above the line marketing. In the circumstances, the Committee proposed prequalification of Media Edge Interactive, Corporate Talk Group and Express DDB Kenya to be engaged as and when KeNIC needs to carry out above the line marketing. It was further agreed that the prequalified firms would not be paid retention fees.

The Committee also considered presentations on the proposed KeNIC digital marketing strategy and marketing plans for the 4<sup>th</sup> quarter and beyond and recommended consolidation of the presentations for the Board's consumption. Management was tasked to put up an advertisement at the i-hub for a digital resource person to develop the requisite marketing material for KeNIC and to apply for a credit card to facilitate online payments for the digital marketing.

The Committee also discussed the points of departure between KeNIC and Google in respect to the contractual framework to govern the proposed partnership for the 'Getting Kenyan Businesses Online' initiative and tasked Management to urgently schedule a meeting to address the same.

Management was also asked to ensure that the Consultant developing the KeNIC website optimizes it for mobile use and since the matter had been outstanding for long, to issue notice of termination of the contract should the concerns raised not be addressed in a timely manner.

In discussing the Minutes, the Board noted that ccTLDs should not engage in direct marketing as they require Registrars to sell domain names. In the circumstances, the Board requested the CEO to circulate the report of a workshop that had discussed Management of ccTLDs, including their marketing. The Board further expressed the need for change in Management culture, to ensure that staff live the KeNIC brand and seize every opportunity to market the organization.

With regard to the outstanding issues with Google, the Board asked Management to formally ask Google to remove any reference to discounted prices from their website, pending finalization of the contract negotiations. The Chairperson was tasked to attend the negotiation meeting and Management asked to liaise with the Company Secretary to prepare a presentation to guide the negotiations.

After due deliberation, the Board approved the above Minutes subject to the recommendations made.

#### **MINUTE 495/56/2011 CONSIDERATION OF BOARD PAPER ON LEGAL STATUS OF KENIC**

The Company Secretary introduced and took the Board through this paper, giving a background to Sections 83D and 83F of the Kenya Information and Communications Act, which make a requirement of a license to update a repository or administer a sub-domain in the .ke ccTLD and the Fifth Schedule to the Act, which governs transition.

She explained that although KeNIC has made efforts to comply with the law it was faced with a number of challenges, including the fact that:

1. KENIC's structure is based on multi stakeholder partnership (MSP) model, touted for Internet governance worldwide. ICANN and most domain registries have adopted this approach. Licensing and regulation of KENIC by the Commission which is one of its stakeholders and board members would be seen as distorting this model framework by elevating government over the other stakeholders in management of these Internet resources; and
2. The licensing framework would lead to separation of the top level domain (which is not subject to licensing) and the sub level domains (to be licensed) and introduce potential competition at the second level, resulting in multiple registries, which could lead to inconsistencies in domain service provision. The multi registry system also runs counter international best practice as the trend is to move towards a single registry system, as demonstrated by the South African experience.

In the circumstances, she proposed the deletion of the above mentioned provisions of the KICA so that KeNIC maintains its status without legal intervention, except under the Companies Act. She also advised that KeNIC liaises with the Commission, the custodian of communications resources, under a comprehensive MoU that would acknowledge the former as the only ccTLD and mandate it to carry out its functions.

After due deliberation on the paper, the Board approved it in principle and guided that further justification based on benchmarks with other jurisdictions be included. It was also agreed that KeNIC lobbies not just change in law but also policy.

The Board formed a taskforce consisting of the chairperson, Mr. Katundu, Mr. Ali and the Company Secretary to pursue the lobbying, which would target the Commission, Ministry of Information and Communications and the Parliamentary Committee on energy, transport and communications. It was also agreed that the Company Secretary develops a brief on the matter, circulates it for input from the board before the taskforce meets on 2<sup>nd</sup> November to chart the way forward.

**MINUTE 496/56/2011 CONSIDERATION OF BOARD PAPER ON RECONSTITUTION OF BOARD COMMITTEE MEMBERSHIP**

The Company Secretary gave a background to the paper and added that the KeNIC Board had recently reconstituted its membership and changed the chairperson, hence necessitating reconstitution of membership of the Committees in line with the changes.

After due deliberation, the Board agreed to reconstitute the Committees as below, based on members' expertise.

	HR Committee	Finance Committee	Marketing & Communications Committee
Chairperson	C. Nduati	A. Hussein	M. Kemibaro
Member	M. Katundu	M. Katundu	A. Hussein
“	Dr. Macharia	J. Muiruri	J. Muiruri
“	S. Buruchara	C. Nduati	Dr. Macharia

The Board further agreed that in line with good corporate governance principles, the frequency of Board and Committee meetings would be reduced to approximately one per quarter of the financial year, to give Management greater accountability for its work. It was agreed that Management would develop a Board Calendar and generally scheduled meetings of the Marketing & Communications Committee and the HR Committee before those of the Finance Committee, before a full Board meeting is scheduled. Room would, however, be given for more meetings if necessary.

**MINUTE 497/56/2011 ANY OTHER BUSINESS**

1. The Board deliberated on KeNIC's position on dot Africa and noted that various institutions had registered interest in managing the TLD. Management was requested to develop a paper for the Board's consideration on which institution to support in this regard.
2. The Board also deliberated on the communication between KeNIC and TESPOK on the hosting of the IPV6 workshop that was facilitated by AfriNIC, and pointed out that in future, the CEO should follow through his communication and the Board Directors should act in a fiduciary capacity in respect to matters touching on KeNIC.
3. The Board commended the Chairperson for successfully steering the IGF 2011 meeting.

There being no other business, the meeting ended at 10.40 a.m.

Confirmed on this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

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**Alice Munyua**  
**Chairman**

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**Lucky Waindi**  
**Secretary**