

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 21st October, 2003

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

QUESTIONS BY PRIVATE NOTICE

KCSE REGISTRATION FOR SSD SECONDARY SCHOOL CANDIDATES

(Mr. Abdirahman) to ask the Minister for Education, Science and Technology:-

(a) Why have the following candidates, who were registered for KCSE in 2003 at SSD Secondary School on Ronald Ngala Street, not been reflected in the computer print-outs released by the Kenya National Examinations Council despite constant appeal from the school head:-

1. 401053079 - Mwaura Danton Kinuthia
2. 401053080 - Odhiambo Kennedy Ouma
3. 401053081 - Ahmed Amal Mohamed
4. 401053082 - Kinaro James Mwangi?

(b) What urgent steps will the Minister take to ensure that the students sit for the examination this year as they have duly paid the fees?

Mr. Speaker: Mr. Abdirahman not here? The Question is dropped.

(Question dropped)

Next Question, Mr. L. Maitha!

SHORTAGE OF TEACHERS IN KAKUYUNI SECONDARY SCHOOL

Mr. L. Maitha: Mr. Speaker, Sir, I beg

to ask the Minister for Education, Science and Technology the following Question by Private Notice.

(a) Is he aware that Kakuyuni Boys Secondary School in Malindi has a severe shortage of teachers such that some subjects are completely not taught at the school?

(b) Could the Minister urgently post more teachers to the school?

The Assistant Minister for Education, Science and Technology (Dr. Mwiria): Mr. Speaker, Sir, I beg to reply.

(a) I am aware of the teacher shortage in Kakuyuni Boys Secondary School which has five classes with an enrolment of 194 students.

(b) As a matter of urgency, the Ministry has sent Mrs. Jedida C. Juma, TSC No.372752 to the school while additional teachers will be provided during the next recruitment exercise.

Mr. L. Maitha: Mr. Speaker, Sir, I appreciate the answer given by the Assistant Minister. I am glad to learn that a teacher has been posted to this secondary school. However, just to emphasise, could he tell us when the next recruitment drive will take place because we are dealing with the element of time? We need that school to function as any other secondary school in the country.

Dr. Mwiria: Mr. Speaker, Sir, as I indicated before, this is a problem across the whole country. The recruitment exercise, of more teachers throughout the country, will depend on the availability of funds. I hope, early next year, the Government will be able to carry out this exercise.

Mr. Speaker: Very well! Next Question, Mr. Khamasi!

PAYMENT OF INTEREST ON KTDA BONUS

Mr. Khamasi: Mr. Speaker, Sir, I beg to ask the Minister for Agriculture the following Question by Private Notice.

Now that Kenya Tea Development Agency (KTDA) is about to pay farmers their bonus for the Financial Year ended 30th June, 2003, could the Minister confirm that interest will be paid on all outstanding amounts?

The Assistant Minister for Agriculture (Mr. J. Nyagah): Mr. Speaker, Sir, I beg to reply.

I am aware that Kenya Tea Development Agency is preparing to pay tea farmers the final payment for the 2002/2003 Financial Year. The rate of payment is determined by individual factory boards and is influenced by the selling price of tea, expenditure for the period under consideration and other income such as interest earnings. Tea proceeds are credited in the individual factory accounts and any interest accrued is reflected in the accounts. The interest component is, therefore, factored in the computation of the final payment.

Mr. Khamasi: Mr. Speaker, Sir, I sympathise with the Assistant Minister because I am sure he has been given a wrong answer. However, could he kind enough to tell this House the total amount being paid in terms of the second payment? Out of that amount, what portion of it is interest?

Mr. J. Nyagah: Mr. Speaker, Sir, that is being worked out at the moment. So, I do not have the exact figures. However, as soon as the final payments are ready, I would be happy to bring them to Parliament.

Mr. Obwocha: Mr. Speaker, Sir, let the Assistant Minister be clear on what he is telling this House. What is being worked out? Is it the total amount of bonus or the total interest to be paid to farmers? Which is which?

Mr. J. Nyagah: Mr. Speaker, Sir, I prefer to call it final payment because when I use the word "bonus", it gives the wrong connotation. What I meant was that the total final payment figure that will be paid to the farmers is what is now being worked out in the various tea factories around the country.

Mr. Onyancha: Mr. Speaker, Sir, there is a growing discontent among tea farmers, especially in Kisii District, over the performance of the KTDA directors. Is the Ministry so incapacitated that it cannot do anything about the discontent amongst tea growers in that region?

Mr. J. Nyagah: Mr. Speaker, Sir, as the hon. Member is aware, a couple of years ago, the farmers wanted to control the tea industry. So, in keeping with the desire to want to control the industry, the new KTDA was created. However, the hon. Member is also correct to say that we have had complaints in parts of the country. Since KTDA is a private company, the Ministry is not in the same position as it was previously; where we controlled KTDA very closely. So, I am aware of those problems and I will be very happy to assist the farmers. If, indeed, that continues to be a problem, I would advise the hon. Member to liaise with us so that we work out how we can help the farmers.

Mr. Khamasi: Mr. Speaker, Sir, I think the Assistant Minister has been misled about this Question. As I speak here, individual factories have been told exactly what payment they will receive. For example, at the factory where I deliver my tea, farmers will receive only Kshs9.60 per kilogramme

as a second payment. Now that it is the KTDA who actually do the marketing of tea at the auction in Mombasa City, could the Assistant Minister assure this House that he will, indeed, make sure that KTDA will pay interest on the money which it has been keeping for the last 12 months?

Mr. J. Nyagah: Mr. Speaker, Sir, I would like to be clear that each factory manages its own funds. So, it is the responsibility of the boards of the factories, together with the few Kenya Tea Development Agency (KTDA) staff seconded to them, to make the decisions the hon. Member is talking about. That is what Mr. Onyancha has referred to. In this particular case, if the board is mismanaging the factory, and it is unable to pay the farmers an appropriate sum of money, then he should look at the board with a view to taking action.

Mr. Khamasi: On a point of order, Mr. Speaker, Sir. Is the Assistant Minister in order to mislead the House? The marketing of tea is not done by individual factories; it is done by the KTDA. Why is he misinforming the House?

Mr. J. Nyagah: Mr. Speaker, Sir, I am not misinforming the House. What I am saying is that a factory's own elected members of the Board and the three members of staff seconded to it by the KTDA, namely, the Logistics Manager, the Factory Manager and the Accountant, work together very closely. So, even though the auctions are done in Mombasa, the money is actually put in the accounts of the various factories, which are run by the local boards. It is those boards which must cut the expenses. Each board must take full responsibility, so as to give the farmer maximum benefits.

Mr. Speaker: Very well. Next Question, Mr. Weya!

INSURANCE SERVICE BROKERAGE FIRMS
FOR KPLC/KENGEN

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

(a) Could the Minister table the names of insurance brokerage firms that cover both Kenya Power & Lighting Company (KPLC) and KenGen Company?

(b) What criteria was used in issuing covers, and for how long have these firms been contracted?

The Minister for Energy (Mr. Ochilo-Ayacko): Mr. Speaker, Sir, before I reply to the Question, I wish to apologise to the House. Last week, my Ministry was unable to answer a few Questions. I hope that the same will not be repeated this week; I intend to ensure that it does not happen.

Having said that, Mr. Speaker, Sir, I beg to reply.

(a) The names of insurance companies and brokerage firms listed herebelow provide insurance cover for various portfolios to both the KPLC and KenGen. Since the list is long, I will table it.

(b) The tenders by the KPLC and KenGen to award the contract were advertised in the print media of 14th April, 2003. The criteria used by the two companies were as follows:-

(i) The brokers must be registered and licensed by the Commissioner of Insurance for the year 2003.

(ii) The firm must hold a professional indemnity policy for, at least, Kshs30 million with regard to KenGen and Kshs10 million with regard to the KPLC.

(iii) The brokerage firms must be registered members of the Association of Insurance Brokers of Kenya.

(iv) The firms must submit audited accounts for the last two years prior to tendering price, and must have competent staff.

The companies were given contracts for one year, commencing 1st July, 2003 to 30th June, 2004.

Mr. Speaker, Sir, I hereby table the list of the said companies.

(Mr. Ochilo-Ayacko laid the document on the Table)

Mr. Weya: Mr. Speaker, Sir, I would like to thank the Minister for the answer, but I would like to know why the KPLC had to re-advertise this particular tender. Secondly, we know that the former Managing Director is a partner of M/s Kabage Muriithi Insurance Brokers.

Since he has an interest in this insurance brokerage firm, and we know that he still has his people in the KPLC, could the Minister tell us what actions he has taken to ensure that they retained the tendering process? Some of these tenders have always been tailor-made to suit certain firms.

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, on the last aspect, the information I have is that the ownership of M/s Kabage Muriithi Insurance Brokers does not include any person who has been running the KPLC, either presently or previously. The KPLC had to re-tender because M/s Alexander Forbes, who had done very well but, for variation of certain technical issues, appealed against the award because the variation came after the rules regarding the tenders had been done. So, the firm appealed against the rules, because the revision did not take the tendering advertisement into account.

Mr. J.K. Kilonzo: Mr. Speaker, Sir, could the Minister tell us whether the proper procedure was followed in awarding the contracts to these brokers? For instance, was the Commissioner of Insurance, who is the principal adviser of the Government on insurance matters, consulted on these tenders?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, I would like to assure the hon. Member and the House that the tender for insurance brokerage in respect of KenGen, both for underwriting and brokerage, was not contested by any of the parties. It has so far not been contested by anybody. So, because there is nobody disputing the tender for KenGen, I take it that the rules were followed.

Mr. Speaker, Sir, with regard to the tender of the KPLC, the entire award was cancelled by the Appeals Board because there was a variation of rules midstream. So, one of the parties, M/s Alexander Forbes, appealed, arguing that the variation occasioned injury to it. That is why there is a re-tender of the same. I think it is presently going on well, and there is no complaint.

Mr. Weya: Mr. Speaker, Sir, could the Minister tell us what these variation rules were?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, initially, there were certain categories of scores that each item in the tender was supposed to earn the participant to enable the tender to be costeffective and enable the KPLC to award the tender to the firm that quoted the least. They varied scores, giving a minimum of 50 per cent to a particular item in the score. I do not have it here. That item was intended to save the corporation about Kshs109 million.

Mr. Speaker, Sir, the company that contested the particular variation alleged that at the time it was preparing its bid documents, it was unaware of that variation. So, it could not have varied its documents to accommodate that kind of consideration.

Mr. Speaker: Well, let us have the last question on this matter from Mr. Mukiri.

Mr. Mukiri: Mr. Speaker, Sir, I would like the Minister to tell the House the insurable value for this contract in view of the fact that the indemnity placed on the brokers is only Kshs30 million. Does that satisfy the tendering certificate?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, although that is not part of the Question, I would like to respond that the insurable value was for various risks. I believe that, for the KPLC, it was for over Kshs200 million. I do not have the basis on which the indemnity of Kshs10 million for the KPLC was arrived at but for KenGen, it was calculated at Kshs30 million.

Mr. Speaker, Sir, if the hon. Member is interested in more technical details on the matter, I will supply them to him.

Mr. Speaker: Very well. Let us now proceed to Ordinary Questions!

ORAL ANSWERS TO QUESTIONS

*Question No.709*GOVERNMENT POLICY ON APPOINTMENT
OF CHANCELLORS

Mr. A.M. Mahamud, on behalf of **Prof. Oniang'o**, asked the Minister Education, Science and Technology:-

- (a) what the Government's policy on the appointment of chancellors and vice-chancellors is;
- (b) whether the Government has sought views of lecturers and students on how universities should be run; and,
- (c) what plans are there to revise the remuneration package for university employees.

The Assistant Minister for Education, Science and Technology (Dr. Mwiria): Mr. Speaker, Sir, I beg to reply.

(a) The appointments of chancellors and vice-chancellors are carried out under the provisions of the individual university Acts that govern the running of the six public universities. As of now---

*(Applause as Mr. Awori entered
the Chamber)*

Mr. Speaker: Order! Order! For those Members who are new to this House, they should be asked to read the HANSARD. The Chair outlawed any showing of political signs in this House!

(Laughter)

Dr. Mwiria, please, proceed!

The Assistant Minister for Education, Science and Technology (Dr. Mwiria): Mr. Speaker, Sir, I had already started answering the Question. I had said that the appointments of chancellors and vice-chancellors are carried out under the provisions of the individual university Acts that govern the running of the six public universities.

The current Act stipulates that the President of the country shall be the chancellor of public universities. However, the Act also allows the President to appoint eminent Kenyans to play the role of chancellors of universities as was the case about three months ago.

(b) The running of the universities is governed under the university council and the senate where lecturers, students and members of staff of the universities are represented. Therefore, the Government, in that way, seeks their views and involves them in the running of universities as required by the individual university Act.

(c) The Government is in the process of reviewing the terms of service of universities' employees with a view to improving them. As a matter of fact, last week, the Minister announced the intent to form a task force to review the terms and conditions of service of academic staff. There are consultations going on between the Government, university administrators and lecturers regarding the improvement of their terms and conditions of service.

Mr. A.M. Mahamud: Mr. Speaker, Sir, currently, there is an impending strike by lecturers in all universities in Kenya and yet, the Assistant Minister is telling us that they are reviewing the terms and conditions of service for lecturers and other employees. Could he tell us whether he is aware of the impending strike and the grievances?

Dr. Mwiria: Mr. Speaker, Sir, I am aware that the lecturers have called for a strike. But we are also talking to them and asking for their understanding because we are doing everything possible to ensure that their salaries and terms of employment are improved.

Mr. Munya: Mr. Speaker, Sir, could the Assistant Minister explain to us how the appointment of chancellors has improved the running of the universities? The instability at the universities has not changed even after the appointment of the chancellors. The Assistant Minister has also told us that there is a policy by the Government to de-link itself from the running of the universities. Is that a wise decision when the Government has invested in the universities?

Dr. Mwiria: Mr. Speaker, Sir, the Government cannot completely divest itself from the management of the universities, given that it is the principal shareholder by way of resources that are allocated to the universities. The Government will continue to be involved not as a supervisor, but as a partner with those who will have been appointed to run the institutions.

The appointment of chancellors is a recent phenomenon and there are teething problems. We hope that, with time, and our intent to carry out other reforms in the management of the universities, the situation will improve. The recent strikes in universities had nothing to do with the chancellors as such. That is because even before their appointments, the students used to go on strike. We would like to implement more reforms and, in the coming national symposium on education, we will gather views from all Kenyans, including Members of Parliament, on the best way forward to run our public education institutions, including universities.

Ms. Abdalla: Mr. Speaker, Sir, could the Assistant Minister confirm that the positions of chancellors are reserved for retirees?

(Applause)

Dr. Mwiria: Yes, I--- Well! You know, I am not privy to the dates of births of those chancellors! I do not know when they retired. The point is that eminent persons can be chancellors of universities. The retired people could also be eminent and have a wealth of knowledge that could be useful. I do not think that we should discriminate against professionals on the basis of age.

Prof. Olweny: Mr. Speaker, Sir, could the Assistant Minister tell us which statute indicates that the vice-chancellor, the deputy vice-chancellor and the principals of colleges should be appointed by the President?

Dr. Mwiria: Mr. Speaker, Sir, the Act does not state that the President should be the only person appointing those senior officers. The President should do it in consultation with the university council.

Dr. Ali: Mr. Speaker, Sir, we knew that the chancellor of all public universities used to be the President and the vice-chancellors usually responded to all his orders. Now that the chancellors happen to be private citizens of this country, how sure are we that the vice-chancellors are not going to take orders from the chancellors? Do you not think that, that will bring collision in the universities?

Dr. Mwiria: Mr. Speaker, Sir, if the hon. Member could repeat the question, I would appreciate!

Dr. Ali: I said that previously, the chancellor of all public universities in this country used to be the President of the Republic of Kenya. Knowing the powers of the President, the vice-chancellors and the senate were prepared to listen to his orders. Now that you have brought senior citizens of this country to become chancellors, how will the universities be run because of problems between the chancellors, vice-chancellors and the students?

Dr. Mwiria: Mr. Speaker, Sir, the intention of appointing chancellors other than the President was to ensure that Government interference in the running of universities was minimised. We would assume that, with the Government and the President taking the back seat, there will be little direction

as to how the universities should be run. Let me repeat that we are in the process of carrying out reforms and we would need to do much more than just appointing chancellors to ensure that our universities are independent of the powers of the State.

Question No.615

BENEFITS OF TURKWEIL PROJECT TO
LOCAL PEOPLE

Mr. Moroto asked the Minister for Energy:-

- (a) whether he is aware that the Turkwel Project is not benefiting the local people; and,
- (b) whether he could table the list of projects supported by KenGen in Turkwel which ought to benefit the area residents.

The Minister for Energy (Mr. Ochilo-Ayacko): Mr. Speaker, Sir, I beg to reply.

- (a) I am not aware that the Turkwel Project is not benefiting the local people.
- (b) The projects listed below are supported by KenGen for the benefit of the local people:-

On the issue of schools: the Turkwel Primary School is the best in the area and is sponsored by KenGen. Admission to the school is also unconditional. The school has a subsidized boarding wing to enable local children remain in school, even when their parents migrate in search of pasture for their livestock.

The company also contributed towards construction of classrooms at Lologon (Turkana), Kainuk and supports the nursery school near the dam in Pokot.

On transport and infrastructure, the company provides the local people with weekly free transport to Kitale to facilitate their shopping and other social needs. The permanent road to Turkwel has also helped in improving communication and security in the area.

On the issue of employment, KenGen encourages the companies contracted to undertake privatised services like cleaning and security to employ the local people. Currently, there are 87 local people employed by these companies.

With regard to access to social amenities, the local people have free access to the company's recreational facilities like the swimming pool and water dam whereas access to the company dispensary is on a cost-sharing basis.

Mr. Moroto: Mr. Speaker, Sir, I have a lot of respect for the Minister but he is totally misleading this House. Could the Minister go back and check his records because the information he has given us here is false? Nothing exists in that place. Not even what he has mentioned here exists there. In fact, I am unable to ask him a supplementary question and I sympathise with him. So, what kind of support has KenGen given to the nursery school and how many pupils are boarders in this school he has mentioned here?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, the hon. Member who has asked this Question is a friend of mine. I am ready to go an extra mile and go with him to this particular school and prove that it exists.

An hon. Member: Just because he is your friend!

Mr. Ochilo-Ayacko: It is not because he is my friend but because he is a Member of the House. I am ready to take him on a tour of his own constituency and show him the existence of this support. I do not have the details of the number of nursery school pupils who are there.

Mr. Moroto: Mr. Speaker, Sir, now that the Minister has committed himself by promising that he will come to my constituency, could he say when he will come?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, I promise to go with the Member of Parliament to that region early next month and he can come to my office so that we agree on a date.

Mr. Rotino: Mr. Speaker, Sir, KenGen produces a lot of power in this country and yet the Pokot people do not benefit from it. KenGen gets Kshs700 million every year and yet the Pokot people do not get even an iota of electricity especially in my own constituency. Could the Minister deny or confirm that and give us 10 per cent of that money?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, perhaps, what is not coming out clearly is that the Turkwel Gorge Project is a national asset. It is an asset that is owned by everybody in Kenya, including the Pokots. What the Government is doing is that there is an arrangement between KenGen and Kerio Valley Development Authority (KVDA) whereby KVDA is given nearly Kshs50 million. How they use it is what the hon. Member of Parliament for that area should find out because it should be used for the benefit of the people who come from there. As regards the generation and distribution of electricity, Kenyans from that area are free to participate in the Rural Electrification Programme just like Kenyans from other areas.

Question No.668

ELECTRIFICATION OF CENTRES
IN GIKINDU LOCATION

Mr. Kembi-Gitura asked the Minister for Energy:-

(a) whether he is aware that no shopping centre in Gikindu Location of Murang'a District has electricity, yet both Wanji and Tana Power Stations are located in the said location; and,

(b) what urgent measures he is taking to ensure that residents of the location benefit from the two power stations.

The Minister for Energy (Mr. Ochilo-Ayacko): Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware.

(b) The community neighbouring the two power-generating stations can be supplied with power either by them paying the full cost of connection on commercial basis or through support of the Rural Electrification Programme (REP). Under REP, the Government has developed criteria for distributing rural electrification resources to the districts annually and consideration for support of such projects will be strictly on account of social and economic merit order ranking by the respective District Development Committees (DDCs).

Mr. Kembi-Gitura: Mr. Speaker, Sir, I have a written answer which I am extremely dissatisfied with. You heard the answer the Minister gave to Question No.615 regarding the Turkwel Project. As regards the Turkwel Project, they have a primary school, dispensary, social amenities and they even provide transport. As regards my Question, Gikindu Location in Kiharu Constituency has two power-generating stations, Wanji and Tana and the Minister has answered by saying that he is aware that not a single shopping centre has power. Is the Minister satisfied that the modalities they are following are correct and satisfactory if at all the residents near Turkwel are getting so many benefits and yet my constituency has two power stations and yet no shopping centre has power? Is it right that Gikindu Location should be generating power and exporting it throughout the country on the national grid and yet it does not have any power at all?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, that appears to be a different Question from the one the hon. Member had asked. However, I would like to inform him that in the Financial Year 2003/2004, there are plans to supply electricity to Wathenge Coffee Factory in Kiharu and Kambirwa Self-Help Water Supply also in Kiharu. My Ministry has come up with a strategy to electrify all urban areas in this country including small townships like the one the hon. Member is [Mr. Ochilo Ayacko talking about. We have mobilised funds and given them to Kenya Power and Lighting Company

(KPLC) to connect power to 150,000 new customers every year. If we can get more information from the hon. Member's constituency in respect of these particular areas, and particularly the customers who are interested, we could include those areas in the programme.

Mr. Kagwima: Mr. Speaker, Sir, I am trying to follow up this issue, as a matter of principle. The Minister has answered that he is trying to supply electricity to the urban centres. How much money has the Minister allocated, per district, during this financial year for projects?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, the supply of electricity to townships and urban areas will not be on the basis of rural electrification programmes. It is on the basis of a new arrangement where a critical number of customers would be put together and each may be called upon to pay as little as Kshs20,000 and the balance of the expense will be undertaken by KPLC. So, the money is not coming from the Ministry or the Government but it is a strategy by KPLC to enhance connectivity and their consumer base so that they do not have idle power.

Mr. Kagwima: On a point of order, Mr. Speaker, Sir. The Minister has answered me very well. He has said, in his last sentence, that the money will come from KPLC. KPLC is a contractor appointed by the Ministry and, therefore, how will it supply the money?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, although the hon. Member stood on a point of order, KPLC will not sit back and wait for customers. We have instructed them to go out there, package adequate customers and apportion costs on a viable basis, for instance, Kshs20,000 to Kshs30,000, so that they can go to the customers and not customers going to them.

Mr. Kembu-Gitura: Mr. Speaker, Sir, the problem with rural electrification is that the Ministry has loaded it with 15 per cent Value Added Tax (VAT), thereby making it very, very expensive. My Question has not been answered to the best of my knowledge. It was specifically on these two power stations. Is the Minister going to give priority to urban centres within those areas that are generating power, when providing rural electrification?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, we could consider the request by the hon. Member on a different understanding. KenGen is the one responsible for generation of electricity and it has a programme to give something back to those communities which are affected by the generation of electricity. Perhaps, concerning that programme, if the hon. Member could visit me in the office, we could explore such possibilities.

Question No.652

NSSF BENEFITS FOR MR. FUGICHA

Mr. Bahari asked the Minister for Labour and Human Resource Development:-

- (a) whether he is aware that NSSF benefits for Mr. Roba Galgalo Fugicha, NSSF No.016631617, have not been processed; and,
- (b) when Mr. Fugicha will be paid his NSSF benefits.

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): Mr. Speaker, Sir, before I reply to this Question, I would like to tender the apology of the Minister for Labour and Human Resource Development. We were not here last week to respond to this particular Question. I offer unreserved apology and I wish to assure the House that the Ministry of Labour and Human Resource Development is committed to responding to all the issues raised by hon. Members of Parliament.

Mr. Speaker: Very well.

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): Mr. Speaker, Sir, having said that, I beg to reply.

- (a) I am not aware that the NSSF benefits in favour of Mr. Roba Galgalo Fugicha, NSSF

No.016631617, have not been processed. However, I am fully aware that the said individual has been fully paid under cheque No.460915.

Hon. Members: Which date?

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): Can you be patient enough? Mr. Speaker, Sir, can you protect me so that I finish with part (b) of my answer in order to save the House any further aggravation?

(b) The Managing Trustee was instructed to process the benefits and, as a result, Cheque No.460915 dated the 5th of August 2003, for Kshs52,659.00 was forwarded to the NSSF Meru Branch and was duly collected by the claimant on 17th September, 2003. I have the signature here if necessary.

Mr. Bahari: Mr. Speaker, Sir, I appreciate the fact that the poor old man contributed towards the development of this nation for a long time. Finally, he has managed to collect his dues. But why did he have to be subjected to suffering for such a long time before his dues were paid to him?

Mr. Odoyo: Mr. Speaker, Sir, this particular individual was due to receive his benefits early this year, specifically around April, 2003.

Regarding the efficiency of NSSF, we managed to pay the said individual four months later, in August.

Mr. Sasura: Mr. Speaker, Sir, you will realise that Mr. Fugicha was paid by the Cheque dated 5th August, 2003. This Question was filed in August, 2003. There is all the likelihood that this Ministry processed the payment to Mr. Fugicha after the filing of this Question. Why does the Ministry of Labour and Human Resource Development always have to wait for hon. Members to bring Questions to this House for them to pay terminal benefits to retirees and yet when we ask Questions they are never in the House?

Mr. Odoyo: Mr. Speaker, Sir, it is the onus of every contributor to collect his benefits when they are due. The Ministry, through NSSF, does its best to advise all contributors when their benefits are due. In this particular instance, the individual advised us in April and we had everything in place to pay him in August. Fortunately, Mr. Fugicha has a very effective Member Parliament and we were able to pay as we had planned.

(Laughter)

Mr. Bahari: Mr. Speaker, Sir, it is common knowledge that a lot of retirees hang around the NSSF Building and it takes a long time before they are paid. What mechanism has the NSSF put in place to ensure that there will be prompt payment in the future?

Mr. Odoyo: Mr. Speaker, Sir, I am not going to provide excuses for the NSSF. We all know what a mess it has been in. I wish to assure this House that we are doing our best to eliminate those long waiting periods. In fact, in the not too distant future, we shall be effecting more changes in the NSSF with the full support of the Government.

Question No.395

WITHDRAWAL BENEFITS FOR MR. GATOKA

Mr. Rai asked the Minister for Labour and Human Resource Development when Mr. John Tsuma Gatoka, FM/No.383-317-617 will be paid his withdrawal benefits.

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): Mr. Speaker, Sir, I beg to reply.

In keeping with the efficiency level demands by the Minister for Labour and Human Resource Development, to the NSSF, Mr. John Tsuma FM No.383-317-617 was fully paid his withdrawal benefit vide cheque

No.462958 of 14th August, 2003.

I am pleased to inform the House that the cheque was promptly made to the NSSF, Mombasa Office, where Mr. Tsuma promptly collected it on 1st September, 2003.

Mr. Rai: Mr. Speaker, Sir, could the Assistant Minister tell this House how much money the cheque was for and why there was an inordinate delay in payment, up to when this Question was raised in this House?

Mr. Odoyo: Mr. Speaker, Sir, I am not able to reveal immediately the total amount of the cheque. But having revealed the number of the cheque, I believe it is adequate as far as the records of this House are concerned.

Mr. Rai: Mr. Speaker, Sir, I had a purpose for asking the Assistant Minister to tell this House how much money was paid. Up to now Mr. John Tsuma Gatoka is complaining that he was paid in part the amount of money he was expecting from the NSSF. It is really disturbing for the Assistant Minister to tell this House that he does not know the amount of money involved while he has the cheque number and its date.

Mr. Odoyo: Mr. Speaker, Sir, I could offer two options to the hon. Member. He could come to my office to get the full details, but if that is inappropriate, I can offer to table a document here, tomorrow, showing the amount.

Mr. Speaker: Any further questions?

Mr. Rai: Mr. Speaker, Sir, if only he could assure this House that he will quote the amount of money involved, I will appreciate. I do not have any evidence regarding the payment of any money to Mr. John Tsuma Gatoka. If, at least, he could indicate to the House how much money it was, then, I will be in a position to ascertain the figure from the NSSF Office in Mombasa.

Mr. Odoyo: I have already given assurance that, by tomorrow afternoon, the hon. Member will have full details of the cheque number, the amount and a copy of the document that was signed by the individual, and if there are any other issues that you would want me to resolve, they will be fully resolved. It is not necessary to put a Question as it will take more time.

Mr. Speaker: Proceed, Mr. Muchiri. What is happening, are you not sure of your name?

Mr. Mukiri: I am very sure about my name, Mr. Speaker, Sir. But I am not the one supposed to ask this Question.

Mr. Speaker: You are Mr. Mukiri. I called Mr. Muchiri.

Mr. Mukiri: I am Mr. Mukiri, not Mr. Muchiri.

Mr. Speaker: I called Mr. Muchiri and you stood up!

(Laughter)

Mr. Mukiri: Mr. Speaker, Sir, I wanted to inform the House that Mr. Muchiri had travelled outside the country on official duties, and he had asked me to request that you defer this Question.

Mr. Speaker: Well, I will defer it.

Question No.672

ELEPHANT MENACE IN
NDARAGWA CONSTITUENCY

(Question deferred)

Proceed, Mr. Ndambuki!

*Question No.547*FINANCIAL ASSISTANCE TO
KAITI FOOTBALL CLUBS

Mr. Ndambuki asked the Minister for Gender, Sports, Culture and Social Services whether he could consider giving financial assistance to divisional

[Mr. Ndambuki]

football clubs in Kaiti Constituency.

The Vice-President and Minister for Home Affairs (Mr. Awori): Thank you, Mr. Speaker, Sir.

(Applause)

In conformity with the policy of collective responsibility, I beg to answer the Question on behalf of my colleague.

(a) It is not my Ministry's policy to give direct financial or material assistance to constituency or district clubs. Given that there are over 50 sports associations affiliated to the Kenya National Sports Council (KNSC), and that each football association has an average of 2,000 clubs throughout the country, this would mean catering for over 100,000 clubs. If, for example, we took a very basic tool such as a football which only costs Kshs1,000, this means the Government would need to spend Kshs100,000,000 on the footballs alone. This is an amount of money that is not available in the Ministry.

(b) The Ministry normally assists with the provision of major infrastructural and other facility requirements. This involves the building of stadia, provision of more expensive equipment such as hurdles, javelins and short puts which can be shared by clubs during major provincial championships. During the current financial year, an amount of Kshs3 million was allocated for the development of community sports facilities and another Kshs52 million to the Sports Stadia Management Board.

For the more affordable equipment like balls and nets, clubs are advised to do what we always do; by coming together to collect funds in order to cater for these needs.

Thank you, Mr. Speaker, Sir.

(Applause)

Mr. Ndambuki: Thank you, Mr. Speaker, Sir. We know that we do not have qualified footballers in this country. The people who really benefit out of this game are only those who live in urban areas. But we have very good players in the rural areas too. These hon. Members are the ones who keep on supporting these football clubs. I do not think that it would be very expensive for the Ministry of Gender, Sports, Culture and Social Services just to give a token to each constituency to support one or two clubs so that players in those areas can benefit. Could the Minister please consider helping some of these constituency clubs, because they have very good players who can also play for this nation and also qualify to go overseas as professional players? Could you please consider that?

Mr. Awori: Mr. Speaker, Sir, as the hon. Member knows, there is now the Constituency Development Fund (CDF) where a large sum of money is going to be sent to each constituency. Let me say that each constituency has its priorities. I still do believe that, at this particular stage of our development, it would not be possible for the Government to undertake to finance either the constituency or district clubs. I hope that the point has been taken. The most important thing for the

citizens of this country is to try and become economically-empowered, particularly for those in the rural areas. This will help them to afford financing their clubs.

Thank you.

(Applause)

Mr. Ndambuki: I thank the Vice President and Minister for Home Affairs for his answer, but as we have said many times, the CDF that we are talking about has not been initiated yet. If we have to go this way, could the Vice-President and Minister for Home Affairs assure us that the CDF is going to be initiated during the course of this financial year?

Mr. Awori: Mr. Speaker, Sir, as you are aware, we have set aside Thursdays for debating Bills. The Constituency Development Fund Bill is definitely coming to the House fairly soon, and I hope that Members will rally around it and pass it in a matter of hours so that the money can then be made available to the constituencies.

Thank you.

Mr. Sungu: Thank you, Mr. Speaker, Sir. Allow me to thank the Vice-President and Minister for Home Affairs for answering that Question on behalf of the Minister concerned. Government policy is lacking in this matter. Football is now a major business the world over. In Kenya, ordinary Members of Parliament have to foot bills at the constituency level. We must have some sort of policy for developing the game from the grassroots upwards. We used to have olympic youth centres. What is the Government doing to revive these centres so that we can tap talents from the grassroots level?

Mr. Awori: Mr. Speaker, Sir, I could not agree with him more. But the only thing I am saying is that we have got to prioritise our development programmes. As of now, I do not believe that we can use the available finances to sponsor football, however important it is. If we asked ourselves whether we need more money to increase medical kits in our health centres, or whether we have to finance football clubs, we will find that perhaps the priority will lean more on health.

Thank you, Mr. Speaker, Sir.

Mr. Speaker: All right, let us have the last question on this issue, or the next Question by Mr. Weya.

(Mr. Weya stood up in his place)

Sorry, just a moment, let me first check if I have the requisite time.

Sorry Mr. Weya, I have only two minutes, and I do not think it would help. Or would you like me to give you the two minutes?

Mr. Weya: Yes.

Question No.722

LIBRARY FOR SIAYA DISTRICT

Mr. Weya asked the Minister for Gender, Sports, Culture and Social Services what plans his Ministry has to put up a library in Siaya District in view of the fact that there is none at present.

The Vice-President and Minister for Home Affairs (Mr. Awori): Mr. Speaker, Sir. I beg to reply.

(a) Mr. Weya should know that, indeed, it is not true that there are no libraries in Siaya District. The following are some of the libraries in the District.

(i) We have Rambula Community Library near Ugunja Township. This library was taken over by the Government in December, 2001.

2. Ukwala Community Library in Ukwala Town, which started services in November, 2002.

There are proposals for a third library in Siaya Town itself. A plot has been identified and a letter of allotment has already been issued. The plot is only waiting to be surveyed. Once that has been done, there is already money for constructing the library. I know that Mr. Weya comes from Alego-Usonga. I would like, perhaps, to recommend to him that he helps us identify a plot at a place like Nyadorera, and we will be able to set up a library there.

Mr. Weya: Mr. Speaker, Sir, a former Member of Parliament for Ugenya set up all the mobile libraries in his constituency. Siaya is the district headquarters of a district that covers 1,500 square kilometres. The hon. Vice-President and Minister for Home Affairs has said that there is a plot that has been allocated for this purpose. It is not only a plot, but a building has also been allocated for the purpose of that library. Could he tell us when the Ministry intends to supply books to this facility?

Mr. Awori: Mr. Speaker, Sir, the information I have is that this will only happen when we issue a title deed to the current plot which we have identified in Ukwala. We are not sure who owns it and it would be dangerous for us to start supplying books there. We would like to be entirely sure of the ownership.

Mr. Weya: Mr. Speaker, Sir, the former law court premises in Siaya Town has been converted into a library. This was done by the DDC. Could the hon. Vice-President and Minister for Home Affairs tell us when the facility in Siaya will be supplied with books?

Mr. Awori: Mr. Speaker, Sir, I will have to have a dialogue with the Minister for Gender, Sports, Culture and Social Services to see when that will be done. However, I will convey the sentiments of the hon. Member to him so that books can be supplied to that library immediately.

Mr. Speaker: That marks the end of Question Time.

Next Order!

COMMITTEE OF SUPPLY

*(Order for Committee read
being Eighteenth Allotted Day)*

MOTION

THAT MR. SPEAKER DO NOW
LEAVE THE CHAIR

Vote 22 - Ministry of Co-operative
Development and Marketing

*(The Minister for Co-operative
Development and Marketing on 15.10.2003)*

*(Resumption of Debate interrupted
on 15.10.2003)*

Mr. Speaker: I understand Mr. Syongoh was on the Floor. He has two minutes to complete his contribution. Is Mr. Syongo here?

Hon. Members: No!

Mr. Speaker: So, he is deemed to have concluded his contribution.
Proceed, Mr. Maore!

Mr. Maore: Thank you, Mr. Speaker, Sir. The Ministry of Co-operative Development and Marketing has been entrusted with the enormous responsibility by the Government to oversee a very vital sector of our economy. It harnesses resources mainly from workers, volunteers and farmers, so that they can use those resources for development purposes.

Mr. Speaker, Sir, at the beginning of the year, there was a lot of hope that was overflowing in the country about the Ministry's efforts in streamlining the co-operative movement. The reasons why there was hope is that the assets and cash belonging to many co-operatives, for very many years, have been misappropriated and shared among the officials of the many co-operative movements in this country. What has been happening, in many cases, is that a lot of them have been put under liquidation by various creditors. The trinity developed between the liquidators, officials and the court officers; that is, the judges and lawyers who were making money out of it, has been a terrible circle in the co-operative movement, where the only loser has been the fellow who saves Kshs10 and Kshs2,000, to make ends meet.

Mr. Speaker, Sir, these cash cartels have been deliberately developed in the coffee sector. The three major pillars of the co-operative movement in this country are the Co-operative Bank of Kenya, the Coffee Board of Kenya (CBK) and the Kenya Planters Co-operative Union (KPCU). These are engines of the co-operative movement in this country. However, these organisations are headed by individuals from one district. The chairman and the managing director of the KPCU are from Murang'a District. The chairman and the managing director of the CBK are also from Murang'a District. The chairman and managing director of the Co-operative Bank of Kenya are all from Murang'a District. The stakeholders of the co-operative movement, and, specifically, coffee, are larger than Murang'a District. We would like the Minister to deliberately disentangle the coffee sector from this cartel which has strong roots in Murang'a District. For example, there is a Meru and Mt. Kenya co-operative company that has been trying to register and export coffee on their own. The three trinities I have just talked about will not allow this because if they do so, they will not make free money from other people's sweat. So, I ask the Minister to free the coffee industry from the cartel. He should also seek deliberate funding from the Ministry of Agriculture and other interested donors so that we can have research on coffee, tea and all other crops that happen to be the engine of the agro-based industries in this country. If we do not conduct research, we will not get anywhere. We need cotton and all the other cereal crops. We need to produce enough for export when we have had enough share for domestic use.

[Mr. Speaker left the Chair]

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

Mr. Temporary Deputy Speaker, Sir, there is also the issue of taxation on the meagre savings done by the co-operators. We would like the Minister to liaise with the Treasury because the savings that go to the co-operative societies are as a result of the earnings of the workers who have already paid the Pay As You Earn (PAYE) through their salaries. When this taxation is put together from various workers, the Treasury officials, who have an appetite for anything that looks like money, go for it. We do not want this issue of multiple taxation on Kenyans when they save in the co-operative sector, after they have been deducted the PAYE. The Treasury officials should only levy tax on the profits made from investments, but not from workers' savings.

The co-operative movement has been suffering because of lack of personnel. There was a time when there was this craving for liberalization or getting the Government out of the co-operative movement. We agree that the Government should not be involved in the co-operative movement, but it should not abdicate its regulatory role in the co-operative movement. We do not want people with criminal records to be officials in a co-operative society. We do not want people who are not qualified as, maybe, accountants or in book-keeping to be treasurers in a co-operative movement. It is okay for honorary treasurers, but for actual book-keeping, you need somebody with thorough education.

Mr. Temporary Deputy Speaker, Sir, we have SACCO banks coming up from every corner of the country. We want some deliberate mechanism put in place so that we do not prevent the SACCO banks from coming up, and so that we do not also allow quacks to run those banks under the guise of ownership. When you open a financial institution, it should be able to meet the same strict supervision requirements, like any other financial institution. This is because, once a bank has been opened, many innocent people will put their money there while they are not privy to internal borrowing that is happening amongst the co-operative members. Some strict methods should be put in place when they open banks under the name of SACCOs. They should have qualified personnel, proper equipment, facilities and also proper supervision, so that they do not fleece the public as well as the farmers.

Mr. Temporary Deputy Speaker, Sir, there has been a lot of politics before in the co-operative movement. Through you, we would like to ask the Minister that we have qualified people running the co-operative movement. We know the role played by the most famous Co-operative Commissioner, Mr. Birgen, where he went destroying all the co-operative societies and never organised to build any, because he had a political project to do, which he did and finished. There should be a deliberate effort to revive the co-operative movement. You can only revive the co-operative movement if you go for those people who have shared the assets of very many co-operative societies, including the Meru North and others. They should return these assets so that people can have courage, energy and the resources to start new co-operative societies. In this country, it is very easy to wake up one morning and plan to get somebody else's money in your pockets. We want this to be stopped, especially in the co-operative sector.

With those few remarks, I beg to support.

The Assistant Minister for Transport and Communications (Mr. Ligale): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute to this very important Motion.

First, I would like to congratulate and thank the President for restoring the Ministry of Co-operative Development and Marketing. There was a time when this very important sector was relegated to being a department of the Ministry of Agriculture. I am afraid, during that time, the importance of the sector was lost. We all know that the Ministry of Agriculture is very large, and once you put in a department that is so specific and whose duties are so specific, it tends to be relegated to the periphery. I also would like to thank him for appointing a man who knows something about the co-operative movement and a man who I believe, is applying himself diligently to the duties at hand. We have seen him at work, and we know he will make a difference.

Mr. Temporary Deputy Speaker, Sir, the importance of the co-operative movement cannot be gainsaid. It is a pity that in the recent past, because of actions on our part, which have deliberately led to the collapse of some of our giant co-operatives like the Kenya Co-operative Creameries (KCC) and the Kenya Farmers Association (KFA), this sector has, to a certain extent, lost its lustre. I want to say that the potential for this sector is still very large, and we really must harness it. We must not just harness it in the traditional areas. Originally, the co-operative sector was very famous, particularly to the coffee industry. From the recent developments, particularly in the SACCO movement, we have not only seen employees get together and form co-operative societies to save money, so as to be able to assist each other and to invest, but also in areas like the tea sector, SACCOs have formed themselves

into banking unions which have made an impact and actually flourished.

Mr. Temporary Deputy Speaker, Sir, I would like to urge the Minister, that while he struggles to revive the co-operative movement, particularly in the coffee sub-sector, he also encourages and goes out of his way to ensure that the SACCOs are revamped. We know that in the recent past, because of retrenchment and loss of staff due to the HIV/AIDS pandemic, some of the SACCOs have lost their members. However, they can still be strengthened or augmented to ensure that they make a contribution. Indeed, in the recent past, some of our own real estate developments in our big towns have been developed by those big SACCOs. Yours truly happened to have had the pleasure of chairing the largest SACCO in this country; Harambee Co-operative Society, during the late 1970s and the early 1980s. I can walk in this town proudly and point to Harambee Co-operative Plaza as an idea we came up with, and which we were able to put up. That shows some of the potential that we have within the co-operative movement. When members in that SACCO reap dividends that accrue from the rent that is paid from that building, I am sure they feel proud. That is just but one example. There are many others which have been built by various SACCOs, like Afya, Ukulima and others, which have made a real contribution. That is the only way we can make a difference. Here are small-scale workers, the majority of who are mere clerks and junior executive officers, who maybe through their own savings made it possible for the co-operative movement to be able to put up or to purchase important real estate in the town, and to be able to make a difference. Otherwise, this town would be left to big multinationals and other investors from outside. So, this is an important area which we must harness.

Mr. Temporary Deputy Speaker, Sir, I would like to particularly request the Minister to ensure that giant co-operative societies like KCC, KFA and KPCU which have made tremendous contribution to our economy in the past, do not die. In fact, they have been revived properly to their former glory. In the past, when someone did not like the chief executive or the chairman of a giant co-operative like KFA or KCC, an important contributor of the economy would be "killed," because someone had a quarrel with the leader. That kind of thing should not be allowed. We should ensure that people deal with institutions as institutions. If the institutions are serving our people and serving them well, they should be nurtured for the good of this country and not allowed to "die" merely because someone does not like the leader. It is not our business to like people. If someone has been elected by the contributors or the members, that is their choice. We should go ahead and work with him. I would like to implore the Minister to ensure that those giant co-operatives are revived.

With regard to SACCOs, we have had the tendency of some of the employers deducting money from the employees, but not remitting it to the SACCOs. The NSSF has the power to prosecute anyone who does not pay money to it through its Act, and ensure that the money is recovered. That kind of power should be given to the co-operative sector so that any employer who collects money from the employees and does not remit it is taken to court. Unfortunately, some of our worst offenders are Government agencies including the local authorities and corporations. A clear message should go out to them; that from now on, that is members' money; it is like their salary. There is no point in deducting someone's salary and you do not remit it to them. The employers should be ashamed because when they keep the money, for instance at the local authorities, they end up paying their councillors' allowances using the workers' money or they pay their other debts. This should not be allowed. Money deducted from employees to go to SACCOs must be remitted. It is a sacrifice they make for their own wellbeing so that they can lend it to each other in times of emergency. Very often, these are people who are lowly paid. Deducting that little money from them and not paying it to the SACCO is a criminal offence which should be condemned.

Mr. Temporary Deputy Speaker, Sir, we must try and encourage additional value to our primary commodities. Many of our co-operative societies like the coffee and the dairy industry, plus the pyrethrum farmers are getting nothing. I have had the pleasure of touring the Scandinavian

countries and, particularly to look at the dairy sub-sector. It is amazing how much value can be added to simple commodities like milk. The value added goes back to the members in terms of payment. If we added value to our commodities, our co-operatives members would, therefore, not only get paid for the milk, but also for the cheese, and for the yoghurt and any other products that can be made out of milk. Members must be encouraged to add value to their primary commodities before they are paid back. They should not only be paid for the little that they have delivered, or for just belonging to the co-operative society. This is a sector that must be nurtured. It is the only way by which it can contribute to this country's economy.

I am pleased that the KNFC has made a bid for the third cellular mobile phone provider in this country. I am hoping that ECONET and KNFC will go ahead and sign the contract because that is one other area that the co-operatives are seen to be making a contribution to this country. They are not just being limited to primary commodities only. We, in the Ministry of Transport and Communications, are supporting the effort.

With those few remarks, I beg to support.

Mr. Nyachae: Thank you, Mr. Temporary Deputy Speaker, Sir. I would like to join my colleagues in supporting this Motion. Because time is limited, I want to inform the Minister that he has a very big responsibility attached to his office. I would like the Minister to know that it is upon him to show Kenyans that the co-operative movement has the biggest potential for the growth of the economy of this nation. This has happened in other countries. Take an example of the biggest bank in the United Kingdom. It was started as a co-operative society. It is now bigger than Barclays and all other banks.

I think that the Minister also has a heavy responsibility of coming out clearly and correcting the mistakes that have occurred in the co-operative movement in the past. He needs to do a lot of postmortem work. Why did things go so wrong? They went so wrong that members of certain co-operative societies in certain areas have killed one another since they have lost everything they had worked for over the years. I have not killed anyone though I am a member of many societies.

Mr. Temporary Deputy Speaker, Sir, I would like to tell you that we are frustrated. Some of us became members of KFA in the 60s. We have never been invited to any one annual general meeting to be told what has been going on. We became members of KCC in the 60's and we have never been told anything. In spite of the fact that in our briefcases or safes in the houses we have the certificates of membership---

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for the Member of Parliament who is a very revered and respected former Minister for Agriculture to claim that KFA and KCC have never had an annual meeting, which he has failed to attend or has never been called to?

Mr. Nyachae: Mr. Temporary Deputy Speaker, Sir, we are talking about factual situations. Being a Minister for Agriculture does not mean that it is Nyachae as a member of KFA. Those are two different entities. One is a fictitious human being and the other a human being called a Mr. Nyachae who is standing in front of you!

The coffee movement is one of the areas that have collapsed. We know that excuses are being given by the leadership in the the co-operative societies that the international prices have gone down. That is not the main reason. The main reason is how they are handling the proceeds of the money that we have earned. We know that there is a bad competition out there but still, we are marketing our coffee. Are members being told what is happening to their money? The style of leadership has changed in co-operative societies. Now you have petty politicians running them instead of business farmers running them. This needs to be changed. The Minister needs to review the by-laws of these co-operative societies and disqualify certain characters and procedures of electing them.

In the 1960s, when the colonialists were leaving this country, farmers were asked by leaders to

have money deducted from their proceeds so that they could buy the property and farms that the colonialists were leaving behind. The farmers trusted those leaders. The money was deducted from their produce. To date, they have never seen what became of the properties. Some of the properties have been bought and sold, and it is not known where the money went to.

Mr. Temporary Deputy Speaker, Sir, whereas the Minister is receiving many letters, and I get many copies of those letters from farmers complaining about their societies, he is making very good statements. The Minister should come out now and meet the farmers out there. I want to invite him to Kisii. We will organise a meeting. We will not talk as politicians. We will leave the farmers to talk to you and tell you what their problems are because they are crying. When NARC was campaigning during elections, they promised they would sort out these problems. These people are making statements out here in Nairobi. They are not going out there to tell the people about the problems. The invitation has already been given to the Minister and he has heard through the Chair.

The economy of this country, particularly in the rural areas, will never improve unless the co-operative movement is improved. We do not have many large-scale farms out there. Small-scale farmers cannot survive individually. They must work as co-operatives in order to be able to market sufficient commodities of pyrethrum, milk and maize. Right now, we are being told that the National Cereals and Produce Board (NCPB) can buy maize from individual small-scale farmers. Individually, they cannot bargain. If they trusted co-operative movements like they used to do in the 1960s, they would organise themselves and bargain for their prices and returns. Right now, they are at the mercy of individual millers and the NCPB which has no pricing policy. They just say: "Now that the farmers have harvested; because they have no way of bargaining, we will fix the price for them." When there is shortage, then they bring it up. This will not work.

To strengthen the farmer, he must have access to the banks. Let us not pretend that the Co-operative Bank has all the money. There is plenty of money for farmers in other banks, but individual small-scale farmers cannot bargain. If the societies went to a bank and insisted that they wanted the money and they are a viable co-operative society, they will be given the money. All the banks are aware of the fact that it is the Government policy that 17 per cent of lending in this country must go to farming. Individual farmers have no capacity to bargain and get that kind of money except through the co-operative movement.

Let us now have practical officers. The Commissioner of Co-operatives should be different from the one who used to be there because the former one used to behave like a provincial administrator, who used to give orders on what needs to be done. We do not want that now. We want a Commissioner who goes out there, thinks like a farmer, negotiates with them and guides them. That is the kind of person we want. I am not belittling his position, but I know the Commissioner can contribute a lot in assisting the Minister because, sometimes, we see the Minister as a politician, but we can see that the Commissioner is a servant of the people. I would have talked for long, but I see that the time is up.

Thank you for the time and I beg to support.

The Assistant Minister for Environment, Natural Resources and Wildlife (Prof. Maathai): Thank you, Mr. Temporary Deputy Speaker, Sir. I would like to contribute to this Vote and congratulate the Minister for the excellent leadership that he is demonstrating. With respect to the invitation that he was given by the hon. Member who spoke, I would like to emphasise that the Minister is, indeed, coming to my constituency this coming Friday and he will meet the farmers. They will have a one-on-one discussion in a seminar where the Minister will spend a few hours answering questions from the farmers. He is a special Minister who is willing to go out there and speak to the farmers.

This particular sector has been ruined by corruption. Corruption is the crux of the matter in this sector. Unless we overcome corruption, the co-operative movement in this country will never

make it possible for the farmers to realise their dreams. The co-operative movement has been a vehicle that has reduced poverty and brought a lot of wealth to many countries, especially the Scandinavian countries from where, I believe, our co-operative movement got its inspiration. The reason why our co-operative movement has impoverished the farmer and actually made their situation worse than what it was before is not because there is anything wrong with the movement *per se*. It is because our people who were charged with the responsibility of managing these co-operatives literally became thieves and ripped off the poor farmers who trusted them.

Our farmers are a group of people who have been shocked by the capacity of their own people to steal from them. It has been something that sometimes is very difficult to understand, because we were sent to school by our parents to gain knowledge, come back and help them develop. In fact, in this particular sector we came back---

The Temporary Deputy Speaker (Mr. Khamasi): The word "stealing" in this House is unparliamentary. You had better use the right language.

The Assistant Minister for Environment, Natural Resources and Wildlife (Prof. Maathai): Mr. Temporary Deputy Speaker, Sir, I withdraw the word "stealing." I will use the words: "misappropriation of the resources of the farmers". I think the hon. Members understand what I am driving at; that, our farmers need to have a sector that is managed better. They need a sector that is managed by people who have transparency, accountability and a sense of duty towards their people. These should be people who truly and genuinely want to eliminate poverty from our people. Other nations have done it and I know that some people cannot understand why in this part of the world, we are unable to manage this sector and many other sectors. I am talking particularly about this sector which should be run with transparency, accountability, dedication and commitment, so that we can put wealth in the hands of our people.

The mismanagement has been deliberate. It is not as if the people who were elected by the farmers are incapable of managing. Many of them are highly qualified, but they deliberately mismanaged and misappropriated the resources that are meant for the farmers. Therefore, unless we change this culture and convince our people that we must stop this mismanagement and corruption in the management of the co-operatives, then we shall not be able to turn our economy around.

It is encouraging that the NARC Government has committed itself to zero-tolerance to corruption. In this new approach, I believe our Government is trying to say that we must consciously decide that we want to become a society where corruption is not part of our culture, and that we can manage our affairs with dedication and commitment, without taking advantage of our farmers, who are in many situations uneducated and unexposed. They are not able to understand the level of mismanagement and when the resources are mismanaged, they do not grasp it. I know that it is partly due to this misunderstanding that many of the farmers decided to split their societies. They believed that if the societies were split, they might be able to understand and stop the mismanagement. But we also know that sometimes, they split them to levels that are no longer economically viable. Therefore, in trying to convince our farmers that it is, indeed, when they come together in large numbers, co-operate and manage their resources together that they can get the benefit, we need to assure them that this time round, their resources will not be mismanaged.

Mr. Temporary Deputy Speaker, Sir, one way that this can be assured is for the Minister to ensure that, for example, when some managers are removed by the farmers from one society, they are not "recycled" in other societies or institutions. I know some people who have been thrown out from their societies by angry farmers because they misappropriated their resources, only for those managers to be re-appointed, for example, in the Co-operative Bank as directors. This is one way by which corrupt officers are repeatedly "recycled".

As the hon. Member who spoke before me said, it is a cartel and we must break it to ensure that we protect our farmers. I am sure that if the farmers feel that they are protected, they will

co-operate to form those large co-operative societies from which they benefitted at the beginning. Is it not in a way a big challenge for those who are educated that when these co-operative societies were being managed by our fathers, many of whom could hardly read or write; some of whom used to sign the documents and the cheques with their thumbs, that those co-operatives were best managed at that time? I think it is a big challenge that the mismanagement crept in when those of us who are more educated, learned and exposed came to become the managers. In this effort that the Minister is making, we want to assist him, especially as hon. Members who have co-operators in our constituencies, to give them confidence that the Minister is very serious about ensuring that corruption is rooted out of the co-operative movement once and for all.

I want to thank the Minister for having agreed to come to Tetu and to talk with the farmers in the co-operative movement, especially in the coffee sector. All of us remember the troubled time of the coffee industry in Nyeri, when people literally fought each other and even some of them were killed because of the suspicion and mistrust that had crept in the coffee co-operative movement. We want to assure our farmers that the Minister is very serious about reviving this sector, and he wants them to unite. I am sure if we do so, we shall see a revival of the co-operative movement and we shall be able to reduce poverty. Unless our farmers can reap benefits from coffee, tea and dairy, which are the main sources of income in our areas, we will not be able to put money into their hands or reduce poverty. Definitely, we cannot reduce poverty through Harambees. We need to manage these co-operative societies better and ensure that the money goes into the hands of the co-operators and not into the corrupt hands of middlemen and the managers who should be sacked. They should not be "recycled".

With these few remarks, I beg to support.

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): Thank you, Mr. Temporary Deputy Speaker, Sir. It is a bit difficult to contribute after a former Permanent Secretary in the Ministry of Co-operative Development has spoken, a former Minister for Agriculture and Co-operatives has spoken, and an Assistant Minister for Environment, Natural Resources and Wildlife, who is conversant with matters of co-operative societies, has also spoken.

Mr. Temporary Deputy Speaker, Sir, I would like to add my voice to all the positive points that have been contributed by the former speakers. I would take note that the President's initiative to set up this particular Ministry is a move in the right direction, particularly the fact that the demise of agriculture seems to coincide with the demise of the co-operative movement.

I wish to take note of a point in time, specifically in 1986, when the co-operative movement was liberalised under the guise of Structural Adjustment Programmes (SAPs). At this particular time, the Government was advised by the World Bank and other donors to reduce its involvement to a basic minimum. So, the previous participation of the Government in the co-operative movement moved from a high point to mere nil point. The resulting chaos and misappropriation of funds appeared not to have been anticipated by all the good policy papers that had been written by the World Bank and other donors. In effect, a time came when the Government pulled back, but there was no replacement in terms of supervision. The board members of the co-operative movement felt that they had been released from the choking hands of the Government and they were, therefore, free to do anything they so wished. As bad luck would have it, many of them dipped their hands into the treasury of the co-operative movement. They continued dipping their hands one after the other. Subsequently, the members decided to do away with these board of directors. They brought in new people who continued dipping their hands one after the other. The result is that we do not have an effective management in almost all co-operative societies in Kenya today. They are all collapsing.

Mr. Temporary Deputy Speaker, Sir, I dare say that, of all the institutions that were destroyed by the previous Government--- I say this because my favourite Member of Parliament has just walked in.

(Mr. Biwott entered the Chamber)

Of all the institutions that were destroyed by the previous Government, the destruction of the co-operative movement is one of the most painful. It touched on those members of the society that were, so to speak, "at the bottom end of the scale". Clerks and farmers earn very little income and they put their resources together. The destruction of the co-operative movement was a turning point in this country, and we have not recovered from that up to today.

I would like to add my voice to congratulate all the positive work being done by the Minister for Co-operative Development and Marketing. I know he has two or three major challenges. The first one is how to deal with the existing co-operative societies which were viable, but are currently not viable. I know that at this particular time, he is grappling with how much the Government could dip its hand in. It was believed at some point that the co-operative societies were ready to manage their own affairs but, in reality, there is a big gap! That is because those people who were there before have not changed in quality. The movement has not attracted high calibre managers to turn them round. A few co-operative societies, like the Harambee Savings and Credit Society have attracted high calibre managers. But those are the big ones. The majority of co-operative societies still have very weak managers. It is a challenge to the Minister to consider specifying the minimum levels of education and experience for various key co-operative managers, in order to ensure that we do not suffer any more in that particular sector.

Mr. Temporary Deputy Speaker, Sir, one of the sectors that has suffered the most is the fish industry. I come from a constituency that borders Lake Victoria. That is one area where, to use the common lingo, the *mwananchi* was being "*nyanyaswad*" completely. The word "*nyanyaswad*" is a swahili term that correctly implies that he is being exploited to the maximum by people who export fish overseas.

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): The *mwananchi* was being "*finywad!*"

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): Yes! He was being "*finywad*" *kabisa* as the Minister appropriately says because he knows about it in the co-operative movement. Thank you, very much, Mr. Minister.

In the fishing industry, the little fisherman who brings home 20 to 30 kilograms of fish everyday gets to the shore and since he does not have refrigeration, he desperately needs a buyer! The buyer then offers a "take or leave it" price! In Nairobi here, you can buy one fish for as high as Kshs200 per kilogramme. But around Lake Victoria, you can get it for as low as Kshs25. That is because the fisherman has come from the lake in the evening and he needs money to go home to his wife with. I wish to put it to the Minister that the development of co-operative societies in the lake region should be a priority. That is an area which can benefit tremendously from co-operative societies. It is only through the co-operative societies that we shall be able to buy the large cooling plants that are required. It is only through the co-operative system that we shall be able to put pressure on Government departments to supply power to the lake region.

Mr. Temporary Deputy Speaker, Sir, I am fully aware of the dark days of Mr. Birgen. Mr. Birgen was a dark horse that painted a lot of dirt in the co-operative movement, and up to today, we have not recovered. About 20 years down the line, we still think of Mr. Birgen because of the amount of destruction he imposed on the co-operative movement. I would like to request the Government, represented by the Minister, that we do not want to go back to those dark days when the Commissioner of Co-operatives, as has been said by a former Provincial Commissioner (PC) who has just made a presentation, behaved like a provincial administrator by giving orders. The modern Commissioner of Co-operatives must be prepared to use resources to benefit the common *mwananchi*. He should be conscious of the need to develop a very important sector in our country.

Mr. Temporary Deputy Speaker, Sir, with regard to the coffee industry, it has suffered tremendously because of the low world prices. If one goes to London and looks at the prices of coffee--- The prices of retail coffee have actually risen. There is a problem that we need to tackle through bilateral or multilateral levels. You will find that coffee prices in the United Kingdom and Europe are rising, but the prices being given to the primary producers are declining. That is a terrible problem because by looking at the records, the coffee societies suffer tremendously from decline in revenue. The Government must find ways and means of protecting certain important crops like coffee, so that we can come back to the good old days when coffee used to be number one or number two in terms of foreign exchange earnings.

I wish to inform the Minister that it is not possible for him to perform all the tasks because the co-operative movement cuts across all the Ministries. One of the areas where the co-operative movement cuts across is the SACCOs. Many workers in this country, with whom the Ministry of Labour works, are members of SACCOs. Their money has been looted terribly by unscrupulous managers, and the Ministry of Co-operative Development and Marketing has not been able to do anything. I would like to inform the Minister that there used to be a department of audit. That department was reduced to give room to private auditors. Those private auditors are also colluding with many of those managers. A way has to be found in which the Ministry can put in some standards of audit, especially in the SACCOs. Many workers in this country have suffered through loss of their dues in co-operative societies and SACCOs. Previously, your savings with co-operative societies used to be tabulated as Kshs3 to Kshs1. If you had Kshs1, you get Kshs.3.

With those few remarks, I beg to support.

Mr. Karaba: Mr. Temporary Deputy Speaker, Sir, I beg to support the Vote of the Ministry of Co-operative Development and Marketing under the very good leadership of the Minister and his team. I believe the appointment of the Minister for Co-operative Development and Marketing was intentional. He happens to come from one of the most important coffee growing regions. He comes from an area which established the first co-operative society in Kenya. I believe that history can add value to the Ministry and, more so, to the appointment of the Minister.

It is also true to say that the Minister has gone around the country convincing people about the co-operative movement and what he is doing. It is true they are trying, but it is only that they inherited a movement which was riddled with a lot of corruption. It is a pity that we have a movement, giant as it might look, which has been run down by people who have no interest in farmers. It is very serious to note that farmers, who have been the mainstay of the economy of Kenya, have now gone under. They are not getting anything from their coffee and milk. They are only getting something small from tea. But the rest of the other crops have gone down.

I believe that the Ministry of Co-operative Development and Marketing has a lot to do with that movement. It is true, as the previous speaker has said--- I came from France yesterday and I was surprised that one small cup of coffee is going for Kshs250. So, you wonder: If Kenya can make use of the co-operative movement and export even half of its coffee, I am sure we shall create employment for our youth. When you talk about the creation of 500,000 jobs per year and you do not improve the co-operative movement, we are merely talking. We need to start working hard. I believe the co-operative movement can help us. I have been a teacher at one time, and I used to teach in school that Kenya relies so much on coffee. Coffee was the largest foreign exchange earner. I think we need to revise the books because coffee is no longer a major crop! That also goes for tea and milk! Very few agricultural crops have retained their usual position.

Therefore, I would like to appeal to the Ministry to support the co-operative movement so that it can regain its lost glory, the glory it had in the 1960s and 1970s. It is a big shame when you find that our farmers are unable to educate their children in secondary schools. Many children are sent away from school and hence drop out. Although free education is provided in primary schools, it is

difficult for parents to educate their children in secondary schools where they are required to pay school fees. Parents in coffee and tea-growing areas and milk-producing areas cannot afford to take their children to secondary schools. So, the co-operative movement is very important and the Ministry should support it.

Mr. Temporary Deputy Speaker, Sir, it is also important to note that the rampant insecurity we experience in the country now is mainly as a result of unemployment. The number of unemployed people in this country is very high. If you visit every village, where coffee or tea is grown, you will find idle young men waiting for anybody who might give them Kshs50 to buy something. I am sure young men could be self-employed if they are made to grow and tender some crops. That is all that we are after. So, this Vote is very important and I will support it to the end.

I would now like to touch on some officials in the Ministry of Co-operative Development and Marketing. The Minister should ensure that his officers are working. We used to see extension officers work sometime back, but I am not sure whether these officers work these days. If at all these officers work, then they do very little. I would like to find out from the Minister and his senior personnel whether extension officers in the Ministry are on the ground to help the farmers. This is because, to start with, some farmers are ignorant and think that being a chairman of a certain co-operative society is a waste of time. Farmers should be told that the co-operative movement is very important in any country. If Kenya has to forge ahead economically, then the co-operative movement should be revived. I hope we will get better results from the co-operative movement this year and next year after we pass this Vote. This will enable us to form coffee, tea and even banana co-operative societies. I would like to emphasize that Uganda, for example, has banana co-operative societies because that is the major crop in that country.

I do not see the reason why we should not establish a co-operative society to assist in the marketing of bananas. I am saying this because people have now abandoned growing coffee because of the very high cost of its inputs, and instead ventured into growing of passion fruits, French beans and bananas. Our Government should form co-operative societies to market these crops so that our farmers eke out a living from them. It is unfortunate to see farmers in coffee-growing areas being turned into paupers to the point of being unable to educate or clothe their children. The farmers in these areas have been turned into beggars as a result of mismanagement of coffee co-operative societies.

Mr. Temporary Deputy Speaker, Sir, you will also note that in many urban centres where the co-operative movement used to exist, some SACCOs have been reduced to mere shells. This is the case, and yet you will find people who call themselves chairmen of various co-operative societies convincing farmers to set up a bank or put up society buildings at a very high cost only for the farmers to end up financing such a project for over ten years. So, the Ministry of Co-operative Development and Marketing should educate farmers so that they can invest their money where they can get returns.

It is also important to note that when there is a problem with the co-operative movement, it is very easy for a chairman of a certain co-operative society to request a receiver manager to be appointed to manage its bank or buildings. Of course, the cost of hiring a receiver manager will be passed onto the farmers, who will find it very hard to realise returns. This has made the farmers to be desperate. I would like the Ministry of Co-operative Development and Marketing to articulate the factors that promote the production of cash crops. Kenya is an agricultural country because it is not yet industrialised. If we have to be an industrialised country, then we have to promote agriculture. So, most of our industries must be agro-based, and this means we must strengthen our co-operative movement.

It is good that we have some Ministers in this House and we have already passed the Public Officer Ethics Act. I believe that this Act also applies to the Ministry's officials. Let them suffer the consequences of malpractice. It is as if there are no regulations or rules which guide the Ministry of

Co-operative Development and Marketing officials. These officers can close down a co-operative society today or decide to split it into two or three for their selfish ends. We need to be guided here. We want to see many co-operative societies being revived so that they can help farmers. The Government should be seen to be close to farmers because that is the only way of promoting development in our country. It is also the only way we can ensure that we have good roads in this country. Coffee will reach factories and be processed quickly if we have good roads in coffee-growing areas. The same thing applies to tea-growing areas and milk producing areas.

I would like to point out that milk is poured down in my constituency because dairy farmers have nowhere to take it. This is because all the cooling plants have been closed. I am from Kirinyaga District where many farmers grow cash crops and rear cattle. This is the case, and yet farmers in my constituency have so many problems. It is important that once we pass this Vote, the Minister, whom I know is a hardworking person, will visit Kirinyaga District and fulfil the promise he made to the people of that district. He should tell coffee farmers that they will be paid their money soon because they have not been paid for the last four or five years. It will be difficult to tell them to tender their crop without first paying them for the crop they have already delivered. Since coffee is a major foreign exchange earner, we should focus all our attention on it. Let coffee regain its former position of being our number one foreign exchange earner. I am sure that if that is done, the Kenyan economy will improve and we will not talk of poverty. This is the only way in which we can eradicate poverty in this country.

Mr. Temporary Deputy Speaker, Sir, I support this Motion.

Mr. Kajembe: On a point of order, Mr. Temporary Deputy Speaker, Sir. Could the Mover be called upon to reply since this Motion has been discussed exhaustively by hon. Members?

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Kajembe! This is a Supply Motion. It has got its set debate period. I know that at 5.00 p.m., I will call upon the Minister to respond.

The Minister for Finance (Mr. Mwiraria): Thank you, Mr. Temporary Deputy Speaker, Sir. I really want to say a few words on this important Motion. The Ministry of Co-operative Development and Marketing is one of the most important Ministries in our Government because this country needs the co-operative movement. Over the years, we have learnt that many small-scale farmers and operators cannot do certain things on their own. In the case of agricultural commodities, we cannot process and market them as individuals. Therefore, we need each other in the co-operative movement in order to process and market our products. In the good old days when people respected the co-operative movement, 40 per cent of the Gross Development Product (GDP) came from the co-operative movement. As many people have said, it reduced as a result of the collapse of the co-operative movement. I am happy that the Minister for Co-operative Development and Marketing is doing his best to revive the movement.

Mr. Temporary Deputy Speaker, Sir, as we try to revive the movement, we need to ask ourselves why it collapsed. I come from a region where coffee used to be the main cash crop. It was used to educate children but it cannot do so today. What has gone wrong? The collapse of the coffee co-operatives in the greater Meru and elsewhere in Kenya was as a result of corruption emanating from the co-operative officers who were appointed to be signatories to the bank accounts of the co-operative societies. It also collapsed because the *wananchi* elected leaders who thought that they had been elected to serve their own interests and not those of the people who elected them. Moreover, it is regrettable that some of the Coffee Board of Kenya directors chose to form a cartel to market Kenyan coffee. They would buy the very best and the poorest coffee, then mix it and sell it as Kenya's best coffee. Of course, the net result of this was that Kenya's grade AA coffee lost in the world market as its buyers found out that grade AA from Kenya was really poor.

In discussing this Motion, I want to urge the Minister for Co-operative Development and

Marketing to look at the management of all forms of co-operatives throughout the country, whether they relate to rice, sugar, cotton, coffee or tea growing. He should evolve a system of ensuring that the *wananchi* elect leaders who accept office to serve them and not exploit them. He should also evolve a system of identifying leaders who would become exploiters and have rules and regulations that can be used to sack such people from positions of leadership. The NARC Government is committed to poverty alleviation, and we can only alleviate poverty if, and only if, we support the agricultural sector. We can truly support this sector if we use the co-operative movement to support the individual farmer.

I would also like to take this opportunity to appeal to individual co-operators throughout Kenya. During the past seven years, we have seen the break-up of the co-operative movement. In coffee growing areas, we dismantled coffee societies and ended up having each factory becoming a co-operative society. These institutions are no longer viable. Could the Minister, therefore, find out how best to get the societies together again?

Mr. Temporary Deputy Speaker, Sir, one of the most damaging factors which led to the break up of the co-operative movement is non-payment for goods delivered. Coffee farmers in my constituency, for instance, have not been paid for their coffee for the last three years. People argue that coffee deliveries were made and whenever the coffee was sold, the farmers owed too much, and every penny they had earned was deducted from their dues. My plea here to the Minister is that he should make sure that the management teams of our societies ensure that farmers get paid at least some money each year. After delivering a crop, they must get something. If we do not pay them, we will be telling them that they are wasting their time working in the *shamba* day in, day out. The Minister has an important task of finding out how to ensure that the co-operative movement is organised in such a way that it pays the farmers for what they deliver.

I would also like to plead with Kenyans, including hon. Members in this House, to start consuming Kenyan agricultural products.

(Applause)

It is not uncommon for us to take Nescafe in our offices even though we grow the best coffee in the African Continent. I do not know what we can do to encourage these hon. Members to take arabica coffee in their offices. If you make a cup of arabica coffee in this room, it will smell so nice that everybody will want to take it. Could we find a way of selling the Kenyan coffee not only to the people abroad but to people here. Let us bring the aroma home. Let us use it.

The point about value adding has been made many times. However, I still want to stress it and say that unless we value add, our farmers will be working for peanuts. We need to revive the cotton industry, ginneries, and then make clothes and sell them. This will ensure that we support our farmers.

Finally, I would like to sound a warning to Kenyans. The SACCO movement has up to now been very successful and useful to those who belong to it. We have a good example in the Parliamentarians Sacco Society. However, of late, there have been people establishing SACCOs to exploit Kenyans, just as they did with banks. There was an example in Mombasa where some people got together, established a SACCO, collected a lot of money and then ran out of the country. Mr. Minister, once again, you have a duty of ensuring that SACCOs have rules and regulations to ensure that they do not exploit *mwananchi*.

With those few remarks, I beg to support.

Mr. Chepkitony: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to contribute to this Motion. I would like to congratulate the Minister for the efforts made so far in trying to revive the co-operative societies which have stalled. In particular, agricultural based co-operative societies have collapsed, or are operating at a very low level that is not profitable, and are thus not serving their members well. I think we need to ask ourselves what really went wrong. It is a

pity that ten years ago, while the Savings and Credit Co-operative Societies (SACCOs) were doing well, the co-operative societies in the agricultural sector were collapsing. To me, I think some of these co-operative societies have been run down by the Ministry which participated in their activities as if it was a major stakeholder. The major stakeholders are the members themselves. Therefore, the Ministry should not view co-operative societies as one of its departments. The Ministry should be very specific in its role. Maybe, it should play a supervisory role, organise training programmes that will empower the directors and the management committees of various co-operative societies so that they run them for the benefit of members. So, it is the members who should really see to it that these co-operative societies are active, alive and fully operational. It should not be the Ministry who should take the first priority, but the members. It should be made very clear to members that the co-operative societies are theirs and should benefit them.

We have had so many co-operative societies dealing with coffee, maize, tea, milk and pyrethrum. However, many of them collapsed because of corrupt officials who misappropriated their funds. Even the managers colluded with the co-operative societies' committees to deprive members of their benefits. So, I think we need to revive the co-operative movement in the agricultural sector. As the first step, we should support the existing co-operative societies. We should leave the management of these co-operative societies to the real stakeholders so that they benefit from them. Many co-operative societies have collapsed because of loans. Some of them took loans from the Co-operative Bank when the interest rate was very high and agriculture was doing badly. The interest rate was about 50 per cent. Therefore, they were not able to re-pay the loans. I think it is in the interest of these societies that these loans be written-off. This is the only way we can revive the ailing co-operative societies in this country. In particular, if the interest rate element can be written-off, those co-operative societies will be revived. We could only ask them to re-pay the principle amount.

Mr. Temporary Deputy Speaker, Sir, I have always noticed that during the elections of the co-operative societies, the co-operative officers who normally supervise the elections do not really follow the regulations. They are not very strict. They ought to be strict---

(A mobile phone rang)

The Temporary Deputy Speaker (Mr. Khamasi): Order! Order! Whose mobile phone was that? Was it yours, Mr. Salat? Own up!

Mr. Salat: Yes, Mr. Temporary Deputy Speaker, Sir. I apologise.

The Temporary Deputy Speaker (Mr. Khamasi): Well, go out, switch it off and then come back.

(Mr. Salat withdrew from the Chamber)

Proceed, Mr. Chepkitony.

Mr. Chepkitony: Mr. Temporary Deputy Speaker, Sir, therefore, during the election of boards or management committees of co-operative societies, co-operative officers should play their roles diligently and ensure that only people who meet the minimum educational qualifications are elected to those bodies and, maybe, trained. Those who are elected to these bodies should undergo a formal training in co-operative management. That role should be played by the Ministry. If we elect qualified persons to boards of directors and management committees, co-operative societies will be run well.

Members of boards of directors and management committees who may have previously mismanaged co-operative societies should not be allowed to defend their seats. They should be barred from holding such offices. It is only those who will not have mismanaged the co-operative societies

who should be allowed to contest for such seats.

On the major co-operative societies such as the Kenya Co-operative Creameries (KCC) Society, I must commend the Minister for the bold step he took. He promised this House that the Government would provide more than Kshs400 million to buy off the shareholding of KCC 200 Limited from those who had bought the original KCC from the receivers. The receivers who were managing the original KCC on behalf of the debenture holders sold it for about Kshs400 million, but its new owners were not able to revive it quickly. The main problem is that the KCC was a very big organisation with many collection centres. It had a big transport network and many employees.

Mr. Temporary Deputy Speaker, Sir, reviving of such a huge organisation requires heavy capital re-investment. Money is required for working capital, payment of salaries to workers, purchase of milk, settlement of electricity and water bills, revival of machinery and maintenance, purchase of vehicles for marketing and transportation to sales and from collection points, *et cetera*. Such an organisation has to be very competitive. It has to process its milk economically, so that it can favourably compete with private milk processors. So, we need to address this issue very seriously, because the Kshs400 million alone provided by the Government is not enough to revive the KCC. We still require the full involvement of the farmer. They have to buy more shares. Even those who had bought the KCC initially should have been allowed to continue with the ownership and invite others to purchase shares. The Ministry should only have come in as a stop-gap measure. So, I believe that the KCC can only be revived with the full participation of the farmers and all other stakeholders, and not by the Ministry alone.

With those few remarks, I beg to support the Motion.

The Temporary Deputy Speaker (Mr. Khamasi): Hon. Members, there is still a minute or so remaining before we can call upon the Minister to reply. The Minister may donate part of his time to any hon. Member who may want to speak, at his own discretion. I can see that there is still a lot of enthusiasm amongst hon. Members in contributing to this debate. So be it. So, I would now like to call upon the Minister to reply.

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): Mr. Temporary Deputy Speaker, Sir, I wish to start my reply by thanking all the hon. Members from both sides of the House, profusely, for the support they have given to this Vote. The overwhelming support that has been given to this debate is indicative of the fact that hon. Members are aware of the crucial role played by my Ministry in the Government's recovery plan of wealth and employment creation. I am glad to note that hon. Members are further aware that the budgetary provisions of this Ministry are not enough, and that it would require much more finances if it is to play a greater role in the Government's economic recovery plan.

Mr. Temporary Deputy Speaker, Sir, I now wish to respond to specific issues raised by hon. Members. Last week, Mr. Ruto alluded that the National Cereals and Produce Board (NCPB) is under this Ministry. I would like to confirm that the NCPB is under the Ministry of Agriculture. Mr. Maore made reference to certain coffee cartels, which he said are from Murang'a District. That is not true. The management teams of the KPCU, the Coffee Board of Kenya (CBK) and that of the farmers' bank have been elected by the owners of those institutions from the grassroots level. They have not been appointed by anybody. So, I would like to disabuse the House of the notion that the membership of the boards of these institutions comprise of people hand-picked from Murang'a District. That is not true.

Also, on the issue of Mukema, again, alluded to by Mr. Maore, I would like to state that we cannot "kill" cartels. That is what most of the hon. Members who have spoken on this Vote have said. If certain people have been involved in wrong-doing in the management of co-operative societies, we cannot allow them to form other small bodies, go to the same farmer and continue to exploit him. We cannot allow that to happen. That is why the Government has gone slow on the licensing of other

marketing agencies in the coffee sector. We are looking at specific individuals. We know their past performance. As a Government, we cannot be responsible if we allow such cartels to penetrate farmers' institutions.

The enactment of the Public Officer Ethics Act, 2003, by this House implies that all officials and employees of co-operative societies will be expected to declare their income, assets and liabilities. We expect that the Government will be able to ascertain claims by members of co-operative societies that certain officials and employees of their co-operative societies have looted the co-operatives' reserves. Furthermore, while initiating debate on this Vote, I said that the Audit Department of my Ministry is being strengthened in order to monitor closely the financial management of co-operative societies, and very many hon. Members indicated that, that is what they would want to see happen.

Mr. Temporary Deputy Speaker, Sir, hon. Members have raised the issue of outstanding payments to coffee farmers to the tune of Kshs641 million, by the CBK, for the sale of their coffee. I wish to assure the House that my Ministry, in collaboration with the Ministry of Agriculture, will ensure that these payments are made very soon. In fact, we are coming back to this House in a week's time or so, to seek the mandate of Parliament to secure the said funds to pay the farmers.

The Co-operative Societies Act, 1997, has been reviewed, and the draft of a new Bill to be brought to the House is with the Attorney-General. Very many hon. Members have said that they would want to see the Ministry being involved actively in resolving disputes. It has not been possible in the past for the Ministry to play that role due to the existing registration rules. So, I am happy to inform the House that the draft of a new Bill is currently with the Attorney-General. We expect that he will soon table the new Bill in this House.

Mr. Temporary Deputy Speaker, Sir, I am aware that many co-operative societies are heavily indebted due to non-performing loans. My Ministry, in collaboration with the Ministry of Agriculture, will soon tabulate all the debts in the marketing co-operatives and prepare a sessional paper to be laid in this House, with a view to requesting that some of those debts be written off. This House will provide the necessary guidance to that issue. We promised that this Ministry will be run in conjunction with this House and that Members will be consulted. That is exactly what has been happening.

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

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

Mr. Temporary Deputy Speaker, Sir, I share the concerns of Members that liquidations have been used to enrich individual liquidators and loot the co-operatives. That has happened and it is very sad. That is a sad state of affairs and my Ministry is looking for ways and means of strengthening the process of liquidation, so that the exercise could become beneficial. The proposal by Members that the process should be overseen by the Co-operative Tribunal is worth exploring. We shall explore that proposal.

Many Members have also voiced their concern on non-remittance of Savings and Credit Co-operative Societies (SACCO) dues by employers. I am glad that this year, many employers, particularly the local authorities, have made serious attempts to clear the backlog of SACCO remittances. However, a few employers have not got their act together and are still withholding those dues. My Ministry is aggressively pursuing them and the worst culprits are Government parastatals. That is a fact! We also have some employers in the private sector who deduct SACCO dues from their employees, but do not remit them to their respective SACCOs. I wish to sound a warning to all of them that time has run out, and we are going to pursue them and make sure that they do not

misappropriate funds deducted from their employees.

Mr. Temporary Deputy Speaker, Sir, I am aware that farm inputs like fertilizers and seeds are expensive. It is for that reason that the Government is reviving the Kenya Farmers Association (KFA), in order to provide farm inputs at reasonable prices. My Ministry has been holding consultations with ambassadors and representatives of organisations which we think can collaborate with us to revive the KFA. In fact, we had one such meeting this morning. In the near future, I am confident that farm inputs will be affordable to small-scale farmers in this country.

Mr. Temporary Deputy Speaker, Sir, a request has been made that the Co-operatives Tribunal should set up a branch in Kakamega, in addition to those proposed for Mombasa, Nakuru, Nyeri and Eldoret. That is reasonable and I am directing that a branch in Kakamega be set up immediately.

Mr. Temporary Deputy Speaker, Sir, the KNFC has entered into partnership with Econet Wireless, with a view to providing a third mobile phone network to Kenyans. That is an initiative in which the co-operative societies should be expected to voluntarily buy shares in the business through the KNFC. I am sure that Members are aware that, that is a very profitable venture and it is only fair that Kenyans, through co-operative societies, benefit from that lucrative market. It is the first time that ordinary Kenyans are getting this kind of opportunity. In the past, we know who was getting this opportunity, but now very ordinary Kenyans have an opportunity to have a stake in a GSM system.

Mr. Temporary Deputy Speaker, Sir, I concur wholly with Members of this House who have raised their concerns about the use of Kenyan coffee to blend it with inferior quality coffee from other countries. My Ministry is working very closely with Kenya Planters Co-operative Union (KPCU) to ensure that Kenyan coffee is processed locally so that it can be exported as premier Kenyan coffee. This will be achieved in the near future. There is no turning back on this issue. I can confirm to this House that as of today, KPCU has acquired the roasting plant which used to belong to the Coffee Board of Kenya. I can assure this House and the nation that in a month's time Kenyans will access new Kenyan coffee in our supermarkets and shops. I would further like to inform this House and the nation that in the last trip we undertook to the United States of America (USA) and Great Britain, we made valuable contracts out there and thus, as of today, we have very many enquiries of packed Kenyan coffee. We are pushing KPCU to speed up the process so that we can now take Kenyan branded coffee to the supermarkets in Europe and America. That is going to happen.

Mr. Temporary Deputy Speaker, Sir, my Ministry intends to intensify its supervisory role in the SACCOs so that they can be advised against entering into massive non-profitable ventures like putting up buildings. We will also monitor them closely to ensure that the officials do not flout their by-laws by awarding themselves multiple loans at the expense of the members. My Ministry has appointed a board to run the New KCC Limited with a view to reviving it fully. I am aware that farmers are being ripped off by being paid unrealistic prices for their milk by the private businessmen in this industry. In due course, however, New KCC Limited will be up and running and it will be able to purchase milk at competitive prices.

Mr. Temporary Deputy Speaker, Sir, I have already toured the cashewnut and bixa co-operatives in Coast Province. My Ministry intends to revive these two co-operatives so that the income of the co-operators can be raised. The problems which led to the collapse of these co-operatives are being addressed. I would like to inform Members of this august House that the concerns they have raised will be taken into account as the Ministry prepares a strategic plan. We intend to ensure that the co-operatives are revived and run professionally henceforth. In fact, I want to confirm to the Members that I have already directed that in future, which future starts from midnight, that all co-operatives will be run by people who have a minimum of a certificate qualification from the Co-operative College of Kenya.

I wish to pledge that in the next few years the co-operatives will have been strengthened and streamlined once again. I again want to thank the Members for their continued support. I have been

round many constituencies and in the areas where I have not been, we are on programme and we want to go to all constituencies in this Republic where co-operatives are. I shall also tour those constituencies where there are no co-operatives. I want to urge the Members of this House to make use of our officers in their respective districts and divisions because we have got co-operative officers in all districts and divisions in this Republic. I am urging Members to make use of the officers of this Ministry who are in their respective areas.

With those few remarks, once again, I wish to thank the hon. Members and I beg to move.

(Question put and agreed to)

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

IN THE COMMITTEE

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

Vote 22 - Ministry of Co-operative Development and Marketing

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): Mr. Temporary Deputy Chairman, Sir, I beg to move:-

THAT a sum not exceeding Kshs401,384,400 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2004 in respect of:-

Vote 22 - Ministry of Co-operative Development and Marketing

(Question proposed)

VOTE R22 - RECURRENT EXPENDITURE

SUB-VOTE 220 - GENERAL ADMINISTRATION AND PLANNING

(Heads 571 and 705 agreed to)

(Sub-Vote 220 agreed to)

SUB-VOTE 221 - CO-OPERATIVE MANAGEMENT

*(Heads 587, 589, 706, 708, 709,
710, 823 and 824 agreed to)*

(Sub-Vote 221 agreed to)

SUB-VOTE 223 - TRAINING AND DEVELOPMENT

(Head 711 agreed to)

(Sub-Vote 223 agreed to)

(Vote R22 agreed to)

VOTE D22 - DEVELOPMENT EXPENDITURE

SUB-VOTE 220 - GENERAL ADMINISTRATION AND PLANNING

(Head 703 agreed to)

(Sub-Vote 220 agreed to)

SUB-VOTE 221 - CO-OPERATIVE MANAGEMENT

(Heads 708 and 709 agreed to)

(Sub-Vote 221 agreed to)

SUB-VOTE 223 - TRAINING AND DEVELOPMENT

(Head 711 agreed to)

(Sub-Vote 223 agreed to)

(Vote D22 agreed to)

(Question put and agreed to)

(Resolution to be reported without amendment)

(The House resumed)

[The Temporary Deputy Speaker

(Mr. Poghio) took the Chair]

REPORT

Vote 22 - Ministry of Co-operative
Development and Marketing

Mr. Khamasi: Mr. Temporary Deputy Speaker, Sir, I am directed to report that the Committee of Supply has considered the Resolution that a sum not exceeding Kshs401,384,400 be issued from the Consolidated Fund to complete the sum necessary to meet the expenditure during the year ending 30th June, 2004, in respect of Vote 22 - Ministry of Co-operative Development and Marketing, and has approved the same without amendment.

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): Mr.

Temporary Deputy Speaker, Sir, I beg to move that the House doth agree with the Committee in the said Resolution.

The Minister for Lands and Settlement (Mr. Kimunya) seconded.

(Question proposed)

Mr. Mwenje: Mr. Temporary Deputy Speaker, Sir, now that we are allowing the Ministry of Co-operative Development and Marketing to have this money, we would want to see it working very hard. We did not want to say much about this Ministry because of our own reasons. But we hope that a quarterly report will now be produced by this Ministry so that we know exactly what they are doing. It is important that we receive the quarterly report of their spending, because this has not been happening. We do not know what has been happening.

Mr. Temporary Deputy Speaker, Sir, secondly, the Ministry must now come out and assist farmers, and in particular coffee farmers. Unfortunately, some of the officers in this Ministry are also partisan and interested people in this sector. We hope that they will not misuse that money. They should help farmers to grow and sell their crops now that there is money in other areas. I also want to appeal even to the Minister himself not to be partisan in the fights in the coffee sector, in particular. That is not auguring well, particularly for our farmers. Nevertheless, we are allowing him to spend the money, but let us see the progress. If we do not see progress, I will make sure that this Ministry's Vote does not pass next year.

(Laughter)

Thank you, Mr. Temporary Deputy Speaker, Sir.

Mr. Angwenyi: Thank you, Mr. Temporary Deputy Speaker, Sir. We cannot revive the economy of this country until and unless we resuscitate the Ministry of Co-operative Development and Marketing. We know that the Minister is a capable person and is somebody who has got interest in the co-operative movement. We would like to ask him to become effective and revive the economy by garnering the 40 per cent that the co-operative movement used to contribute to our Gross Domestic Product (GDP) in the last 10 to 15 years ago. We really want to support the Minister. If he wants more funds, let him come back here and ask for it next year after he has done some good job.

Mr. Khamasi: Thank you, Mr. Temporary Deputy Speaker, Sir. I had the privilege of chairing the Committee of Supply and there were no queries raised about the Vote, which meant that virtually everybody was supporting the Minister to have the money. However, after having said that, the Minister must relieve Kenyans. Kenyans are yearning for services. I think he should work very closely with the Ministry of Agriculture to bring about change which the NARC Government promised to the people of Kenya.

Thank you.

Mr. Salat: Thank you, Mr. Temporary Deputy Speaker, Sir for giving me this opportunity. Mine is actually just to share with my colleagues in saying that the Ministry of Co-operative Development and Marketing owes a lot to Kenyans countrywide, however, we do not want to assume that in passing the Vote, some areas will be ignored.

I would also like to urge the Minister to extend the goodwill garnered from both sides of the House by giving services to each and every part of this country, so that the money we have voted for today will be utilized well.

With those few remarks, I beg to support.

Mr. Waithaka: Mr. Temporary Deputy Speaker, Sir, now that we have passed the Vote for the Ministry of Co-operative Development and Marketing, we expect it to be felt in the rural areas.

For example, in Nyandarua District, most of the co-operative societies have actually collapsed because co-operative officers in that district are not working. I had an experience yesterday during the Kenyatta Day celebrations when members of a certain co-operative society asked me for some money to facilitate a co-operative officer to attend a meeting on Thursday. Now that the Ministry has been allocated funds, I hope they will disburse it to co-operative societies so that co-operative officers do not go on begging for money from hon. Members.

Mr. Moroto: Mr. Temporary Deputy Speaker, Sir, I would like to congratulate the Minister for the way he is running the Ministry. Now that we have passed the Vote, we expect him to look into the issue of co-operative officers in the country. For example, in West Pokot District, there is only one co-operative officer. I heard him mentioning that every division has a co-operative officer. However, there is only one officer and an accountant manning the whole of West Pokot District. I am, therefore, appealing to him to deploy more officers in the district. There are also some co-operative societies in this district which collapsed. I urge the Ministry to revive some of these co-operative societies. Currently, it is only the teachers co-operative society that is thriving. I would like the Minister to visit this area and see what he can do for my people.

Mr. Osundwa: Thank you, Mr. Temporary Deputy Speaker, Sir, for at least recognizing me. I would like to thank the Minister for the excellent job he has done in the Ministry since he was appointed. Indeed, he is one of the few performing Ministers and he is proving equal to the job.

I would like to advise the Minister not to deviate from the core business of the co-operatives; that is, giving development loans. Instead, he should reconsider his proposal of investing co-operative societies' money in the business of provision of a third mobile phone facility because this will sink their money. They will not access loans easily. Therefore, I am appealing to the Minister to reconsider that proposal very seriously.

Mr. Temporary Deputy Speaker, Sir, secondly, I would like to offer Mr. Sungu the next minute so that he can contribute.

The Temporary Deputy Speaker (Mr. Poghiso): Order! Mr. Osundwa, you have no minutes to give out!

(Laughter)

Mr. Bahari: Mr. Temporary Deputy Speaker, Sir, I appreciate the effort of the Minister to go round and get input from Kenyans. This will give this Ministry, perhaps, a strategic direction. I would like to remind the Minister that the activities of that Ministry are non-existent in the Arid and Semi Arid Lands (ASAL) of this country. I urge him to seriously address this issue.

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): Mr. Temporary Deputy Speaker, Sir, once again I would like to thank the hon. Members for their comments. I would like to assure them that now they have approved the Ministry's Vote, our officers on the ground would not have to borrow money for petrol or other necessities. In fact, even before the passing of this Vote, the officers in this Ministry, both at provincial and district level, had funds. They should not hide behind lack of funds to do their work.

Mr. Temporary Deputy Speaker, Sir, I would like to assure Mr. Moroto that we will have more officers posted to West Pokot District. Currently, there are only two co-operative officers in that district.

(Question put and agreed to)

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Poghiso): Hon. Members, it is now time for the interruption of business. This House is, therefore, adjourned until tomorrow, Wednesday 22nd October, 2003, at 9.00 a.m.

The House rose at 5.35 p.m.