

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 16th July, 2003

The House met at 9.00 a.m.

[Mr. Deputy Speaker in the Chair]

PRAYERS

NOTICE OF MOTION

AMENDMENT OF THE CONSTITUTION OF KENYA REVIEW ACT

Mr. Wamwere: Mr. Deputy Speaker, Sir, I wish to give notice of the following Motion:- THAT, given that it is contrary to democratic, constitutional principle and the rule of law that the Constitution be flouted, the democratic principle of all-inclusive and equal representation trampled upon and sovereignty of the people denied in writing a new constitution; this House urges that before the National Constitutional Conference is reconvened, the Ministry of Justice and Constitutional Affairs undertakes the following measures:-

- (a) introduce an amendment to Section 47 of the Constitution of Kenya to:
 - (i) authorise the ongoing writing of a completely new constitution for Kenya; and additionally,
 - (ii) entrench the constitutional review process in the constitution;
- (b) that, the Constitution of Kenya Review Act Sections 27(1)(b), 2(c) and 5(iii) and 6 be amended to ensure:-
 - (i) that National Constitutional Conference shall have sufficient time and adequate resources to discuss, debate, amend and adopt the report and the draft Bill as opposed to a hurried rubber-stamping exercise that is currently evident;
 - (ii) additional delegates from the under-represented areas are added to the National Constitutional Conference to reflect the democratic principle of all-inclusive and equal representation for regions and communities; and
 - (iii) the mandatory holding of a national referendum on the draft new Constitution prior to its being tabled before Parliament for final approval.

ORAL ANSWERS TO QUESTIONS

Question No.199

ACTION AGAINST CARELESS POLICE DRIVER

Mr. Mwanicha asked the Minister of State, Office of the President:-

- (a) what action he has taken against the driver of police Land Rover which hit and

killed the late Mrs. Yunes Nyamoita Orina at Magombe Market in June, 2002; and,

(b) when the ailing husband of the deceased will be compensated.

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Deputy Speaker, Sir, I beg to reply.

(a) The driver of the vehicle, Police Constable Benjamin Chebii, was charged in court on 2nd April, 2003.

(b) Compensation for the family will be considered upon the advice of the Attorney-General, when the court finalises the pending case.

Thank you.

Mr. Mwanicha: Mr. Deputy Speaker, Sir, the husband of the deceased Mr. Orina, is a man on a wheel-chair following a very severe stroke attack. This case happened last year, in June. Could the Assistant Minister speed up the process so that the husband is compensated because the only daughter, who was their bread-winner, died sometime last month and now the family has no way of surviving. Could the Assistant Minister consider a faster compensation process?

Mr. Tarus: Mr. Deputy Speaker, Sir, until the case has been concluded by the court, it is difficult to hasten compensation. We will rely on the decisions of the court to be able to assist the family.

Mr. J.M. Mutiso: Thank you, Mr. Deputy Speaker. The resolution of cases as far as accidents are concerned can either be tackled in a court or be settled out of court. Could the Assistant Minister consider expediting this case by settling this matter out of court?

Mr. Tarus: Mr. Deputy Speaker, Sir, I think that is a matter to be determined by the people affected. I do not think that this House has the jurisdiction to determine whether it should be done in court or out of court.

Dr. Manduku: Mr. Deputy Speaker, Sir, thank you. When this accident happened, the lady was coming from hospital, carrying a child. The police driver who hit her was driving recklessly and was discovered to be drunk. I am asking if the Government has a system of vetting these Government drivers so that they are not drunk as they drive since it is more dangerous. We usually say that when you drink, do not drive; the Government should be the first to show us the way. All Government drivers should not be drunk while on duty.

Mr. Tarus: Mr. Deputy Speaker, Sir, as to whether the driver was drunk, that I cannot confirm here, but, I can indeed confirm that the motor vehicle appeared to have been defective. Let us leave it to the court to determine and conclude the case.

Mr. M. Kariuki: Mr. Deputy Speaker, Sir, I am aware that, for a long time, Government vehicles were not insured, particularly after the Kenya National Assurance went under. Could the Assistant Minister assure this House that Government vehicles are now insured and that this particular police Land Rover was insured, in which event it will be much easier to make the settlement for compensation?

Mr. Tarus: Mr. Deputy Speaker, Sir, I cannot assure the House that this vehicle was insured, but I can assure the House that following the information given, I am sure that this case will be concluded as soon as possible in order to facilitate resolution of this problem.

Mr. Mwanicha: Mr. Deputy Speaker, Sir, the Assistant Minister has admitted that the vehicle was defective. He says he cannot confirm whether the driver was drunk. Why has this compensation not yet been made? This lady was hit by the driver of a police Land Rover and yet the police are the ones who are investigating this crime. This matter will take a long time. Could this matter be settled out of court, so that we can help this family?

Mr. Tarus: Since the case is currently being disposed of by way of a public inquiry by the court, I think there is very little we can do until it is concluded.

SETTLEMENT OF DISPLACED FAMILIES

Mr. Muiruri asked the Minister of State, Office of the President:-

- (a) whether he is aware that there are 522 displaced families living in Kieni Forest of Gatundu North, with no shelter and basic human needs; and,
- (b) whether he could take urgent action to settle the displaced families.

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Deputy Speaker, Sir, we have looked at this Question and the facts around it would mean that it would adequately be handled by the Ministry of Environment, Natural Resources and Wildlife. It has since be re-directed back to that Ministry. I am sorry that this had to happen.

Mr. Muiruri: Mr. Deputy Speaker, Sir, I am very surprised that a Question on displaced people would be referred to the Ministry of Environment, Natural Resources and Wildlife. That cannot be! It should either be handled by the Office of the President or the Ministry for Lands and Settlement. This Question has been raised before and it was answered by a Minister of State in the Office of the President. You cannot run away from this Question. These people are living in the forest. They are displaced and they suffer quite a lot. I wish you could come there with me and see them.

Mr. Deputy Speaker: Mr. Assistant Minister, could you shed light on this issue? Who has re-directed this Question?

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Deputy Speaker, Sir, the people referred to were living in a forest. They were evicted from that particular area. I would suggest that we be given more time to answer this Question because it has been re-directed to the Ministry of Environment, Natural Resources and Wildlife. We shall liaise with them, in regard to the facts surrounding this Question.

Mr. Deputy Speaker: The Chair wishes to clarify this. If a Question is directed to a Ministry and the Ministry thinks that it is not in their purview to answer that Question, there should be communication with the Clerk, so that the Question can be re-directed. The Question cannot just disappear somewhere and the Ministers say it is not in their docket. I will defer this Question to Tuesday next week. It is still under the Office of the President as far as we are concerned.

Next Question!

*Question No.291*AWARD OF HEALTH MINISTRY TENDER
No.MOH(1)99-2000

Mr. Muturi asked the Minister for Health:-

- (a) what the terms and conditions of Tender No.MOH(1)99-2000 which closed on 9th September, 1999 were,
- (b) who was awarded that tender, at what price and why; and,
- (c) who the other bidders were and whether he could table a list showing each quotation and the technical evaluation report for each bidder.

The Assistant Minister for Health (Mr. Konchella): Mr. Deputy Speaker, Sir, I beg to reply.

(a) The general terms and conditions of Tender No.MOH(1)99-2000 had 24 previous provisions as well as special conditions which were to be met by the bidder. I hereby, lay these terms and conditions on the Table.

(b) The tender was awarded to the following firms to supply various items at a total cost of Kshs104,369,621. These are the firms:-

- (1) Alpha Medical Manufacturers - Kshs5,214,000

- (2) Becton Dickison - Kshs2,270,000
- (3) Glaytiki MC and S. Limited - Kshs5,500,000
- (4) Cavaldare M.E. Limited - Kshs13,909,885
- (5) Forces Equipment Limited - Kshs38,785,775
- (6) Joh Achelis - Kshs6,503,580
- (7) Pioneer Merchandise - Kshs2,800,000
- (8) Rup Pharm Limited - Kshs675,000
- (9) Sri Ram Products - Kshs8,138,760
- (10) Warner and Schmidt Limited - Kshs19,778,850
- (11) Vulcan Limited---

Mr. Deputy Speaker: Mr. Assistant Minister, how long will you take?

The Assistant Minister for Health (Mr. Konchella): I am about to read out the last one.

Mr. Deputy Speaker: If it is a lengthy list, you should lay it on the Table. I thought you said you were laying something on the Table. Where is it? Have you laid it on the Table?

The Assistant Minister for Health (Mr. Konchella): Mr. Deputy Speaker, Sir, I will bring it later.

Mr. Deputy Speaker: No, it does not go like that. You said: "I hereby table". You should lay those documents on the Table now, not later.

The Assistant Minister for Health (Mr. Konchella): I will lay it on the table before the end of Question Time.

Mr. Muturi: Mr. Deputy Speaker, Sir, the problem here is that the Assistant Minister is merely reading statements that have been given to him by the Ministry's technocrats. Be that as it may, the answer that the Assistant Minister is reading is actually unsigned. I am surprised that he said he is "hereby tabling it". I do not think the Chair should allow the Assistant Minister to merely talk about tabling and walking away, if he really meant to answer this Question. Could the Assistant Minister be compelled to lay on the Table, the technical evaluation report and the list of the other bidders as demanded in the Question?

Mr. Deputy Speaker: First of all, there are two issues here. There is the issue of the answer not being signed. Mr. Assistant Minister, is it correct that the answer is not signed?

The Assistant Minister for Health (Mr. Konchella): Mr. Deputy Speaker, Sir, this particular Question was here since last week. I signed it a week ago. It must have been brought here.

Mr. Deputy Speaker: The issue here is that the Chair has, from time to time, said that Ministers must take Questions seriously. If an answer is not signed, then it is not an answer. Secondly, you said you "hereby table". We want you to lay on the Table those documents. If you cannot table them, then it is not right. Could you now lay on the Table, something which is signed?

The Assistant Minister for Health (Mr. Konchella): Mr. Deputy Speaker, Sir, let me ask for more time. I will do so this afternoon.

Mr. Deputy Speaker: Why not right now?

The Assistant Minister for Health (Mr. Konchella): I have to leave the House to go and get them.

Mr. Deputy Speaker: In that case Mr. Assistant Minister, you are in default of answering that Question and I can only defer it till tomorrow. Let it be answered and you should lay on the Table those documents. This is the seriousness with which we want Ministers to take the Questions. The Question is deferred till tomorrow afternoon.

(Question deferred)

Next Question!

Question No.349

REHABILITATION OF MANYALA
SUB-DISTRICT HOSPITAL

Mr. Oparanya asked the Minister for Health:-

(a) whether she is aware that Manyala Sub-district Hospital in Butere Constituency is on the verge of collapse and cannot provide services for which it was built; and,

(b) what she is doing to rehabilitate the hospital.

The Assistant Minister for Health (Mr. Konchella): Mr. Deputy Speaker, Sir, I beg to reply.

(a) I am not aware that Manyala Sub-district Hospital is on the verge of collapse. I am, however, aware that the hospital is experiencing a water supply problem which the Ministry will address by drilling a borehole at the hospital next year.

(b) The hospital is currently operational and it does require rehabilitation other than the normal maintenance.

Mr. Oparanya: Mr. Deputy Speaker, Sir, I do not think that the Assistant Minister is serious with his answer. He says that the hospital is experiencing a water supply problem. There is no water supply to that hospital at all! The relatives of patients have to go to the river to fetch water for patients. There are no staff there. There are only two nurses remaining. The doctor who was posted there has disappeared because of lack of adequate facilities in the hospital. This hospital was built 14 years ago and it has not been maintained by the Ministry. So, this answer is not acceptable. I do not think that the Assistant Minister did enough research to come up with this answer. I have received a report from the Provincial Medical Officer of Health about the hospital. I do not know if the Assistant Minister has got that report. So, I will expect him to do his research and come up with a proper answer to this House.

Mr. Deputy Speaker: Order! Mr. Oparanya, so far you have not asked any question. So, shall I take it that you have no supplementary question?

An hon. Member: He does not accept the answer!

Mr. Oparanya: Mr. Deputy Speaker, Sir, I do not accept the answer! I need the Assistant Minister to be given enough time to come up with an appropriate answer.

Mr. Deputy Speaker: No!

Mr. Koech: Mr. Deputy Speaker, Sir, the hon. Member visits the constituency every weekend and he is sure that the hospital is not operational. Could the Assistant Minister tell the House whether he has actually sent an officer to the field to verify what the hon. Member says is the truth?

Mr. Konchella: Mr. Deputy Speaker, Sir, this is a brand new hospital, built in 1989, with the assistance of the African Development Bank (ADB). It used to receive water from Sidindi Water Project, but the pressure is too low. So, the hospital gets water, but the water pressure is not that much. However, the Ministry will drill a borehole in that hospital this financial year. We have already received funds from donors for that purpose. So, the hospital, just like any other, will benefit from these funds.

Dr. Khalwale: Mr. Deputy Speaker, Sir, the Assistant Minister should realise that he is responsible for the lives of the people of Butere District. Is he, therefore, serious to tell us that the hospital is running when the actual truth on the ground is that there are only two nurses in that hospital? Mr. Konchella, can two nurses run a hospital?

Mr. Konchella: Mr. Deputy Speaker, Sir, the issue of nurses was not a concern to this particular Question, but I will have to find out the status of the staff in that hospital.

Mr. Deputy Speaker: Is that Mr. Okioma?

Mr. Mwanicha: Yes, it is!

Mr. Deputy Speaker: How did you move so fast to that side? Just for the information of the House, hon. Members assist the Chair a lot if they stick to one place.

Mr. Mwanicha: Mr. Deputy Speaker, Sir, there were very many hon. Members standing

there, wanting to ask questions. So, that is why I came to this side.

(Laughter)

The issue of water shortages in hospitals is a problem countrywide. There are cases of the kind of patients carrying water from very distant places to patients in the hospitals. We know that there are many sick people in hospitals suffering from diarrhoea and the HIV/AIDS-related diseases. I am happy to hear that there are funds set aside for that particular hospital from a donor. What measures has the Ministry put in place to provide clean and sufficient water to all hospitals throughout the country?

Mr. Konchella: Mr. Deputy Speaker, Sir, the Ministry will drill 50 boreholes countrywide this financial year. This will be done between now and March next year. Every hospital will have a borehole in the next one year.

Mr. Mganga: Mr. Deputy Speaker, Sir, we heard the Assistant Minister say that this is "a brand new hospital" that was put up only 14 years ago. He went ahead and said that the hospital is running. As you very well know, a hospital is not just a building, but what is contained in it, in terms of enough medical staff, equipment and drugs. Does the Assistant Minister want us to make believe that by merely having a building that was constructed last year, we have a hospital running, even if there are no drugs, nurses and medical equipment? Could he tell this House when he will provide that hospital, and other hospitals in the country, with adequate staff, medical equipment and drugs?

Mr. Konchella: Mr. Deputy Speaker, Sir, the Question is about water, but it is not about drugs or nurses.

Mr. Deputy Speaker: Order! Mr. Konchella, please, take these questions seriously. I do not see the word "water" in the Question. The Question is that the hospital is on the verge of collapse and cannot provide services.

So, please, the question by Mr. Mganga is valid. Therefore, address yourself to it.

Mr. Konchella: Mr. Deputy Speaker, Sir, this will be done in the course of this financial year.

(Laughter)

Mr. Deputy Speaker: Last question, Mr. Oparanya!

Mr. Oparanya: Mr. Deputy Speaker, Sir, as I said earlier, I need a comprehensive answer for this Question because this hospital is on the verge of collapse. Everything is not working and even the doctor who was posted to the hospital has already left. Maybe, the Assistant Minister is not aware of this. So, I need a comprehensive answer.

Mr. Konchella: Mr. Deputy Speaker, Sir, I will send the Director of Medical Services to visit the hospital this week.

Mr. Deputy Speaker: Well, could the Chair help? Could the Assistant Minister undertake to visit the hospital personally and ascertain whether the facts he has are in tandem with the facts by the hon. Member? Mr. Konchella, could you say something about this?

Mr. Konchella: Mr. Deputy Speaker, Sir, I will do it in the course of next week.

Mr. Oparanya: Mr. Deputy Speaker, Sir, could the Assistant Minister be specific as to when he will visit the hospital?

Mr. Deputy Speaker: No, Mr. Oparanya! The Chair will not go to the extent of keeping diaries and fixing dates. You go and meet the Assistant Minister and fix a date. Perhaps, if he cannot comply, you report back to the Chair!

Mr. Oparanya: Okay, I agree!

Mr. Mwanicha: On a point of order, Mr. Deputy Speaker, Sir. Yesterday, Mr. Angwenyi told us that sometimes, in this House, hon. Ministers read answers which are sent to them by the officers in the field without, first, verifying them. The other day---

Mr. Deputy Speaker: Mr. Okioma, what is your point of order?

Mr. Mwancha: Mr. Deputy Speaker, Sir, my point of order is that, as a matter of fact, could the Ministers be counter-checking the information they get from the officers in the field?

Mr. Deputy Speaker: Order! That is not a point of order!

Mr. Deputy Speaker: Next Question, Mr. Ethuro!

Question No.190

SALE/LEASE OF GOVERNMENT
HOUSES IN LODWAR

Mr. Ethuro asked the Minister for Roads, Public Works and Housing:-

- (a) how many Government houses are in Lodwar Municipal Council;
- (b) how many of those in "a" above have been leased and how much revenue the Government has generated as rent for the last ten years; and,
- (c) under what terms and circumstances the Government has sold public houses to individuals in Turkana District.

The Assistant Minister for Roads, Public Works and Housing (Eng. Toro): Mr. Deputy Speaker, Sir, I beg to reply.

(a) There are three high grade staff houses (HGS), 90 middle grade staff houses (MGS) and 78 low grade staff (LGS) in Lodwar Municipality.

(b) Those which have been leased are three HGS houses, 69 MGS houses and 68 LGS houses. The revenue which the Government generated since July, 2001, is Kshs3,681,600.

(c) There are no Government houses which have been sold to individuals in Turkana District.

Mr. Ethuro: Mr. Deputy Speaker, Sir, if you look at this answer by the Assistant Minister, the revenue generated is a calculation of the number of houses and what the rent is supposed to be. In reality, the tenants do not pay rent as is required. Secondly, we have the Public Servants' Club which has been allocated to an individual. This has denied the civil servants an opportunity to socialise. We have a place known as "Nature" which is owned by the County Council and it is being operated by the individual. There are many of such cases which this answer has not covered. Those are the ones we are interested in; where Government houses have been given to individuals over a long period and I know, for a fact, that no rent is being paid. Could the Assistant Minister investigate and get a proper answer from his officers in the field? I can provide more details.

Eng. Toro: Mr. Deputy Speaker, Sir, I would be happy if the hon. Member could provide me with those details. According to the facts I have, no Government house has been sold or given out to private individuals. I have the rent figure for each category of houses that have been rented out to civil servants. For the HGS houses, the approved rent in Lodwar Municipality is Kshs6,500 per month, for the MGS houses - Kshs1,300 per month, and the LGS Houses is Kshs650 per month. That is why the collection appears to be very low for that particular area.

Mr. Munya: Mr. Deputy Speaker, Sir, there are many Government houses in municipalities and urban centres across the country that have either been grabbed or sold at throw-away prices to individuals in the previous regime. What steps has the Ministry taken to recover those houses?

Eng. Toro: Mr. Deputy Speaker, Sir, currently, the Ministry is in the process of taking stock of which houses are vacant. When the Government policy changed that civil servants had to pay for rent for their houses with effect from July, 2001, most of them opted to leave the Government houses and rented private houses. In the course of doing that, some houses were left vacant and even now some of them are still vacant. We are re-assessing and taking stock of which Government houses are vacant and what to do with them. The issue of selling Government houses, as a policy, was reversed until proper investigations have been conducted.

Mr. Ethuro: Mr. Deputy Speaker, Sir, the Minister responsible stated clearly that all non-civil servants should vacate Government houses. What are non-civil servants still doing in Government houses in Lodwar? Could the Assistant Minister ensure that those houses go to Lodwar Municipal Council?

Eng. Toro: Mr. Deputy Speaker, Sir, civil servants who can afford to pay the rent stipulated by the Government stay in Government houses. Those who do not want to pay the stipulated rent are free to rent private houses. We cannot order those civil servants who want to stay in Government houses to move out if they are prepared to pay.

Mr. Deputy Speaker: Next Question, Mr. Ndile!

Question No.443

IMPLEMENTATION OF REP IN KIBWEZI

Mr. Ndile asked the Minister for Energy:-

- (a) if he is aware that some markets in Kibwezi Constituency, namely: Mbui-Nzau, Kibarani, Kinyambu and Machinery along the Mombasa-Nairobi Highway were left out of the rural electrification programme in the area; and,
- (b) how much money he has set aside for the projects in "a" above.

The Assistant Minister for Energy (Mr. Kiunjuri): Mr. Deputy Speaker, Sir, I beg to reply.

(a) I am aware that some markets in Kibwezi Constituency, namely: Mbui-Nzau, Kinyambu and Machinery along the Mombasa-Nairobi Highway were left out of the rural electrification programme in the area. However, I am unable to locate Kibarani Market in Kibwezi Constituency.

(b) The Government is in the process of distributing funds allocated for the Rural Electrification Programme in this year's Budget to all districts in the country using an agreed formula; that is, the population size, area to be covered and the existing electricity network in each district at the rate of 55 per cent, 22 per cent and 23 per cent respectively. The district with the lowest power supply network will be accorded 23 per cent and the one with the highest population, 55 per cent.

Under this arrangement, projects will be implemented on the basis of recommendation and priority ranking by the respective DDCs. In this respect, Mbui-Nzau, Kinyambu and Machinery markets in Kibwezi Constituency will, therefore, be considered for electrification if they will be prioritized as highly ranked projects by the Makueni DDC during the current financial year.

Mr. Ndile: Bw. Naibu Spika, mihimili ya waya za stima ilipitishwa katika soko hizo na kupelekwa sehemu zingine. Waziri Msaidizi anajaribu kusema kwamba sharti miradi hiyo ipitishwe na Kamati ya Maendeleo ya Wilaya ya Makueni, lakini kamati hiyo ilipitisha miradi hiyo mwaka wa 1998 na hakuna jambo lolote limetendeka. Hata Bw. Moi, aliyekuwa Rais, alipopitia pale alitumbia kwamba ikiwa hatutaingia katika Chama cha KANU, hatutapata stima. Ningemuomba Waziri Msaidizi alieleze Bunge hili ni lini tutapata stima badala ya kuturejesha kwa Kamati ya Maendeleo Wilayani? Wakati tulipokuwa katika Bomas of Kenya, wananchi walipendekeza kuondolewa kwa Utawala wa Mkoa na Kamati za Maendeleo Wilayani ambazo anaongea juu yake.

(Laughter)

Mr. Kiunjuri: Mr. Deputy Speaker, Sir, it is true that some of those markets never received power, but we know where the blame falls. This is a serious Government and we are going to maximise the already existing network. We are waiting for the money to be released by the Treasury before we think of electricity supply to those markets. We must also rank them whichever way.

Mr. Kombe: Mr. Deputy Speaker, Sir, could the Assistant Minister instal transformers in

those centres? Since the poles have already passed there, it is now cheaper for the Ministry to undertake the supply of electricity in those areas.

Mr. Kiunjuri: Mr. Deputy Speaker, Sir, we are considering that. We shall maximize the use of already existing network and this will be easier for us to maintain those lines. Already the cost of maintaining those power lines is very high because nobody is using the power. We are going to maximise the already existing network and step down the power lines so that those centres can be supplied with electricity.

Mr. Manoti: Mr. Deputy Speaker, Sir, everyday there is a Question about electricity supply, and we get the same answer from the Ministry. There are so many trading centres with electricity, but many people who want to use it are deterred by the extra charges by the Ministry. Could the Assistant Minister confirm that anybody living within a one-kilometre radius will get electricity without any conditions, provided he pays the required deposit?

Mr. Kiunjuri: Mr. Deputy Speaker, Sir, may I advise hon. Members that what we are doing today--- We have been in the Government for seven months. We are trying to undo what was done in 24 years; a policy where maximization was never considered. Ours is to take serious action and we are going to do that. It depends on the Budget. Once we get the funds, we are going to do exactly what Members want.

Mr. J.M. Mutiso: Mr. Deputy Speaker, Sir, as you have heard from the hon. Member, we keep on getting similar answers to the problem of rural electrification in this country.

This year, the World Bank recommended that there should be right-sizing, or in other words, a retrenchment of the Kenya Power and Lighting Company (KPLC) staff. That notwithstanding, we have also heard that the KPLC is bankrupt. Does the Ministry have the capacity to honour all the pledges of rural electrification in this country?

Mr. Kiunjuri: Mr. Deputy Speaker, Sir, given time, we shall have the capacity. Similar Questions will always receive similar answers. This is a Question of why electricity was not supplied to various areas, and it is related to other Questions which have been asked before. Therefore, related Questions will always get related answers.

Mr. Muiruri: On a point of order, Mr. Deputy Speaker, Sir. Did you hear Mr. J. Mutiso tell this House that the KPLC is bankrupt? Could the Assistant Minister---

Mr. Deputy Speaker: Order, Mr. Muiruri! You stood on a point of order! You did not stand to ask a question.

Mr. Muiruri: Mr. Deputy Speaker, Sir, my point of order is: The Assistant Minister has deliberately refused to answer the Question that the KPLC is bankrupt. This is a serious matter.

Mr. Kiunjuri: Mr. Deputy Speaker, Sir, the KPLC is not bankrupt. If it is, it will be known. What is happening is that the KPLC has problems just like any other parastatal or company. However, we are doing our best to rehabilitate it. That is one of the few State corporations that, even if they are given out, nobody can buy them for the price offered.

Mr. Ndile: Bw. Naibu Spika, Waziri Msaidizi amekwepa kulijibu Swali langu. Nimemuuliza kuhusu miji ya Mbui-Nzau, Kibarani na Kinyambu, lakini hajanijibu. Nataka kujua ni lini na ni pesa ngapi zimetengwa kuweka stima kwenye miji hiyo?

Mr. Kiunjuri: Mr. Deputy Speaker, Sir, may I inform the hon. Member that once a Question is before the House, it becomes the property of the House. That is why I have to answer all the other supplementary questions. However, the amount of money for Mbui-Nzau Market is Kshs4,981,000. For Kinyambu Market, it is Kshs10,813,000, and Machinery Market has Kshs18,195,000. Even if we distribute that money according to districts, Kibwezi Constituency would take more than the whole district; from the allocation that we got of Kshs500 million.

Mr. Deputy Speaker, Sir, however I assure Members that we shall be very genuine and fair. They should come to my office and we shall look at those things and maximize where possible.

*Question No.148*RESTORATION OF SETTLEMENT SCHEME
PLOTS TO OWNERS

Mr. Khamisi asked the Minister for Lands and Settlement in view of the allocation of Plots Nos.139, 140 and 141 on which the Mtepeni Primary School stands and Plots Nos.142 and 143 reserved for a shopping centre at Mtwapa Settlement Scheme, Kikambala Division, whether he could inform the House what the Government intends to do to restore the land in question to its original owners.

The Assistant Minister for Lands and Settlement (Mr. Ojode): Mr. Deputy Speaker, Sir, I beg to reply.

The Ministry does not have a settlement scheme by the name Mtepeni Settlement Scheme. However, the description of the area mentioned by the hon. Member appears to relate to Mtwapa Settlement Scheme which is already registered. I do concur with him.

I am aware that Mtepeni Primary School has a land dispute with owners of Plots Nos.140 and 141 and the Ministry is in the process of acquiring that land for the school's use.

Mr. Khamisi: Mr. Deputy Speaker, Sir, Mtepeni Primary School was established way back in 1940. When the Mtwapa Settlement Scheme was established in 1967, five plots were set aside for educational purposes and a trading centre. However, those plots were grabbed. Could the Minister explain the circumstances under which those plots were grabbed and who are the owners?

Mr. Ojode: Mr. Deputy Speaker, Sir, Plots Nos.139, 140, 141, 142, and 143, in Mtwapa Settlement Scheme, were allocated as follows: Plot No.139 measuring 4.3 hectares was allocated to Antony M. Chibuni. Plot No.140 measuring 4.3 hectares was allocated to Mwanamwinyi Athuman. Plot No. 141 measuring 3.95 hectares was allocated to Juma Ahmed. Plot No.142 measuring 4.66 hectares was allocated to Dickson Kombe and Plot No.143 measuring 4.66 hectares was allocated to Mohammed R. Mwakaneno.

Mr. Serut: Mr. Deputy Speaker, Sir, you have heard very clearly the Assistant Minister tell the House that those plots were surrendered to the Government for the respective user. Now that the same plots have been allocated elsewhere, why should the Government compensate those people, whereas those plots were intended for a school and a trading centre?

Mr. Ojode: Mr. Deputy Speaker, Sir, I have mentioned here that the school occupies Plots Nos.140 and 141. We are in the process of acquiring both plots for that school to expand. So, I do not think there should be any problem with the two plots. We will acquire them and, if possible, the allottees can be given alternative plots.

Mr. Kajembe: Mr. Deputy Speaker, Sir, the Assistant Minister knows that, that school occupies the two plots, and some people have grabbed them. Now, the Assistant Minister has used the words "to acquire". Is he going to acquire or repossess them?

Mr. Ojode: Mr. Deputy Speaker, Sir, that is a good question. A title deed has already been issued for plot No.140, and I will apply the Land Acquisition Act to compulsorily acquire it. The other plot No.141 has not had a title deed issued for it, and I will repossess it.

Mr. Khamisi: Mr. Deputy Speaker, Sir, Mtepeni Primary School is built on squatter land just as many other schools in my constituency are.

Could the Assistant Minister tell us the measures he intends to take to ensure that schools are issued with title deeds for their land to deter land grabbers from encroaching on it?

Mr. Ojode: Mr. Deputy Speaker, Sir, we have written to all Ministries urging them to ensure that their institutions are issued with title deeds. This is an on-going process and I hope that in the

next three or four months, all Government institutions in Kenya will have title deeds for their pieces of land.

Question No.440

IMPLEMENTATION OF SAFETY PRECAUTIONS BY KENYA SHELL DEPOT

Mr. Ndolo asked the Minister for Local Government:-

- (a) what measures are in place to ensure that safety precautions are taken by Kenya Shell Petroleum Depot in Industrial Area against life-threatening accidents;
- (b) whether he could inform the House the number of effective fire fighting stations within Industrial Area and the status of other facilities; and,
- (c) what category of personnel is based in these stations.

Mr. Deputy Speaker: Is there anybody from the Ministry of Local Government here? I thought I saw the Assistant Minister for Local Government, Mrs. Tett, here. Where is she?

Hon. Members: She has gone out! We can wait for her!

Mr. Deputy Speaker: Order! The House cannot wait for her to come back to answer this Question. We will come back to this Question later on.

Let us move on to Questions by Private Notice.

QUESTIONS BY PRIVATE NOTICE

BRETTON WOODS INSTITUTIONS
AID CONDITIONS

Mr. Weya: Mr. Deputy Speaker, Sir, I beg to ask the Minister for Finance the following Question by Private Notice.

Could the Minister table a full list of conditions that the Bretton Woods Institutions want Kenya to meet?

The Minister for Finance (Mr. Mwiraria): Mr. Deputy Speaker, Sir, I seek the indulgence of the Chair to be given more time to answer this Question later on. This is because negotiations between the Government and the Bretton Woods Institutions are still on-going and new conditions keep coming in.

(Laughter)

But what is even more important is the fact that there are old conditions in old files which we are trying to dig up. These conditions were even complied with by the previous Government. In order to give this House a comprehensive answer, I need to be given more time to get the old conditions set by the Bretton Woods Institutions from the old files and the new conditions they have given the Government. I have already notified the Questioner about this matter and he is in agreement.

Mr. Weya: Mr. Deputy Speaker, Sir, I have a lot of respect for the Minister for Finance because he is one of the very few Ministers whose lifestyle has not changed.

(Laughter)

Mr. Deputy Speaker: Order! Mr. Weya, you should address yourself to the issue before the House!

Mr. Weya: Mr. Deputy Speaker, Sir, I will give the Minister the benefit of doubt, and request the Chair to give him more time to bring an answer to this House.

Mr. Deputy Speaker: Mr. Minister, I will give you more time to bring an answer to this House at a later date.

Hon. Members: When will the Minister bring an answer to this House?

Mr. Deputy Speaker: Hon. Members, I am not going to fix the date when the Minister will answer this Question.

(Question deferred)

OWNERSHIP STATUS OF NAKURU
MUNICIPAL UTILITY PLOT

Mr. M. Kariuki: Mr. Deputy Speaker, Sir, I beg to ask the Minister for Lands and Settlement the following Question by Private Notice.

(a) In view of the heightened tension at a public utility plot adjacent to Nakuru Wholesale Market, Nakuru Municipality Block 10/197 between the traders, the Goan Institute on the one hand and a claimant by the name Azubedi on the other, could the Minister clarify who is the rightful owner of the land?

(b) Could the Minister consider acquiring the disputed land under the Compulsory Acquisition Act?

The Assistant Minister for Lands and Settlement (Mr. Ojode): Mr. Deputy Speaker, Sir, I beg to reply.

(a) The current registered proprietor of plot No.LR Nakuru Municipality Block 10/197 is Mr. Said Abdallah Azubedi.

(b) The Ministry may facilitate compulsory acquisition of the land provided Nakuru Municipal Council initiates the process, complies with the requirements of the Land Acquisition Act, Cap.295, and also confirms that funds are available to compensate the registered proprietor.

(Applause)

Mr. M. Kariuki: Mr. Deputy Speaker, Sir, the plot in question was initially owned by the Goan Institute which donated it for public utility. Part of the land was donated to the Nakuru Municipal Council which put up a market, while the rest of the land was allocated to KANU to construct an office. Could the Assistant Minister explain how land donated for public utility ended up in private individuals' hands? The way I understand the law----

Mr. Deputy Speaker: Mr. M. Kariuki, you have asked the Assistant Minister a question. Let him answer it.

Mr. Ojode: Mr. Deputy Speaker, Sir, it is true that plot No.10/197 was part of LR No.451/1298 leased to the Goan Institute for 15 years with effect from 1st July, 1963. The lease expired on 1st July, 1978 and the land reverted to the Government. In 1982, the original LR No.451/1298 was divided into two equal portions of one hectare each. One of these portions was allocated to Nakuru Municipal Council, while the other portion was allocated to KANU, Nakuru Branch. The current registered owner, Mr. Azubedi, purchased the same plot from private individuals who had bought it from KANU, the initial allottee. The Ministry may facilitate compulsory acquisition of the land provided that the council complies with the requirements of the Land Acquisition Act, Cap 295. The Nakuru Municipal Council has written to the Ministry of Lands and Settlement with regard to the same, and in turn my Ministry has written to the council asking it to

initiate the process and confirm the availability of funds for compensation. I will repossess this land once I get a reply from the council.

Mr. Waithaka: Thank you, Mr. Deputy Speaker, Sir. Could the Assistant Minister tell this House when the title deed to that plot was issued to KANU? Could he also tell us when the party transferred the plot to Mr. Azubedi?

Mr. Ojode: Mr. Deputy Speaker, Sir, I do not have the exact dates but I can look for them. We have agreed to compulsorily acquire this plot once Nakuru Municipal Council confirms to us that it has money to compensate Mr. Azubedi.

Mr. M. Kariuki: Thank you, Mr. Deputy Speaker, Sir. I do not know whether the Assistant Minister is aware that the title deed held by Mr. Azubedi is for both what was donated by the Goan Institute and the two acres it retained. This means that the Goan Institute was a very generous donor, but has now lost the two acres it retained. What has the Assistant Minister done to ensure that the Goan Institute gets a title deed to its land? What has he also done to ensure that the commission set up to look into grabbed land looks into this matter?

Mr. Ojode: Mr. Deputy Speaker, Sir, the portion of land which was left for the Goan Institute has got a title deed and we do not have a problem with it. It is the portion of land which was hived off the original land which has a problem. The Goan Institute has a title deed for its land. In any case, if the institute has a problem, it can always approach the Ministry so that it can solve it as soon as possible.

Mr. Deputy Speaker: Hon. Member, it is not normal practice for us to go back to ordinary Questions after we have dealt with Questions by Private Notice. However, due to the public interest involved, I will allow Mr. Ndolo to put his Question to the Minister for Local Government.

Mr. Ndolo, ask your Question!

Question No.440

IMPLEMENTATION OF SAFETY PRECAUTIONS BY KENYA SHELL DEPOT

Mr. Ndolo asked the Minister for Local Government:-

- (a) what measures are in place to ensure that safety precautions are taken by Kenya Shell Depot in Industrial Area against life-threatening accidents;
- (b) whether he could inform the House the number of effective fire-fighting stations in Industrial Area and the status of other facilities; and,
- (c) what category of personnel is based in those stations.

The Assistant Minister for Local Development (Mrs. Tett): Mr. Deputy Speaker, Sir, I apologise for coming late. However, I beg to reply.

(a) The personnel have been trained in fire-fighting and evaluation skills. Some of the measures that we have put in place are as follows: We have installed fire-fighting facilities such as reserved water, booster pumps, fire hydrants and alarm systems connected to the City Fire Station via remote controls. We have also installed necessary direction signs, fire instruction notices and smoke detectors.

(b) There is one effective fire-fighting station at the Enterprise Road, Industrial Area. Other facilities include the fire-fighting station headquarters at Tom Mboya Street and at Ruaraka, both of which are in good condition.

(c) The category of the personnel based at those stations are as follows: The City Fire Station Headquarters has 60 fire-fighters and fire administrative officers. Ruaraka has 15 fire-fighters and Industrial Area has 21 fire-fighters.

Thank you.

Mr. Ndolo: Mr. Deputy Speaker, Sir, I thank the Assistant Minister for that answer. But a week cannot pass without a fire causing huge damages in Nairobi. What measures are put in place to ensure that the fire menace is controlled effectively?

Mrs. Tett: Mr. Deputy Speaker, Sir, there are 11 fire-fighting equipment at the Mombasa Port, which have been lying there for many years. We have made arrangements and clear them. They are now in Mombasa and we are going to distribute them throughout the country.

Maj. Madoka: Mr. Deputy Speaker, Sir, could the Assistant Minister tell us whether she is satisfied that we have adequate fire-fighting equipment in the City of Nairobi?

Mrs. Tett: Mr. Deputy Speaker, Sir, we are trying our best! As I have said, we are trying to get the 11 fire-fighting equipment immediately. Recently, our Minister went to France and negotiated for more fire-fighting equipment as grants. They have also agreed to train our fire-fighting personnel.

Mr. Deputy Speaker, Sir, in 1993, there was a grant of 40 fire-fighting equipment from France, but only 20 arrived. The rest arrived in 1997. It is very dangerous not to have enough fire-fighting equipment to safeguard the lives of our people. But we are doing our level best to make sure that we get adequate fire-fighting equipment not only in Nairobi, but also throughout the country.

Mr. Deputy Speaker: Mrs. Tett, the question was: Are you satisfied that Nairobi has got sufficient fire-fighters?

Mrs. Tett: Yes! At the moment, we can control fire outbreaks in Nairobi. But we are saying we can do better.

Mr. Shitanda: Mr. Deputy Speaker, Sir, is the Assistant Minister aware that in most cases, when we have fire outbreaks in Nairobi, the fire-fighting engines rush there only to discover they do not have water? What is she doing to correct that anomaly?

Mrs. Tett: Mr. Deputy Speaker, Sir, that is not always the case. That may have happened when there was a water shortage. But, at the moment, we are in control.

Mr. Ndolo: Mr. Deputy Speaker, Sir, could the Assistant Minister inform the House the status of the facilities in those stations?

Mr. Deputy Speaker: I can see the Assistant Minister has not heard your question. Could you repeat?

Mr. Ndolo: Yes, Mr. Deputy Speaker, Sir. Could the Assistant Minister further inform the House the status of the facilities in those stations?

Mr. Deputy Speaker: Mrs. Tett, did you get him?

Mrs. Tett: Yes, I did. The facilities are in very good state. We have two water tanks with a capacity of 10,000 litres. We have a reserve tank that was donated by the United States of America after the 1998 bomb blast, two ambulances, office facilities, 60 fire men, a dormitory, general fire prevention office, office and control room, recreation room, lecture room and two canteens. What more do we need?

Mr. Deputy Speaker: That is the end of Question Time.

Mr. Kombe: On a point of order, Mr. Deputy Speaker, Sir. Last week, I was promised a Ministerial Statement by the Minister for Trade and Industry. He was supposed to issue it yesterday. I waited yesterday, but it was not forthcoming. Could he issue it today?

The Assistant Minister for Trade and Industry (Mr. Miriti): Mr. Deputy Speaker, Sir, we have referred that issue to the Office of the President. I held discussions with the hon. Member yesterday and told him that.

Mr. Khamisi: On a point of order, Mr. Deputy Speaker, Sir. Three weeks ago, I rose on a point of order to ask for a Ministerial Statement from the Minister for Local Government in respect of Mr. Jackson Baya, who was nominated by his party as a councillor to the Kilifi County Council, approved by the Electoral Commission of Kenya (ECK), but has not been gazetted. That Ministerial

Statement has not been issued and is causing a lot of concern. Could I be told when it will be issued?

The Assistant Minister for Local Government (Mrs. Tett): Mr. Deputy Speaker, Sir, we will issue that Statement, latest on Tuesday.

Mr. Deputy Speaker: I think we have to give a specific date for that Ministerial Statement. It has taken over three weeks since it was requested!

Mrs. Tett: Mr. Deputy Speaker, Sir, we will issue it on Tuesday next week.

Mr. Deputy Speaker: Very well. Maj. Gen. Nkaisserry!

POINTS OF ORDER

POLICE OBSTRUCTION OF HON. MOI'S VISIT TO HIS CONSTITUENCY

Maj. Gen. Nkaisserry: Mr. Deputy Speaker, Sir, I rise demand a Ministerial Statement from the Minister of State, Office of the President on a matter of national security concern.

On 10th July, 2003, the Member of Parliament for Baringo Central was barred by the police from visiting his constituents on orders from above. On that particular day, we know that the Head of State, the Vice-President and Minister for National Reconstruction and the Minister in charge of internal security were out of the country. In that Statement, I would like the Government to tell Kenyans the position with regard to freedom of movement and freedom of speech as enshrined in the Constitution of this country.

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Deputy Speaker, Sir, we shall provide the Statement on Tuesday, next week.

Mr. Deputy Speaker: Very well. The Ministerial Statement will be issued on Tuesday.

CLASH BETWEEN SECURITY PERSONNEL AND TURKANA RESIDENTS

Mr. Ethuro: On a point of order, Mr. Deputy Speaker, Sir. I rise on a very sad note to demand a Ministerial Statement from the Minister of State, Office of the President, in charge of internal security.

As we assemble in this august House this morning, there has been a fire exchange between Kenyan security forces and the local people in Turkana District. On my way to Nairobi on Monday, I met two truck loads of security forces heading for a place called Kalemnyau in my Constituency. Yesterday, some teachers were taken to Lodwar unconscious after they had been brutalised by the police. I am surprised that the National Rainbow Coalition (NARC) Government can do such a thing to my constituents. These are things which used to be done during the colonial times. Our security forces are fighting our own people. Therefore, I would like the Minister to issue a Ministerial Statement on the matter, with a view to calling off the ongoing security operation in that area.

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Deputy Speaker, Sir, I undertake to issue the Ministerial Statement.

Hon. Members: When? Issue it tomorrow!

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Deputy Speaker, Sir, it is not possible for me to issue the Ministerial Statement tomorrow. I will do so on Wednesday.

Mr. Deputy Speaker: Very well.

Mr. Ethuro: On a point of order, Mr. Deputy Speaker, Sir. It will be too late to do so next week. If we wait until then, residents in the entire Turkana District will be wiped out. Is this

Government really responsible? I demand that the Ministerial Statement be issued tomorrow!

Mr. Deputy Speaker: Order! Order! Mr. Ethuro, your point has been noted. Mr. Assistant Minister, you must realise that this matter is urgent. As the hon. Member says, Wednesday next week will be too late. So, in view of the urgency of the matter, could you issue an interim Ministerial Statement tomorrow afternoon?

The Assistant Minister, Office of the President (Mr. Tarus): I will do so, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: Very well. Let us proceed to the next Order.

MOTIONS

REHABILITATION OF MIWANI SUGAR FACTORY

THAT, in view of the importance of the sugar industry to the economy, noting that Miwani Sugar Factory is one of the first factories to operate in this country and cognisant of the fact that the factory assets have been misappropriated by investors; this House calls upon the Government to rehabilitate Miwani Sugar Factory and all other factories in the country to make them operational.

(Mr. Sungu on 9.7.2003)

*(Resumption of Debate interrupted
on 9.7.2003)*

Mr. Deputy Speaker: Prof. Olweny, you were on the Floor when debate on this Motion was interrupted. So, continue.

Prof. Olweny: Mr. Deputy Speaker, Sir, I was making my contribution in support of the Motion. I wish to state that Miwani Sugar Factory is a viable project with viable mills, a distillery and a refinery. The factory is viable because it has a 10,000-acre nucleus estate, which can be---

(Loud consultations)

Mr. Deputy Speaker: Order! Order, hon. Members! Order, Mr. Wamunyinyi! Hon. Members, let us have order in the House. Prof. Olweny is making a very useful contribution to the Motion before the House.

Prof. Olweny: Mr. Wamunyinyi is spoiling my speech!

Mr. Deputy Speaker: Order! Prof. Olweny, I am restoring order, so that you can make your contribution to the Motion. Do you want to restore order in this House by yourself?

Prof. Olweny: Mr. Deputy Speaker, Sir, I thank you for your intervention.

Miwani Sugar Factory has a 10,000-acre nucleus estate, which is revivable.

Mr. Wamunyinyi: What did the professor say about me?

Mr. Deputy Speaker: Order, Mr. Wamunyinyi! May we have order in the House!

Prof. Olweny: Mr. Temporary Deputy Speaker, Sir, Miwani Sugar Factory collapsed due to mismanagement by the looters that we had in the previous regime. The previous Government forced the former owner of Miwani Sugar Factory to flee the country and it introduced private management of the factory which led to serious looting of its assets. This is one of the things that were imposed on

Miwani Sugar Factory, so that whatever was realised by the company could be shared out amongst the looters.

Mr. Temporary Deputy Speaker, Sir, Miwani Sugar Company has been given to somebody called Somaia. He was given a loan which he used to acquire the factory and the nucleus estate, which he then gave to his agents in Miwani and Kisumu to manage. The factory was mismanaged and, subsequently, it collapsed. There is another clique of Asians in that region which looted about Kshs400 million from Miwani Sugar Factory. All this contributed to the collapse of the factory. These people were not doing this alone. Some power brokers in the KANU regime helped them bring down Miwani Sugar Factory. So, I would like an investigation to be instituted, so that the looters of the factory's assets can be brought to book.

[Mr. Deputy Speaker left the Chair]

[The Temporary Deputy Speaker (Mr. Poghisio) took the Chair]

Mr. Temporary Deputy Speaker, Sir, the collapse of Miwani Sugar Factory has brought a lot of suffering to that region. Parents do not have money with which to pay school fees for their children. The death rate in that region has sky-rocketed because people do not have money with which to meet their medical needs. The infrastructure in the region has also collapsed because Miwani Sugar Factory collapsed. So, the collapse of the factory has brought about a lot of poverty to that region. Therefore, the revival of Miwani Sugar Factory will revamp the economy of that particular area.

When reviving the sugar factory, another issue which needs to be addressed is that of absentee farmers. In the sugar belt, there are several farms which are lying idle. Now that the Government is looking into the issue of reviving the sugar industry, I would suggest that such farmers be encouraged to develop their farms. Let them grow sugar-cane. Otherwise, they should lease the farms out to people who can develop them. Miwani Sugar Factory owes farmers and workers a lot of money. I hope that the Government will also address this aspect.

Mr. Temporary Deputy Speaker, Sir, another factory that is also viable, and which could be revived, is Ramisi Sugar Factory. Some people say that sugar-cane cultivation in the Coast Province is not viable. Let me tell this House that breeding of sugar-cane planting material in this country is done at the Coast Province.

Thank you, Mr. Temporary Deputy Speaker, Sir.

*(Several hon. Members stood up
in their places)*

The Temporary Deputy Speaker (Mr. Poghisio): Order! Order, hon. Members! Prof. Olweny, it is always good to conclude your contribution by saying whether you support or oppose a Motion.

Prof. Olweny: Mr. Temporary Deputy Speaker, Sir, I started my contribution by saying that I supported the Motion. So, I would like to end by saying that I support it.

The Temporary Deputy Speaker (Mr. Poghisio): Very well. Let us have Mr. Bifwoli.

Mr. Bifwoli: Mr. Temporary Deputy Speaker, Sir, I rise to support the Motion.

Considering the importance of the sugar industry in this country, it is important that the Government takes the initiative to rehabilitate this sector. As Prof. Olweny said, for instance, Miwani and Ramisi Sugar Factories are viable projects although they have collapsed. So, the Government should take up the responsibility of reconstructing the sugar factories that have collapsed. Nzoia Sugar

Company is about to collapse, and that will not be due to any fault of the farmers.

The Government itself posted to that company board chairmen and managing directors, who looted its assets. Some of these people even ordered obsolete equipment from unknown parts of the world, paid for it and created more debts for Nzoia Sugar Company, and it is now heavily-indebted. Money which was loaned to Nzoia Sugar Company from some overseas lenders never reached the company. Instead, that money was used to pay certain personalities through foreign bank accounts for some equipment they were supposed to have delivered to Nzoia Sugar Factory.

Mr. Temporary Deputy Speaker, Sir, we are telling the Government to pay off the debt of Nzoia Sugar Company and follow up the people who stole from the company. If you look at the creditors, they say that they supplied goods to Nzoia Sugar Company, but the company never received the goods. Farmers are being compelled to pay for goods that were never received. Is the Government being fair by keeping quiet about this issue?

Nzoia Sugar Company borrowed money from banks but it was never used to develop sugar-cane farming in Nzoia. Furthermore, farmers are suffering due to lack of payment for the cane delivered to the company. In any business, like in Nzoia Sugar Company, there are three interested parties; the owners of the factory, the Government and private groups who do business with farmers and employees. Why are the employees being paid salaries at the end of every month while the Nzoia farmers have never been paid for the cane delivered? If I take my cane there, I am not paid whereas if you take your services you are paid. Are the owners of Nzoia Sugar Company not being unfair to the farmers? What crime did the farmers commit so that they cannot be paid? Just look at this; you take your five acres of land, the only land you have and plant sugar-cane thinking that you will be paid, only for the company to harvest it and fail to pay you. In essence, this means that you wasted four years planting and tending to the cane. You are just a slave! The Government is silent on this issue. Some of us have looked at the Ministry's budget and seen that there is no allocation for rehabilitation of the sugar industry. We do not want to be subjected to a public relations exercise from the Government side through telling us they will help us, yet, when it comes to budgeting, nothing is being done. Are they being serious about the citizens of this country? Did they really want to rehabilitate the economy of this country? If they cannot assist farmers, how are they going to eradicate poverty? Poverty eradication is merely on paper. It will only be a reality if this country will take sugar-cane farming seriously.

Even when we look at Mumias Sugar Company, the period that had been extended to the technical management team has expired. The Government has kept quiet and I do not know who has used glue to seal the mouth of the Minister. When you look at the Minister's mouth, it is completely sealed and he cannot even comment on when he will appoint a new technical management team.

(Loud consultations)

The Temporary Deputy Speaker (Mr. Poghisi): Order, hon. Members! The hon. Member on the Floor needs to be heard.

Please continue!

Mr. Bifwoli: Thank you, Mr. Temporary Deputy Speaker, Sir, for coming to my rescue. This is because some people need to know what I am saying so that they can react to it. Sugar-cane farming is very important. When we talk about sugar-cane farming, we have noticed that some people have allowed propaganda to infiltrate the sector. Some people have resorted to name-calling because of importation of cheap sugar. Let us not say that some people are importing cheap sugar into the country if we do not have facts. That is cheap politics! Let us face the reality. Even if some Ministers are importing sugar, it should be understood that we have delivered sugar-cane to Nzoia Sugar Company for the last five years and have not been paid. Our sugar-cane was manufactured and we

were never paid. Do you want to say that, the sugar that was manufactured five years ago is still in the warehouse? If they sold it, where did they take the money? The truth is that if there are some people importing cheap sugar into Kenya, I would call upon the Government to stop them. It is not hard for this Government to stop importation of cheap sugar into this country. If the story is true, I am calling upon the Government to do something.

I think I would have done injustice to Mr. Sungu if I did not commend and congratulate him for thinking about the poor men and women of this country who spend the whole day toiling for some people who have turned them into slaves. Mr. Sungu, on behalf of the farmers of this country, I wish you long life and wisdom. Keep on thinking like that! Furthermore, we want to call upon the Government to think like Mr. Sungu; particularly the Ministers.

With those few remarks, I beg to support.

Mr. Sambu: Mr. Temporary Deputy Speaker, Sir, I rise to support this Motion as amended. The Government should rehabilitate all the sugar factories. Sugar is the mainstay of many people in Kenya. In fact, in the coastal zone where the sugar industry has been run down, if we were to rehabilitate the sugar factories, we would get more out of our cane as it produces more sucrose in warm climate. I say, therefore, first and foremost, we should rehabilitate the sugar industry at the coast. The sugar factories in western Kenya employ thousands of people directly as cane cutters, in transport and the farmers themselves. The Government is saying that it is going to create 500,000 jobs and yet it is already losing tens of thousands of jobs in the sugar-cane zone. Where will they then create the jobs? Are we gaining or losing? How can we create these jobs when we are losing what we already have? We should retain what we have rather than try to create new jobs. It is a sad situation to tell a person that you will give him new clothes when you are tearing the one he is wearing. It is sad to leave somebody naked and tell him that you will give him new clothes. Let us take care of the sugar industries that we have.

They say that sugar importation is a major problem and I agree that we have a sugar deficit of about 200,000 tonnes per annum. However, for many years this country did not have a Sugar Act to control the growing, manufacturing and sale of sugar; not only from sugar-cane but also from other plants. The last Parliament worked hard and produced a Sugar Act. If the Government were to stick to the Act to the letter, we would not have these problems. Let us be transparent. Let the Sugar Board and the Minister work together and have the importers gazetted. Let it be known that we need so many tonnes of sugar.

(Loud consultations)

Mr. Temporary Deputy Speaker, Sir, may I seek your intervention because apparently the Backbenchers do not want to listen.

The Temporary Deputy Speaker (Mr. Poghisi): Order, hon. Members!

Mr. Sambu: Mr. Temporary Deputy Speaker, Sir, let us be transparent. If we need 200,000 tonnes of sugar to make up for the deficit, let it be known and advertised openly so that the Sugar Board and the Minister can know who the importers are. Let them know the amount of duty and the Sugar Development Levy that they will pay. Otherwise, how do we get sugar from Brazil being sold in Bungoma cheaply? Is that not crazy? Let us not say that it was a KANU affair. The sugar coming into the country now is not imported by KANU, as KANU is no longer in the Government. Let us be realistic, transparent and follow the law. We do not want name-calling. Name-calling will stop only when things are done transparently. When you allow people to grope in the dark then they will say anything. Even God Almighty said that all things should be done in daylight. Let us know how much sugar we need, what duty is to be paid and who is going to pay it!

Mr. Temporary Deputy Speaker, Sir, we need to finance our farmers, not only the sugar-cane

farmers, but also the cereal farmers and all the other farmers. Let us reintroduce the Guaranteed Minimum Returns (GMR). When the Ministers who are on that side were on this side, and I used to sit at the extreme end with them and we said that there was need to have a farmers bank. We suggested that the GMR should be administered for sugar-cane, maize, wheat and all farmers who grow crops which are subject to the vagaries of weather.

Finally, Mr. Temporary Deputy Speaker, Sir, I want to donate a few minutes to the---

The Temporary Deputy Speaker (Mr. Poghisio): You cannot do that, Mr. Sambu!

Mr. Sambu: All right, I am told that I cannot. So, let us have GMR so that, come floods or drought, the sugar-cane and maize farmers will be reassured that their money will not go to waste.

Mr. Temporary Deputy Speaker, Sir, let us look at the rehabilitation of these factories. If these factories are to be rehabilitated, then we have to abide by the reports that this Parliament has spent a lot of time on; the 6th, 7th and 8th Public Investments Committee (PIC) Reports. I am surprised to hear that some chief executives were directed to do certain things!

When Mr. Chahonyo appeared before PIC, we questioned him on the Kshs300 million which was supposed to go towards the rehabilitation of Muhoroni Sugar Factory. At that time, he did not say that somebody told him to misappropriate the money. When we went to Muhoroni Sugar Factory, we found it still in the doldrums. In fact, it was only rehabilitated after Mr. Chahonyo was removed. All that information can be found in the HANSARD. Let us call a spade a spade! If the last Government did not want to implement the PIC and PAC Reports, then I want this Government to implement them! Let us uncover everybody! The PIC Report has got all the information that we may need. The Kshs300 million was supposed to be used to rehabilitate Muhoroni Sugar Factory. When we went down to the factory as PIC members, what did we find there? The company which had been awarded the tender to rehabilitate the factory belonged to the Chief Executive and his brother and sisters! I have nothing personal against the individuals, but this is public money! So I am saying that let us implement the PIC and PAC Reports.

Mr. Temporary Deputy Speaker, Sir, talking about Miwani Sugar Factory, it is sad to note that it was given away together with its 4,000 acres of land just like that. Land which was taken away from the Luo and Nandi people at the turn of the Century. Now, it is only Indians who own the land. Before the Hindojas went away, they had taken a Kshs450 million loan from the Agricultural Finance Corporation (AFC) and installed a brand new sugar distillery or sugar refinery, where they take the ordinary sugar and refine it to produce industrial sugar which is used in making beverages and sweets. So, why do we not just walk in and take over Miwani Sugar Factory? Why do we not ask the people who carried away money from Muhoroni and Chemelil Sugar Factories to pay it? Why are we employing white men? Is it because they are white! I am not a racist, but that is a fact. The people who went to Nzoia Sugar Factory, this is allegedly a one-man operation.

Thank you, Mr. Temporary Deputy Speaker, Sir.

I beg to support.

The Temporary Deputy Speaker (Mr. Poghisio): Order, Members! It is unfortunate for those of you who want to speak. This is a Private Members' Motion which only takes two hours, which is coming to an end. I will, therefore, call upon the Mover to reply.

Mr. Sungu: Thank you, Mr. Temporary Deputy Speaker, Sir. Due to the fact that the Minister for Agriculture has not replied to this Motion, may I donate five minutes to him, two minutes to hon. ole Ntimama and two minutes to hon. Oparanya? I will do the rest.

Thank you.

The Minister for Agriculture (Mr. Kirwa): Mr. Temporary Deputy Speaker, Sir, I beg to make a contribution on behalf of the Ministry to this particular Motion.

The Motion which was amended by hon. Ngozi to include all other sugar companies is supported by my Ministry. We support this Motion because we believe that the spirit of the original

Motion and the spirit of the Motion as amended requires the attention and support of the Government. In doing so, I would like to assure hon. Members of Parliament that the Ministry of Agriculture is fully determined and committed to the revitalization and rehabilitation of all sugar companies and factories. The only problem, however, is the question of financial constraint facing the Ministry and the Government in general.

The Miwani Sugar Factory situation, for example, is a very sad state of affairs. The current value of assets stands at Kshs1 billion, while the liabilities stand close to Kshs6 billion. This is a situation that is not tenable in terms of economic programmes. But the Government is concerned and is determined to ensure that the sugar sector comes back to where it used to be. As the way forward, when I took over this appointment three months ago, we ensured, as a Ministry, that we appointed a task force whose recommendations and findings have been deliberated by all stakeholders, including my colleagues, hon. Members of Parliament and also other stakeholders in this particular sector. The main thrust of these recommendations is to ensure that the sugar sector is not only revived, but becomes vibrant for the economic development of the country, and particularly for the region where it is domicile.

Mr. Temporary Deputy Speaker, Sir, as you are aware, there has been a lot of debate in the past about what is being manifested in the sugar sector in terms of importation. While I do agree that the floodgates have been opened for all manner of importers to come into this country, there has been a major problem which has faced the Ministry until the other day. There has been a problem over the degazetment of those who import sugar into this country, the quantity to be imported and for what particular purpose. This is because when I gazetted the rules, I was taken to court by the so-called Association of Sugar Importers - a situation that made me to wait until the matter was dispensed in court. I am happy that it was dispensed in a way that has given us a more fortified position as a Ministry to be able to regulate this particular industry. On Friday, last week, I posted an announcement in the *Kenya Gazette* and also a publication of the same in various newspapers to ensure that we can regulate this particular industry. Therefore, in the future, we will be able to monitor those who are importing sugar, at what quantities and what is required.

Mr. Temporary Deputy Speaker, Sir, further on, as a Ministry, we have initiated a programme, through the other arms of the Government, to ensure that we also monitor the consumption of sugar locally because there has been an anomalous situation whereby it is taken that we consume over 600,000 metric tonnes of sugar and produce only 450,000 metric tonnes of sugar. We want to study, get and confirm the position as to how much do we consume and produce so that we can reconcile the two figures. Once that is done, we are sure we are going to regulate this particular industry.

Mr. Temporary Deputy Chairman, Sir, the other thing which is also necessary, in response to various comments and contributions of Members of Parliament, is the question of improving the capacity of the farmer to produce. We are determined, as a Ministry, to revive the Agricultural Finance Corporation (AFC) so as to ensure that all the farmers including sugar-cane farmers have a chance to get access to cheap or affordable credit. We have done this and, as you know, in our current Budget we have set aside Kshs260 million for this purpose because we want to continue to improve until the figure reaches Kshs5 billion. This is what we feel is going to assist the farmer to be able produce.

With those remarks, I beg to support the Motion.

Mr. ole Ntimama: Thank you very much, Mr. Temporary Deputy Speaker, Sir. It is a pity that we have very little time. I want to say here that I support this Motion as amended.

Mr. Temporary Deputy Speaker, Sir, the second point is on this question of importation of sugar. The importation process has really become a major economic problem as far as our farmers are concerned. Wheat and mutton have been imported. If you go to a supermarket here, you will find mutton from New Zealand. Does it mean that we cannot produce enough mutton in this country? Eggs from South Africa and fruits from everywhere are also being imported. Now, even this question

of sugar importation has come up. Do we really need to import sugar? Hon. Members on the Front Bench are saying that they are only after people who import sugar without paying duty, but that is just an excuse. Why do we have to import sugar? This is because the sugar industry has been made to collapse by looters and people who want to make easy money. Indeed, they have messed up the sugar-cane industry in the whole of Western and Nyanza regions. Probably six million people who are relying on the sugar industry are now living below the poverty line because this industry has been messed up.

Mr. Temporary Deputy Speaker, Sir, we must be careful on this question of the Common Market for Eastern and Southern Africa (COMESA) because it is in the interest of our own farmers and people and not the interest of the people of Malawi, for example, because they are even in Southern African Development Corporation (SADC). This question of sugar importation is very serious, indeed. We must be told who imported these 27,000 tonnes of sugar that is reported to be lying in Kilindini. We must be transparent. I do not want to start meddling and mentioning names, but we must be told who these importers of this sugar are and why they had to import because we hear that it is the easiest way to amass lots of wealth under the pretext that we cannot produce enough sugar in Western and Nyanza regions. We can!

Thank you, Mr. Temporary Deputy Speaker, Sir.

Mr. Oparanya: Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this Motion. I would also like to thank Mr. Sungu for bringing this Motion.

The problem facing the sugar industry has mainly been caused by the importation of sugar. I should thank the Minister for Agriculture for the measures that he is taking to ensure that importation of sugar is regulated. However, looking at the figures in respect of sugar importation, I can see that last year we imported 129,000 metric tonnes of sugar. This year up to June, we have imported 107,000 metric tonnes of sugar. Going by these figures it seems, by the end of this year, we will have doubled the figure. So, I call upon the Minister for Agriculture to look into the importation of sugar in this country. Already at this moment, the factories, especially Mumias Sugar Company has reported that it has a lot of sugar that it is not able to sell. There has been talk of high costs of production of sugar and what we need in this country is a proper regime of taxation. Even if we were to regulate sugar importation, unless we come up with proper sugar tax regimes, we will be doing nothing.

I support the Motion.

Mr. Sungu: Thank you, Mr. Temporary Deputy Speaker, Sir. As we come to close debate on this Motion, I would like to first of all thank the Chair for allowing this Motion to come to the Floor of this House. I would also want to thank hon. Members who have contributed to this Motion so eloquently. I also want to thank the Minister for Agriculture and the Government for pledging support for the sugar industry.

Mr. Temporary Deputy Speaker, Sir, there is not enough time now to say anything except that the Government should be committed, not just by words, but by deeds to the sugar sector. The sugar sub-sector is in the doldrums and without cogent, urgent and determined action by the Government, we will never ever get anywhere.

With those few words, I beg to move.

*(Question of the Motion as amended
put and agreed to)*

Resolved accordingly:

THAT, in view of the importance of the sugar industry to the economy; noting that Miwani Sugar Factory is one of the first factories to operate in this country and cognisant of the fact that the factory assets have been misappropriated by investors; this House calls upon the Government to rehabilitate Miwani Sugar Factory and all

other factories in the country to make them operational.

REVIEW OF BANKING LAWS

Mr. M'Mukindia: Mr. Temporary Deputy Speaker, Sir, I beg to move the following Motion:-

THAT, being aware that all the key banks concentrate their activities and services within the major urban centres while most of Kenya's population lives in rural areas, further aware that our rural population do not have access to affordable credit to finance their formal and informal economic activities; this House urges the Government to review all the banking laws with a view to facilitating financial institutions, SACCOs, and micro-finance banks, operate effectively in the rural areas.

Mr. M'Mukindia: Thank you, Mr. Temporary Deputy Speaker, Sir. As we all know, most banks in this country are situated in the urban centres and most of our population lives actually in the rural areas. Looking at our banking laws, you will find that the only law that has substantially been amended over the years since Independence, is the Central Bank of Kenya Act. Except for the Central Bank of Kenya Act, the other laws have been amended in an *ad hoc* way and, therefore, we have inherited a banking system that was based almost entirely on colonial laws. For that reason, our banks in this country look to London, Paris and New York for guidance in decision-making. They are, therefore, not really interested in what happens in this country because their fortunes tend to bend by and large towards what happens in their mother countries. If you look at banks such as Standard Chartered Bank, Stanbic Bank and Barclays Bank, they really have no loyalty to this country. It is most unfortunate that for years, these banks were set up and continued to support or serve both colonial interests, the plantation interests that prevailed during the colonial times, the rich and the privileged.

Today, to open and maintain an account in major banks, one needs a minimum of Kshs10,000. Most people in this country cannot even afford Kshs1,000! The laws in this country, therefore, tend to marginalise *wananchi* and keep them outside the banking system. That means that, obviously, even if they wanted to access credit they cannot access it and so they cannot run their enterprises because the banks in this country do not serve their interests. They only serve the rich and privileged.

Mr. Temporary Deputy Speaker, Sir, the banks, as set up in accordance with our banking laws, were not meant for Africans. They were meant for the colonial class - the rich class. The environment has remained the same for years and consequently *wananchi* have been put aside, as far as the banking system is concerned. In the late 70s and the early 80s, many indigenous banks and financial institutions were set up, but because of the laws that existed then and even today, they were not meant to support the local banking institutions. All of them apart from very few have collapsed.

As I speak today, thousands and thousands of *wananchi* and enterprises are owed millions of shillings by those enterprises that collapsed. The question that we must ask ourselves, foremost, is: Why did our banking institutions collapse? Was it because Kenyans could not run banking institutions? If you look at the major banks, it is Kenyans who run them. They run them efficiently to the extent of the banks making billions and billions of shillings in form of profit every year. Why is it that the indigenous banks collapsed? There are two reasons: First, the existing laws were not there to regularize and promote indigenous banking. Secondly, political interference had a lot to do with the collapse of those banks. For example, banks such as Kenya Finance Bank, which collapsed in the early 90s, in my own constituency owed people almost Kshs700 million. This money belonged to individuals, Saccos, churches, secondary and primary schools, *et cetera*. All these money went down the drain with the collapse of only one financial institution. As far as I know, that particular financial institution was actually viable only that, politically, it was not allowed to operate. For some reason, it was seen as if it would be a threat to certain vested interests.

Mr. Temporary Deputy Speaker, Sir, if we have to change the banking system to favour our

people in this country, then, we must remove politics from banking. We must ensure that whatever laws that we pass ensure that no political interference runs down any indigenous banks. We do know that banks such as Rural Urban Credit Finance collapsed, not so much because they were not viable or the people were not prepared to support them, but because they were seen as not serving certain interests. Therefore, although we can blame the banking laws and the colonial system for setting up an inadequate banking system, we also, to a large extent, are to blame. Successive Governments, from Independence up to now, have to be blamed for not putting the interests of Kenyans first in so far as banking is concerned. We have consistently put the interests of foreigners first. We also have consistently put banks such as Barclays Bank and Standard Chartered Bank as number one banks and at the same time listened to the World Bank when they tell us that we should not regulate the interest rates to the extent that the only people who make money are not Kenyan owned banks, but foreign banks. We must be blamed for listening to the top board members of these banking institutions who come from abroad and lavish on us a lot of entertainment, and give us a pat on the back to make us feel so good when actually our people are dying. We must say no to what has happened in the past and change to ensure that we support our people. What then do we need to do? What kind of business should we have for the micro-financial institutions in this country?

Mr. Temporary Deputy Speaker, Sir, since the early 80s micro-financial institutions, Saccos *et cetera*, have existed in this country. There is no legal framework as of now to regulate these institutions yet some of them actually take deposits from *wananchi* and lend money to *wananchi*. For example, some Saccos are actually bigger than certain banks in this country. Look at Harambee Co-operative Society which owns very prestigious buildings in this town. It has massive amounts of money! How is that money regulated and what laws exist to ensure that the money is looked after properly? What laws exist to support and ensure that depositors' money is safe in the hands of Saccos? Those laws or regulations do not exist at the moment. Therefore, the kind of environment we must create is one that is conducive to the setting up, growth and prosperity of indigenous financial institutions.

(Loud consultations)

The Temporary Deputy Speaker (Mr. Phogisio): Order, Members! Consult quietly in low tones!

Mr. M'Mukindia: Mr. Temporary Deputy Speaker, Sir, these would include Saccos, financial institutions, micro-finance banks and any other savings schemes that would ensure that *wananchi* save money and are able to borrow and use that money to run their enterprises.

In creating new laws or looking at our banking laws and overhauling them, we must set an example that Kenya is an African developing country that has specific needs which take into account the fact that our population is not very well versed in banking laws or banking in general. Our savings rates are small and, therefore, our borrowing rates are going to be reasonable as well. We are not very good at business and, therefore, we are unlikely to make huge profit margins. Therefore, the regulations that must be put in place should not be expensive and extremely strict to the banking institutions yet they must be adequate to protect the depositors and the borrowers from these institutions. We must accept that this country is a poor country and, therefore, the institutions that will be set up will probably have very little capital. It is not reasonable to expect for example, Kenyans to raise up Kshs200 million to set up a bank. That is totally unrealistic for us. That may be true for major banks in Europe and some parts of Asia. Obviously, it is not realistic as far as Kenya is concerned. Anything above Kshs5 million will cut off Kenyans from participating in the banking sector. The key requirement in the new banking laws that we have proposed is that they must facilitate the entry of indigenous Kenyans into the banking sector and especially in the rural areas. Even Kshs5 million is a lot of money, but at least, that may be more realistic than Kshs200 million which is totally out of the question because it will shut all of us out of the banking sector. Therefore, the regulations must reflect

that there is shortage of capital as far as our people are concerned and that there is inadequacy of banking skills among our people and also general ignorance as far as banking is concerned.

The question of having collateral or security is something that has kept our people out of the banking system for a long time. There is nothing very special about collateral or security! If you have a house and give it out as security, it does not mean that you are more likely to pay for the loan than if you did not have collateral or security! The key issue, as the Minister for Finance has recognised, is that the proposal for a project must be good. It must stand on its own. You should not support it on a house or a piece of land. Banks must also take risks. The banking industry in this country is the only industry that is protected by the Government. If you run a petrol station or a kiosk, you are not protected by the Government to make certain profits, but you take a risk. Banking is the only industry where bankers do not have any risks; they are protected. They ought to carry their risks like anybody else. It is a business like any other and, therefore, banks must take their risks. Therefore, why does the Central Bank of Kenya (CBK) insist that we should have a collateral or security in order to borrow money from banks? The bank should look at the project that I am going to embark on and decide whether to finance it or not. It is their problem just like it is my problem if I am running a kiosk. Their insistence on collateral is unfair in terms of business practices in this country. The Government of Kenya should not be seen to be protecting banks to make their huge profits, as they have always been doing.

Mr. Temporary Deputy Speaker, Sir, the operations of the CBK in regulating the banking sector will be crucial if that will finally be the regulatory agency of the banking sector. We are aware that the CBK is independent, but its role in the past since Independence has left a lot to be desired. Whatever appears in the Press these days points to the inadequacies of the CBK to effectively manage the economy of this country and the banking sector. I am glad that the Minister for Finance is taking a keener interest in what happens in the CBK. We are sure that with the new management of the CBK, perhaps, things will change. Nevertheless, the CBK must be a facilitator in promoting indigenous banking, rather than being a bottleneck or a killer of local indigenous banking institutions. This is what has happened in the past.

The CBK has been extremely insensitive to the fact that people have put in money and capital to set up institutions. They run them under very difficult circumstances with inadequate skills and capital, and just when some of those institutions are trying to come out of this situation, the CBK comes in and instead of supporting them, kills them. In the process, it kills so many other businesses. Therefore, one wonders: In whose interest has the CBK been operating? Has it been operating in the interest of Kenyans or has it been serving some other masters that we do not know? Why is it that the CBK has been an instrument of destruction, rather than an instrument of construction?

Therefore, the first thing that the CBK must do, with whatever changes that will occur, is to become a facilitator and a supporter of the local banking institutions. In the past several years, banks have charged high interest rates. It is quite obvious that if the CBK had been a facilitator, we would not have gone through the very difficult economic cycle that we have gone through in the last ten years. Therefore, the CBK must put Kenya's interests first. Also, in the same vein, it must not listen too carefully to advice from the International Monetary Fund (IMF) and the World Bank. It should not take the prescriptions from the World Bank and the IMF, as far as the finance sector is concerned, at their face value. All Kenyans must remember that the World Bank officials are civil servants serving their masters in Washington. They have the primary duty of protecting their jobs. So whatever they are told to do, they will do because they want to protect their jobs. They are not interested in whether Kenya collapses tomorrow or not. That is not their responsibility. The CBK must, therefore, take everything that those people say with a pinch of salt and evaluate whatever prescriptions that have been meted out to us. The CBK should always ensure that Kenya's interests come first.

Mr. Temporary Deputy Speaker, Sir, the CBK must listen to Kenyans. We are crying out for affordable credit. Farmers, co-operators, teachers and the *Jua Kali* people are all crying out for affordable credit. What will the Government do to ensure that the cry of the people for affordable

credit is realised in the shortest possible time? What specific measures will the Government take to ensure that the *wananchi*, within this year, access credit so that they can start economic activities and achieve some of the objectives of the NARC manifesto? Therefore, this is an urgent matter which the Minister must take seriously. I urge the Government and colleagues in this House to support this Motion in order to show Kenyans that we want our people to have access to affordable credit. We should support indigenous banking institutions and ensure that banking does not remain a privileged activity of a few people in urban centres.

There are many micro-finance institutions that are operating in the rural areas, although there is no legal framework to regulate them. For example, K-Rep Bank, has done wonders. The achievements of this bank shows that with more support and better financing, it is possible to have successful rural banking institutions. Since there is a shortage of capital, I would urge the Minister for Finance to look into ways and means of creating a special fund which will be accessible to rural banking institutions. They should have easy access to capital, at least, for a limited period of time, for example, five or ten years. He should also try to create an insurance scheme that will insure the depositors and the institutions, so that borrowers can borrow without having to give collateral. The lending institutions must also ensure that borrowers will not run away with their money. Countries such as Bangladesh and India have done this in the past and have been very successful. We are not re-inventing the wheel, but we only need to learn from some of our colleagues in developing countries to see what can be done. I urge the Minister to do this.

With those few remarks, I beg to move.

Mr. Munya: Mr. Temporary Deputy Speaker, Sir, I rise to second---

The Temporary Deputy Speaker (Mr. Poghisio): Order, Mr. Munya! I am actually wondering also, where the Minister in charge is.

QUORUM

Mr. Akaranga: On a point of order, Mr. Temporary Deputy Speaker, Sir. We do not have a quorum in this House.

The Temporary Deputy Speaker (Mr. Poghisio): Yes, we do not have a quorum. Ring the Division Bell.

(The Division Bell was rung)

The Temporary Deputy Speaker (Mr. Poghisio): Order! hon. Members, we now have a quorum. Mr. Munya, you may proceed!

Mr. Munya: Mr. Temporary Deputy Speaker, Sir, I would like to second this Motion because it is of monumental importance for rural development. We cannot have enterprises growing in the rural areas without access to credit. Most formal banks have withdrawn from the rural areas and moved to urban centres, especially Nairobi so that they can trade in Treasury Bills. The rural and urban poor have no access to banking services. The only way to have banking services taken to the rural areas and to the urban poor is to support micro-finance institutions and Savings and Credit Co-operatives Societies (SACCOs). Unfortunately, the legal framework that is operating right now does not recognise the existence of micro-finance institutions. We need a legal framework to regulate and facilitate the running of micro-finance institutions in this country so that we can spur economic development in the rural areas. Currently, the SACCOs operate under the Co-operative Act. The Co-operative Act is not tailored to take specific rules to regulate them. That is why we need specific laws to deal with micro-finance institutions for purposes of creating an enabling environment for spurring growth in the rural areas.

Mr. Temporary Deputy Speaker, Sir, the formal banking institutions have been a deterrent to economic growth and development in this country because they are motivated by profits alone. That

is why, when our economy was in recess, the banks were making colossal sums of money while the country was economically sliding down. This is why we need the Central Bank of Kenya (CBK), not only to regulate and support banks, but also to come up with laws that will make banks give the services they are supposed to give.

Mr. Temporary Deputy Speaker, Sir, why am I saying that the formal banking institutions have been a deterrent to economic growth? This is because they have been investing heavily in Treasury Bills instead of lending to borrowers to start small businesses. They have also been charging astronomical interest rates that most Kenyans cannot afford.

Mr. Temporary Deputy Speaker, Sir, many businesses which were doing very well in this country have been brought down by banks. Banks entice business people to borrow from them thinking that they will expand their business enterprises. Little do they know that because of the way our banks operate, they cannot start a business from these loans and survive. The business enterprises are eventually brought down by these banks. In this country, we have seen big businesses which employed thousands of Kenyans, brought down by these bank loans. For example, the House of Manji, was once doing very well, producing biscuits for the entire country, but it was brought down because it could not service its loans. By the time they went under, they had already paid the amount of money they had borrowed. It was only the accumulated interest that was still to be paid, but because of bad receivership laws that operate in this country, the House of Manji is now on its knees. It is sad that we are now importing biscuits from Arusha, Tanzania. This shows how a bad banking sector, in the absence of Government regulations, can bring down a country as well as its businesses. All employees of the House of Manji lost their jobs. So, are we supporting banks for purposes of them making profits or for purposes of assisting in economic development and expansion of our businesses so that our people can get employment? If the NARC Government wants to have an impact in the rural areas and create those 500,000 jobs they have been talking about, they should come up with an environment that will assist poor people in the rural areas access credit. This will only be possible if they can create an enabling environment for the operation of micro-finance institutions and SACCOs in those areas.

Mr. Temporary Deputy Speaker, Sir, the problem with the law that operates right now is that, unless a SACCO has good management, it will come down. We do not have a law that makes sure that even if a thief is elected in the management board, he runs the SACCO in the right way. What has been happening is that there are SACCOs that have been doing very well because people who are employed have been saving a lot of money in them. However, when there is a change of management, those SACCOs come down. For example, Afya SACCO has been doing so well, having a lot of money and lending it to shareholders. However, all of a sudden, it is no longer giving dividends to its members. Nothing happens to individuals who defraud SACCOs because we do not have a strong regulatory framework to make sure that those in the management boards are accountable to the members.

Mr. Temporary Deputy Speaker, Sir, in rural areas development, whether the Government starts electricity or water projects without those poor people having access to credit to start small business enterprises and earn or boost their income, we are not going to develop these areas. I will give an example. If you look at the banking sector, the colossal amounts of money banks control in relation to the number of people they employ is shocking. In the last ten years, what the banks have been doing is to lay off workers and technify their operations. A practical example is the branches of the Barclays Bank which do not have anyone to operate their telephones. If you call there, anyone will answer the phone because they have laid off all the telephone operators in all their banks. What does that mean? It means that the bank will make big profits, but in terms of benefitting people and creating employment for our people, there will be no impact. That is why we are saying that we should review the existing banking laws to make sure that banks lend on reasonable terms, and, that once you have paid the principal sum that you had borrowed from a bank, you are not forced to pay interest forever. If we do not pass those kind of laws, we are not going anywhere. The banks

will continue making profits and continue repatriating the profits to their countries while our economy will continue to recede and we will continue to suffer.

Mr. Temporary Deputy Speaker, Sir, let us consider those countries that have been giving advisories for people not to travel to Kenya, for example Britain. Barclays and Standard Chartered Banks are owned by those countries. They make colossal sums of money and repatriate that money to their countries. What do these countries do to thank Kenya for the assistance that we give to them? They advise their people not to visit Kenya and the net effect of that is that our hotels do not have business, and, therefore, they cannot continue running. The same banks put the hotels under receivership then the same foreigners come and buy the hotels. Slowly, we have seen our indigenous people who have been involved in the hotel industry getting out of business and the hotel industry being taken away by foreigners. Who facilitates that? It is the banks. If we do not have indigenous Kenyans being facilitated to start small banks that will serve the interests of local Kenyans, then we cannot go very far.

It is unfortunate that when the previous regime took over in this country, we had a thriving indigenous banking sector that was doing very well. However, since the person who took over thought that he could not run the country well when there were people who were rich and running banks here, politics went into the banking sector and the indigenous banks were brought down. They were not brought down because of the impression we are given; that they were not doing well or were using shareholders money, as we were told. They were brought down because they were owned by certain powerful people that the regime had to bring down in order to control the country. What was the effect? Kenyans went out of employment. The effect was that we were left with banks that do not serve the interests of the local people.

Mr. Temporary Deputy Speaker, Sir, I must thank the Finance Minister for coming up and trying to regulate banks. I must thank him for lowering the amount people need to start a bank with. That is important but we need him to do more. We need him to lower the rates further. We do not need 20,000 Kenyans to come up with their money to start a bank. Let us lower the capital required to start a bank so that even people under a cooperative society can come up and start rural banks.

If you go to Europe and America, you will find that every village has a bank. You do not have to travel to the major cities to access banking facilities. If you look at the way our banks operate, poor people cannot go inside there because they are not meant for them. We have to think differently if this country is to develop. NARC should also stop thinking the way KANU used to think because in the past regime, there was a lot of politics in the banking sector. The rich and well-connected people in the KANU regime owned banks. They did not care whether those banks delivered services or not because they owned them and they wanted to continue making profits from them. That is why we have seen the Government withdrawing from the banks and letting them make as much money as they can.

Mr. Temporary Deputy Speaker, Sir, if we are to create employment in the rural areas and boost incomes of rural families, we have to support micro-finance institutions. We have to come up with a legal framework--

The Temporary Deputy Speaker (Mr. Poghiso): Order! Your time is up.

Mr. Munya: I beg to support, Mr. Temporary Deputy Speaker, Sir.

Mr. Temporary Deputy Speaker (Mr. Poghiso): You are seconding that Motion.

(Question proposed)

Mr. Rotino: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute on this very important Motion. This Motion has come at a very good time because we have just finished debating on the Minister for Finance's speech on how the economy will be run for the next one year. This Motion wants the Government to review the Banking Laws that govern the facilitation of credit in this country.

*[The Temporary Deputy Speaker
(Mr. Poghiso) left the Chair]*

*[The Temporary Deputy Speaker
(Mr. Khamasi) took the Chair]*

One of the key promises that the NARC Government made was that they would create 500,000 jobs. One of the ways of creating these employment opportunities is through the rural credit. If you study how the economy of India grew up---

Mr. Oparanya: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for us to discuss this important Motion which affects millions of Kenyans and yet neither the Minister for Finance nor his Assistant Minister are here?

The Temporary Deputy Speaker (Mr. Khamasi): What is your point of order, Mr. Oparanya?

Mr. Oparanya: Is it in order for us to discuss this important Motion without the Minister's presence?

The Temporary Deputy Speaker (Mr. Khamasi): Yes, it is quite in order. The Front Bench is here.

Mr. Rotino: Mr. Temporary Deputy Speaker, Sir, if you look at the history of India, how its economy grew up, you will find that the late Prime Minister of India, Mahatma Gandhi realised that 75 per cent of the population of India was rural-based. There was no way that economy would grow if it did not consider the backbone of the population. One day, the Prime Minister woke up and said: "We will compel the banks to give out 60 per cent of their deposits to the rural folks". The banks were compelled to do that. It was not a very easy decision for the Prime Minister to make, but he said this because he knew that if he did not do so, 70 per cent of the rural folks would wake up one day and destroy the whole city. He compelled the banks to give out 60 per cent of their deposit as credit to the rural areas. They opened rural agricultural banks which would give out small loans with very minimal security. The banks gave out loans to the rural folks up to the tune of 100,000 to help small scale entrepreneurs who would open up small credit schemes. That helped that country to fight the problem of unemployment which was on the increase. For us to create the 500,000 jobs in Kenya, our banks must give loans at the minimum interest rates to the rural folks to help them start small-scale businesses. In the rural areas, getting a loan from the banks has become a taboo. This is because, out of ten people who take a loan, only two of them are able to service it. The rest are not able to service the loan. As a result, most of their property is sold. If you go to most of our centres in the rural areas, the auctioneers are busy selling property of the people who are not able to service loans. This is one of the reasons why people in rural areas continue to live in abject poverty.

If you borrow Kshs1,000, for example, you will be expected to pay Kshs200 as interest rate. The interest rates are between 21 per cent and 22 per cent. What kind of business can one start to be able to make a profit of at least Kshs20 in the present state of our economy? It is not possible. So, the Government must come up with a clear policy on how to control the banks. The banks are the biggest robbers in this country. We are talking about robbers on the streets, but the banks are the biggest robbers. Right now, if you go to the commercial court, you will find many people there who cannot afford to service their loans. It is not that they cannot afford to repay their loans, but it is because they are asked to pay Kshs15 million and yet they borrowed less Kshs2 million. In fact, the interest rates charged on loans by banks are eating up our economy.

Mr. Temporary Deputy Speaker, Sir, one of the functions of the Central Bank of Kenya (CBK) is to control the banking sector. However, it does not do so. The Government should be able to regulate the banking sector and check the interest rates charged by banks in this country. Otherwise, if the Government is not able to do so, people in the rural areas will not access credit. There is only one bank in West Pokot District. That is the Kenya Commercial Bank. Barclays Bank

and Standard Chartered Bank closed down long time ago because they were not able to rob the people of West Pokot District. Our people do not have the money. These banks are robbers. If you deposit Kshs100,000 with them they give you an interest rate of 10 per cent and a maximum of 15 per cent. However, if you take a loan, they will charge an interest rate of 22 per cent or 30 per cent. That is robbery. The banks are robbing this economy. If the NARC Government does not control the banking sector, it will not be able to create the 500,000 jobs it promised Kenyans. If it has to create these job opportunities, then it should help people in the rural areas to access credit.

Mr. Temporary Deputy Speaker, Sir, we should be able to learn from the other developing countries because they have good experience. Our economy cannot grow if we do not make credit accessible to our people. Right now, our people have truned to savings and credit co-operative societies (SACCOS) because of the low interest rate they charge and they are doing very well. But the management of co-operative societies leaves a lot to be desired. For example, when Harambee SACCO Society Ltd was robbed of Kshs11 million, nobody followed up that matter. The management of our co-operative system should be improved because that is the only saviour of our rural folk. Teachers' SACCOS are doing very well in most of the areas despite some teething problems that are there. But we should be able to help our SACCOS to open up even banks.

As my colleague has said, the Minister for Finance did good to bring down the basic deposit for opening a bank. But we should assist the banks to lend that money to the people in the rural areas at reasonable interest rates. When you go to borrow money from a bank, they give you strict conditions, for instance, you must have a title deed. We are struggling with the Government to issue title deeds to our people. How many people have title deeds in this country? Not even 20 per cent of the people in this country have title deeds. We are trying to compel the Government to issue title deeds to our people because that is one of the conditions the banks require as collateral or security which can be mortgaged. I can present my payslip to a bank as a security to get a loan. But how many people in this country have payslips to present to banks?

The Treasury should have control over the Central Bank of Kenya (CBK). One of the key functions of the CBK is to control the banking sector. Otherwise, if banks were left to operate as they wish, our people will suffer. The other day, Barclays Bank closed down most of their branches and concentrated in Kitale. You cannot even borrow anything from Kitale. They will refer you to their headquarters in Eldoret. So, in the whole of North Rift, the banking sector is not helping the people.

I thank the Government for allocating funds to AFC to lend to farmers, but even AFC is still concentrating in Kitale and Eldoret; they are not offering their services in Kapenguria and Lodwar. How will our people make it to the banks, say, in Kitale, if they do not have fare? From my constituency of Sigor to Kitale, the fare is about Kshs300. Such a person has to look for fare, and with the conditions that the banks have put in place, this will not help improve this economy. The banks should not just open up in those places---

With those few remarks, I beg to support.

The Assistant Minister for Justice and Constitutional Affairs (Mr. Githae): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity.

I rise to support this Motion. I think it would not have come at a better time than this. The importance of banks in an economy cannot be over-emphasized. But, unfortunately, our banks are letting us down. People in the rural areas do not use banking services. First, the banks force them to wipe their shoes and even to remove them so that they do not step on their clean carpets. I think that is very wrong.

(Applause)

Mr. Temporary Deputy Speaker, Sir, banks have no toilet facilities at all. There is not a single bank in Kenya which has got toilet facilities for its customers. I wonder how they expect their customers to use their banks when they do not provide them with toilet facilities? It is a big shame. I

call upon all the banks to provide toilet facilities in their premises. In the rural areas, people queue up for even six hours, particularly teachers, at the end of the month, when they go to get their salary. How do you expect somebody to stay for six hours without visiting toilet facilities? I think that is a matter that the banks need to address.

(Applause)

Mr. Temporary Deputy Speaker, Sir, in a family, if a husband quarrels with a wife, it does not lead to divorce. But if you default for one or two months, the banks immediately appoint a receiver who is supposed to manage the company. Instead of managing, the receivers liquidate the company. There is not a single company that has been revived by a single receiver. Receivers' main business is just to sell the assets and pay the banks. They do not even consider how they could revive those companies.

Mr. Temporary Deputy Speaker, Sir, I think we need to amend the Companies Act to provide that, before a receiver disposes of the assets of any company under receivership, they must, first of all, try to revive the company. There are so many companies which have gone down as a result of appointment of receivers.

Mr. Temporary Deputy Speaker, Sir, regarding the banks, when your cheque is unpaid for whatever reason, you are heavily penalised. Some are charging as much as Kshs3,000 for any unpaid cheque. Sometimes, the cheque could be unpaid because of some technical reasons, not necessarily because you have no funds. The banks need to stop the habit of penalising people. I would like to appeal to fellow Kenyans to stop the bad practice of issuing bad cheques. It is high time we criminalised that aspect. We have a law which can be used to charge people who issue bad cheques. They can be charged for obtaining money by false pretences. That is because they are pretending that they have money in the bank while they do not have. Whereas we need to stop the habit of issuing bad cheques, the banks need to stop penalising people just because a cheque has been returned, without even trying to find out the reason why. The banks have also a bad habit of asking for minimum balances. Some banks ask for Kshs500,000 as a minimum balance if you want to open an account. How many Kenyans can afford that amount. Even the local banks demand Kshs5,000 or Kshs10,000. How many Kenyans can afford to have Kshs10,000 just lying in the account doing nothing? The local banks need to copy their counterparts in the western countries where, you can open an account within ten minutes without minimum amounts and other requirements.

In this country, before you open an account, they want you to give references. If you have just finished school, how do you get references of people who are already customers in that bank? Others ask for letters from employers, identity cards and other things like that. We need to simplify the system. It is too complicated. No wonder, people are not opening bank accounts. About 80 per cent of Kenyans do not have bank accounts. Some of them even receive salaries in form of cash. That is why robberies are on the increase.

Mr. Temporary Deputy Speaker, Sir, on the issue of high interest rates, there are very few companies or individuals that can be able to repay bank loans. As a result, most of the securities are being auctioned. If you look at any newspaper, even today, you find not less than 20 or 30 notices of properties being auctioned. That is because of the high interest rates. Today, the only industry which can pay the high interest rates is the drugs industry; the bhang and heroin traders. But an ordinary *mwananchi* cannot. They are just too high. It is high time interest rates were controlled, so that they can be reduced.

Mr. Temporary Deputy Speaker, Sir, we have heard of cases where people are given loans by commercial banks because they are friends of the political powers that be. As a result, we have so many so-called "political loans". I would like to appeal to the people who got loans from the National Bank of Kenya (NBK) and the Kenya Commercial Bank (KCB) on production of mere complimentary notes from those who were in power to repay them. I am saying this because the money they were

given belonged to Kenyans, who were the majority depositors in those banks. The people who owe these banks money should repay it so that the banks can lend more money to deserving *wananchi*.

We have heard of the high cash ratio demanded by the Central Bank of Kenya (CBK). This has made the commercial banks to charge very high interest rates. I would like to appeal to the CBK to pay local commercial banks some interest on the cash ratio deposits. This money just lies idle at the CBK, and this compels commercial banks to charge high interest rates.

We had indigenous banks which were doing a very good job in this country. One day, instructions were issued from State House to all parastatals to withdraw all the money they had deposited in Rural Urban Credit Finance, Continental Bank and Kenya Finance Corporation (KFC). All those financial institutions collapsed immediately those parastatals withdrew their deposits. Those indigenous banks did not collapse because they were not doing a good job, or making profit, but because somebody decided that he did not want them. We need to support indigenous banks in this country. We should copy the American system, where every village, school or a group of people has a bank. We can only revive our economy if we have as many commercial banks as possible.

Mr. Temporary Deputy Speaker, Sir, women do a very good job in the rural areas. Women have got what they call "merry-go-round". They meet every month to contribute some money which they give to one of their members. These women are doing a good job. We should recognise some of these informal banking practices like the merry-go-round arrangement. Unfortunately, there are some men who stop their wives from joining the merry-go-rounds. I would like to appeal to such men to allow their wives to join the merry-go-rounds, which are doing a good job. I have seen some members of merry-go-rounds, who are mostly women, benefit. So, we should encourage those informal groups. I would also like to appeal to commercial banks to recognise certain securities.

The pastoral communities depend only on their livestock for their livelihood. Commercial banks should recognise cattle as assets which can be used as security by pastoral communities when they want loans. If you have got 1,000 cows, you should be given a loan by a bank. The banks should not recognise only land as security for loans. Commercial banks should recognise that we have many forms of security in this country other than land. Banks should be more innovative and lend out money without asking for security. Where will a person who has just been employed get security from? Commercial banks should start what is called "character banking", where you are lent money because of your character and not because you have land or any other security.

Mr. Temporary Deputy Speaker, Sir, with those few remarks, I beg to support the Motion.

Mr. Kamama: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this Motion. First of all, I would like to thank the Mover of this Motion. This is because, according to me, this is one of the best Motions this House has debated since its inception.

Kenyans are suffering from a disease called "creditphobia". Kenyans fear going to banks and getting credit because when they fail to repay the loans their land will be sold and their families will be rendered homeless. This Motion has come at the right time. The CBK has failed to control interest rates charged by commercial banks. The interest rates commercial banks charge at the moment range between 13 per cent and 40 per cent. That is not affordable and I want the Central Bank of Kenya to get down to business and facilitate private entrepreneurs in this country. At the moment, each Kenyan owes the Bretton Woods institutions about Kshs12,000 in terms of external debt per-capita. Therefore, we are all indebted.

When we talk about the interest rates in the country, we have a sorry situation and something must be done to lower them to a single digit. The big fish in this country are going for off-shore loans which are not accessible to most Kenyans, especially in the rural areas. The interest rates should be lowered to between five and eight per cent. This will conform to the Bill moved by the former Member of Parliament for Gem constituency, Mr. Donde.

At the moment, the best lending rates which are being charged by foreign-owned banks like Barclays Bank, Standard Chartered Bank and Citibank range between 13 per cent and 18 per cent.

Those interest rates are not affordable. When we look at the Savings and Credit Societies (SACCOs), building societies, women finance trusts and K-Rep, the rates are between 20 per cent and 32 per cent. The people in the rural areas cannot afford those rates and, therefore, something must be done to reverse that trend.

When we talk of creation of jobs in the country, the only saviour are the micro-credit organisations that charge low interest rates. The issue of unemployment in this country is so volatile that, if the NARC Government is not careful, it is going to be in problems in the year 2007. For employment to be created, we need to facilitate private entrepreneurs to establish investments. Through the multiplier effect, those investments will create jobs for the youth and make the country wealthy. The issue of affordable credit is the saviour to our youth.

Mr. Temporary Deputy Speaker, Sir, Nairobi controls about 47 per cent of Kenya's wealth. That means the trickle-down effect is minimal. The people in the rural areas are not getting any money. For us to distribute wealth, we must take the money from Nairobi to rural areas like Moyale, Turkana, Lamu, Kwale and Kehancha in Kuria District.

Mr. Temporary Deputy Speaker, Sir, there are no banks in rural areas. The few that are there, for example the SACCOs, are charging very high interest rates. Therefore, we need banks in the rural areas. I would like to talk about the people in the Arid and Semi-Arid Lands (ASALs). They cannot get loans because they do not even know what loans are. They do not know about collateral and securities like the title deeds. We want livestock to be used as security for borrowing loans. So, we want rural development banks to start branches all over the ASAL areas. I am not talking about the Kenya Commercial Bank (KCB) because already it has branches all over the ASAL [Mr. Kamama] areas. We do not have rural development banks in ASAL areas. So, we want the Government to do something about the situation.

Mr. Temporary Deputy Speaker, Sir, about 53 per cent of Kenyans are very poor. The only way to improve the welfare of these people is to enable them access credit. If the payable interest amount in respect of a loan must exceed the principal amount, then the *in duplum* principle, which the Minister for Finance talked about while presenting the Budget before this House, must apply. This principle must be seen to be applied in our banks because currently, bank charges are too high. If you take a loan from a commercial bank, the bank recovers from you up to twice the principal amount of the loan.

So, I believe that this Motion will be supported by all Kenyans. Once it is passed, we want it implemented as soon as possible. We want the Ministry of Finance to be serious about this Motion. If the Government wants money to be available to people in the rural areas, it should encourage the activities of rural development banks.

With those remarks, I beg to support.

Mr. Oparanya: Mr. Temporary Deputy Speaker, Sir, I thank you very much for giving me the opportunity to contribute to this Motion. I also wish to thank Mr. M'Mukindia for bringing the Motion to the House at the right time. It is good that the Minister for Finance is here to listen to what we have to say about this country's banking sector.

Mr. Temporary Deputy Speaker, Sir, commercial banks in this country have exploited *wananchi*. If you require a loan from a bank, you are asked to produce a security in the form of a title deed. If you produce a title deed, you are told to have a valuation done on the property. Once that is done, the property has to be charged. You have to pay the legal fees for the charge. If you apply for a loan of Kshs1 million, by the time you get it you will have accumulated charges of over Kshs200,000. If you default in repaying the loan, the interest chargeable is compounded. If you are not able to pay, you are liable to penalties.

When all these charges are put together, even if you are charged 15 per cent interest, you end up paying 30 per cent. What business can absorb a 30 per cent interest and still enable you to make a profit? Most foreigners have avoided investing in this country, because the costs of doing business in Kenya are very high. Most of the banks that were started by Kenyans have collapsed. We now have

foreign banks which compete in declaring high profits annually. The major commercial banks in this country, namely, the Barclays Bank of Kenya and the Standard Chartered Bank, make billions of shillings in profit. If you try to borrow some money from these banks, they will insist on very difficult conditions. When these banks declare these profits, most of them are repatriated because the owners are not here. They have given very little to Kenyans, as shares, to own these banks. It is my wish that we empower the Kenya Post Office Savings Bank. This bank has networks throughout this country; it has branches all over the country. However, it is not allowed to lend money to wananchi. It should be allowed to lend at least up to Kshs200,000. This bank operates under a statute and it has a provision that says that, when the bank makes operational losses, the Treasury will take over the losses. So, this bank was opened to help small savers. If it is helping them, it should also be allowed to extend credit to them.

I take this opportunity to thank the Minister for Finance for having enforced Section 44 of the Banking Act in the last Budget Speech. Banks have been charging extra levies without making reference even to the Minister. There is a clear provision that before a bank makes any charge, it has to refer to the Minister. Commercial banks require a lot of money as minimum balance. For you to be able to operate an account in these banks, you need to have as much as Kshs5,000. Where would the rural folk get Kshs5,000? We need to have rural banking. In my own constituency, there is no commercial bank at all and my constituents have to travel for about 40 kilometres in order to get a commercial bank.

I would like to thank the K-Rep for they have now opened a small bank that has started helping the rural folks. However, the Minister for Finance should come up with a clear legal framework to ensure that these small banks operate. We have co-operative societies, but they are already strained as they have no liquidity to meet the requirements of their customers. When you save with a co-operative society, you are allowed to borrow only three or four times your shares. You will find that when people require credit, there is no liquidity. This therefore, means that people have to wait even for six months or over a year before they are given credit. We need these small micro-financing institutions to supplement the co-operative movement.

With those few remarks, I beg to support.

The Minister for Finance, (Mr. Mwiraria): Mr. Temporary Deputy Speaker, Sir, I rise to support this Motion.

(Applause)

Let me give a little background on what has happened to the banking sector in this country during the last 20 years. There was a time when we used to have many Kenyan-owned banks and banking institutions. All those banks and banking institutions ran into problems in the 80s and were closed down. Following those closures, the banks which remained raised their interest rates. Of course, the time of the Goldenberg became a wonderful opportunity for them to increase interest rates up to about 70 per cent. At the same time, new banks were established. Unfortunately, these were banks in quotes, because many of them were established to rob depositors of their money. Most of those banks have now collapsed, but they have collapsed with a lot of money belonging to the depositors.

At the moment, the NARC Government has decided to turn the economy round, to create at least half a million jobs every year, to improve infrastructure like roads and telecommunication, to give people better portable water, to provide free and compulsory education, among many others. As we look at the job before us, we realize that the NARC Government on its own cannot create the half a million jobs per annum. These jobs will have to be created by the private sector. By talking of the private sector, I mean the large scale companies as well as the small and medium scale enterprises.

Mr. Temporary Deputy Speaker, Sir, one of our problems in the past has been that enterprises in this country have been unable to get access to affordable credit due to the very high interest rates prevailing. So, the question that we have to address is: What do we do? The private sector which we

look at as the engine for growth needs to be oiled, and that oil is affordable credit or affordable money.

(Applause)

It is for this reason that I feel that this Motion needs support from the Government, because not only do we want to have affordable credit to the private sector, but we also want affordable credit even to the *wananchi*; the poor people who just need Kshs20,000 to expand their kiosks, their little businesses or even to build huts for themselves.

Mr. Temporary Deputy Speaker, Sir, if you look back a little at what has happened, after the elimination of the Kenyan banks and finance houses, the big multinational banks started closing down branches all over the country. They reduced the number of branches even in Nairobi and Mombasa. This has led to less banking facilities in the country. If you go to a place like Meru where I come from, you will notice that it is the only banking area for towns like Isiolo, Maua and many others. We really cannot afford to have people without banks. So, I support this Motion because I feel that we have to take banking to the people.

Let me add that since the NARC Government took over, we have realized that this is a serious problem. For that reason, we have looked at the banking sector as a whole, and during the Budget Speech, I made several proposals. One of them relates to interest rates. I said that as much as we do not want to control interest rates, Kenya must join the rest of the world in doing so. When economies like those of America, in Europe and United Kingdom (UK) go into recession, the first thing they do is to lower interest rates to make money available at reasonable rates to stimulate growth. We are no different from those economies. I think the question that we have to address and I do not think it is difficult for us to find an answer to it, is: "How is Kenya going to regulate interest rates without appearing to control them so that we can make money available at affordable rates to all Kenyans, particularly those in the private sector who want to invest to make some money?"

Mr. Temporary Deputy Speaker, Sir, in the Budget Speech, I challenged the Governor of Central Bank to come up with an instrument that he can use to regulate interest rates in the country the way Mr. Greenspan does it in America; the way the Bank of England is doing it in UK and the way the European Bank is doing it in Europe. We have also gone a stage further. We have looked at all the non-banking institutions particularly the micro ones. We have looked at our SACCOS and as I said again in the Budget Speech, I am bringing a law to this House to introduce micro-finance institutions and regulate them in order to help them get established so that you can have them in places where there are very few banks or where no banks exist. That law will help us to establish new micro-finance institutions which will lend money at affordable rates to *wananchi* all over the country. We have already got someone who is willing to give us Kshs1 billion to invest in the micro-finance institutions. So, when the law comes to the House, I will plead with the hon. Members to support it so that it goes through quickly so that we can establish the micro-finance institutions. I would really appeal to the hon. Members to do that.

Mr. Temporary Deputy Speaker, Sir, we do really require to make sure that banking services are available throughout the country and also available to everyone. Most of the large banks in the last few years, in fact, closed accounts which had less than Kshs10,000. Many *wananchi* who live here and work for salaries cannot, in fact, have more than Kshs5,000 to keep an account opened. So, I would appeal here to the banks to be sensitive to the needs of *wananchi* and give them services without penalising them for being poor. This is because when somebody cannot afford more than Kshs5,000 and you force him to close an account, you are literally penalising him. In fact, we need every saver to be allowed to save his or her money at reasonable rates of interests so that we can increase savings and invest them in the development of the economy.

Mr. Temporary Deputy Speaker, Sir, I would also like to appeal to the banks to look at their charges. I have a feeling that there are far too many charges being levied by the banks today. The banks should consider reducing the charges and see whether they can make them reasonable. With

regard to the issues of banks which were formed to rob *wananchi*, we have already instructed the Governor of the Central Bank of Kenya to make sure that the Banks Inspection Unit in the Central Bank does its work diligently. If it needs strengthening, then that is going to be done, so that when a bank starts developing problems, it is nipped in the bud. They should be stopped before they get out of hand and too many people lose their money. Mr. Temporary Deputy Speaker, Sir, I also want to request all the parastatals to heed circulars from the Treasury and not to deposit their money in shaky banks. It is only this way that we can protect public funds. We have had problems. Quite a few parastatals have lost large sums of money and we cannot afford to lose any more.

I really did not want to take too much time to speak. All I wanted to do was really to let the House know that the Government is fully in support of this Motion and it has already initiated the review of the banking laws because we feel it is only after we have amended the laws and looked at them to find out what has gone wrong in the past and after--- In fact, we have established the fact that a large percentage of non-performing loans in the banks is responsible for the high interest rates. You will recall that during the Budget Speech, I suggested that there be established a non-performing loan agency which would buy all the non-performing loans from all the banks to improve the books of accounts of the banks, and then, see whether by that way we can reduce the pressure on the high interest rates.

In short, I want to say that the NARC Government is determined to make sure that *wananchi* get affordable credit from financial institutions. It is also determined to amend the laws to make it possible for micro-financial institutions, SACCOs and other building societies to operate in the country. They should get the full support of the Government.

As I said before, the Government supports the Motion. It has already initiated action on the amendment to the Banking Act, all the other banking laws and that in the course of the next six months or so, I will bring the necessary amendments before this House.

Mr. Temporary Deputy Speaker, Sir, I beg to support.

Mr. Wario: Ahsante sana Bw. Naibu Spika wa Muda kwa kunipatia nafasi hii. Ningependa kuchukua fursa hii kuunga mkono Hoja hii, kwa sababu hii ni baadhi ya Hoja ambazo zinagusia maisha ya Mkenya kule vijijini.

Mimi nimetoka katika wilaya ambayo kwa ukubwa ni kilomita 38,664 mraba na katika sehemu hiyo, kuna benki moja peke yake. Ya kunisikitisha zaidi ni kuwa sehemu ambayo ninawakilisha Bungeni ni kilomita 12,000 mraba na ninasikitika kujulisha Bunge hili kwamba haina benki hata moja. Iwapo unataka kupata huduma za benki, inakubidi uende kilomita 80 kutoka sehemu ambayo ninawakilisha. Kwa hivyo, hii ni baadhi ya sababu ambazo zinanifanya niseme kuwa mheshimiwa aliyeleta Hoja hii alitambua kwa ufasaha, taabu na tatizo ambalo linakumba Wakenya kule vijijini. Benki zimekuwa tatizo kubwa badala ya kuwa suluhisho la matatizo ya kiuchumi na umaskini ambao unakumba idadi kubwa ya Wakenya. Imekuwa ni tatizo kwa sababu utakaponufaika siku moja kupata mkopo kwa benki, mwishoni utapelekwa kortini au mali yako itanadiwa. Hii ni kwa sababu, idadi ya riba ambayo benki zinaweka juu ya mikopo ambayo zinatoa ni juu zaidi. Hali hii haiwezi kumwezesha Mkenya wa kawaida kumudu kuweza kulipa hiyo riba. Ni katika hali kama hii, mwananchi wa kawaida atakapopata mkopo, mwisho wake ni kortini.

Bw. Naibu Spika wa Muda, benki zetu leo zinaangalia zaidi mambo ya faida. Haziangalii umaskini na hali ngumu ambayo wanaishi Wakenya. Hoja hii ikatipopita itasaidia wale akina mama ambao kwa sasa wanauza kuku na wengine ambao wanachanga shilingi kumi kwa siku, ili waweze kusaidiana baina yao. Hoja hii itakipopita, tatizo ambalo linakumba akina mama, kwa hakika, litapunguka. Nilisema hapo awali kwamba unatembea kilomita 80 kwenda kupata huduma ya benki, na unapofika kwa benki, unatozwa asilimia mbili ya ile hundi ambayo unaenda kutoa au kuchukua. Jambo hili halifanyiki katika sehemu nyingine ya nchi hii. Ukiwa katika miji mikubwa, haulipishwi asilimia mbili kwa ile hundi ambayo unaenda kuchukua. Lakini ukienda mashambani, kila hundi ambayo unalipwa, benki inakukata asilimia mbili. Hii ni dhuluma kwa Wakenya. Unaweza weka hundi kwa benki katika miji mikubwa kama vile Nairobi, Mombasa, Kisumu au Nakuru na hiyo hundi

itachukua siku tatu kuwa tayari. Lakini ukienda sehemu za mashambani, hundi huchukua wiki tatu kuwa tayari. Katika wiki tatu, yule mtu ambaye alikuwa anatarajia kupata hizo pesa, atakuwa amedhoofika sana.

Hapo awali, nilipokuwa nikizungumzia hoja ya kuhusu elimu ya mfugaji, nilieleza kwa kinaga ubaga na nikasema kwamba Yesu alikuwa mfugaji. Ukiangalia wakati wa Yesu mpaka kufikia mimi nikawa mfugaji, ninataka kusema kwamba mifugo na watu wanaoishi maisha ya kuhamahama ni sehemu ya nchi hii na itabaki na itadumu. Kitu cha kusikitisha ni kwamba benki zetu hazitambui mifugo kama mali. Jambo hili limelazimisha wafugaji wengi kuwa maskini kwa sababu hawanufaiki kupata mikopo kama Wakenya wengine. Hii ni dhuluma isiyo na kifani, dhidi ya jamii ya wafugaji.

Hivi majuzi, shirika la Agricultural Finance Corporation (AFC) lilitoa mikopo ya Kshs250 milioni. Mikopo hiyo ilikusudiwa wakulima wa sehemu fulani ya Mkoa wa Bonde la Ufa na Mkoa wa Kati. Shirika la AFC ni shirika ambalo linastahili kuwasaidia wakulima wote katika nchi hii. Nasikitika kwa sababu Serikali imeanzisha sera ambayo itasaidia kuendeleza hali ya maisha ya watu wanaotoka katika sehemu kame za nchi hii. Hata hivyo, ni aibu kuona pesa ambazo zinakusudiwa kuwasaidia wakulima wote zinapewa wananchi wa sehemu fulani za nchi. Je, hii ni kwa sababu watu wa sehemu hizo hawakuchagua Serikali ya NARC?. Ningetaka kuona sera itakayohudumia Wakenya wote bila kujali dini, rangi au chama chao cha kisiasa au chama walichokipigia kura wakati wa uchaguzi mkuu uliopita.

Bw. Naibu Spika wa Muda, kwa hayo machache, naiunga mkono Hoja hii.

Mr. Kagwima: Mr. Temporary Deputy Speaker, Sir, thank you for giving me this opportunity. I rise to join my colleagues in supporting this very important Motion so that Kenyans can benefit from the proposed changes. I would like to request the Minister, in trying to amend the laws in order to assist the micro-finance institutions, to start with the co-operatives. Our co-operatives, and more so those of farmers, have been for a long time mismanaged. They have been the sources of money for the farmers to improve their farming activities. If we could ensure that they are functioning properly, our farmers will continue having access to credit and they will have reasonable money to purchase farm in-puts.

Mr. Temporary Deputy Speaker, Sir, I would like to address the issue of the banks managed by the SACCOs. As we talk of strengthening the informal banking institutions, it is important to note that those SACCO banks are very important. We have realised that teachers in the rural areas have benefitted immensely by borrowing money from their own SACCOs. If we encourage the tea, coffee and cotton farmers, including those who keep livestock, to have societies, then they will be able to access credit. This will also ensure that those farmers who are willing to work, have access to affordable credit.

Mr. Temporary Deputy Speaker, Sir, even the small groups like merry-go-round should also be educated, assisted and financed so that they can develop into micro-finance institutions. I am happy with the Minister because of the measures he has taken to control the interest rates charged by banks in this country. In the last few years, many businessmen and well-to-do companies have undergone terrible problems because of interest rates charged by banks. I do not know if the banks know that there is a law in this country that requires them to consult with the Minister before they impose penalties against their customers. I request the Minister and the CBK to assist those borrowers who are still struggling with their loans, so that they can have their loans renegotiated, rescheduled, or the banks do away with those interest rates and penalties.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Poghiso): Order! Mr. Kagwima, you will have seven minutes next week to conclude your contribution.

Hon. Members, it is now time for the interruption of business. The House is, therefore,

adjourned until 16th July, 2003, at 2.30 p.m.

The House rose at 12.30 p.m.