

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 21st February, 2017

The House met at 2.30 p.m.

[The Speaker (Hon. Muturi) in the Chair]

PRAYERS

QUORUM

Hon. Speaker: Hon. Members, there is no quorum. Ring the Quorum Bell.

(The Quorum Bell was rung)

Very well! We can commence our business now.

PAPERS LAID

Hon. A.B. Duale: Hon. Speaker, I beg to lay the following Papers on the Table of the House today Tuesday, 14th February, 2017:

The First Half Report of the National Treasury on the Quarterly Economic and Budgetary Review for the Financial Year 2016/2017.

Sessional Paper No.6 of 2016 on the National Urban Development Policy from the Ministry of Transport, Infrastructure, Housing and Urban Development.

The Reports of the Auditor-General on the Financial Statements in respect of the following constituencies for the year ended 30th June 2015, and the certificates therein:

- (i) Khwisero Constituency.
- (ii) Likuyani Constituency.
- (iii) Luanda Constituency.
- (iv) Lugari Constituency.

It is very important for colleagues to have a look at the constituency audited reports once they are tabled.

The Reports of the Auditor-General on the Financial Statements in respect of the following institutions for the year ended 30th June 2016, and the certificates therein:

- (i) The Communication Authority of Kenya - Universal Service Fund.
- (ii) The Geothermal Development Company Limited.
- (iii) The Industrial and Commercial Development Corporation.

Thank you, Hon. Speaker.

Hon Baiya: I beg to lay the following Paper on the Table of House today Tuesday, 21st February, 2017:

The Report of the Constitutional Implementation Oversight Committee on the

Implementation of Devolution up to the year 2016.

Hon. Speaker: Next Order.

NOTICE OF MOTION

ADOPTION OF REPORT ON MARRAKESH TREATY

Hon. Gethenji: Hon. Speaker, I beg to give notice of the following Motion:

THAT, this House adopts the Report of the Departmental Committee on Defence and Foreign Relations on the Marrakesh Treaty to facilitate access to published works for persons who are blind, visually impaired or otherwise print disabled, laid on the Table of the House on Thursday, December 1, 2016, and pursuant to Section 8 of the Treaty Making and Ratification Act, approves the ratification of the Marrakesh Treaty to facilitate access to published works for persons who are blind, visually impaired or otherwise print disabled.

Thank you, Hon. Speaker.

Hon. Speaker: Hon. Cheptumo.

NOTICE OF MOTION FOR ADJOURNMENT UNDER STANDING ORDER NO.33(1)

INSECURITY IN BARINGO COUNTY

Hon. Cheptumo: Hon. Speaker, pursuant to Standing Order No. 33(1), I seek leave of the House to move a Motion for Adjournment of the House for the purpose of discussing the definite matter of increased cases of insecurity in Baringo County.

Hon. Speaker, every Kenyan is entitled to state protection against internal and external attacks, including protection of their property. Sadly, the residents of Baringo County, particularly those in Baringo North and Baringo South constituencies have become victims of serious and incessant insecurity threats propagated by bandits and cattle rustlers from neighbouring communities. The attacks have subjected the residents of Baringo County to untold pain and suffering, including negatively impacting on the economic activities in the region, causing loss of lives and livestock, resulting in closure of schools and displacement of people, who have been forced to flee their homes to safer areas where they are living under deplorable conditions in temporary camps.

Hon. Speaker, the seeming inability by the Ministry of Interior and Coordination of National Government to rein in the menace and restore stability and tranquillity, behoves this House to deliberate on this matter.

I, therefore, seek leave to move the adjournment of the House in order for us to discuss this matter of great national concern.

Hon. Speaker: Do you have the numbers?

(Several Hon. Members stood up in their places)

Hon. Cheptumo: Yes, Hon. Speaker.

Hon. Speaker: It appeared like Members were not listening to Hon. Cheptumo. I can confirm that you have the numbers for the House to rise. I want to direct that the House shall adjourn at 5.30 p.m. to discuss the matter of grave insecurity prevailing in Baringo County, that has been raised by Hon. Cheptumo.

Hon. Cheboi: On a point of order, Hon. Speaker.

Hon. Speaker: Hon. Cheboi, what is your point of order?

Hon. Cheboi: Hon. Speaker, I want your protection because I am seated next to a famous witchdoctor from Meru County. I want to know whether I am safe.

(Laughter)

Hon. Irea: On a point of order, Hon. Speaker.

Hon. Speaker: Hon. Cheboi, I thought the Member seated next to you is the Member for Imenti Central, Hon. Mwiti; unless he has now taken a new profession.

Hon. Irea: On a point of order, Hon. Speaker. I am seated next to Hon. Cheboi. I am not a witchdoctor but people in Meru are saying that Hon. Mpuru Aburi took a witchdoctor to Sen. Kiraitu's House. I am not sure whether I am safe sitting next to him.

(Laughter)

Hon. Speaker: Hon. Members, let us not bring village issues here because they will turn the House into some other place. I have not seen anyone carrying any paraphernalia that could fit in the description of practising witchcraft.

Mhe. Aburi, ungenenda kuzungumzia mambo haya ya uchawi?

Hon. Aburi: Ahsante, Mhe. Spika. Ningependa kumwambia Mhe. Cheboi kwamba tuna wachekeshaji kama Churchill na Nyambane humu nchini, ambao wanaongea kama "Nyayo". Mugambi anajulikana Tigania East na huwa anapelekwa kwenye sherehe ambako huongea kama "Nyayo", Kibaki, Muturi na Raila na watu wanafurahia. Nilimtambulisha kama mtoto wa nyoka kule kwa Mhe. Kiraitu. Alizungumza na watu wakafurahia sana. Alisema kwamba anaweza kumtemea yule anayecheza na Mhe. Kiraitu Murungi mate na afe. Mugambi alikuwa tu anafurahisha watu. Hakukuwa na uchawi wowote. Mhe. Mwiti na Mhe. Cheboi ndio wachawi. Pili, mimi ni Mkristo.

(Laughter)

Hon. Speaker: Mhe. Aburi, hayo yametosha. Endeeleni kutema mate pale Meru lakini sio hapa Bungeni.

Hon. Members, before we proceed, allow me to recognise a group of students seated in the Speaker's Gallery. They are drawn from various schools from each county, forming a group known as "Purest Village". They advocate for virtuous childhood and patriotic youth.

In the Public Gallery, we have pupils from Iganjo and Wandui primary schools from Gatanga Constituency, Murang'a County. You are all welcome to observe the proceedings of the National Assembly.

Hon. Members, we will go back to Order No. 6. Hon. Ndung'u Gethenji, I am told that you did not complete giving the full set of your Notices of Motions.

Hon. Gethenji: Hon. Speaker, I had two Notices of Motions, but I only gave one notice. I think there was an error in the Order Paper.

Hon. Speaker: Proceed and complete

NOTICES OF MOTIONS

ADOPTION OF REPORT ON PROTOCOL TO CONSTITUTIVE ACT OF AU ON PAP

Hon. Gethenji: Hon. Speaker, I beg to give notice of the following Motion:

THAT, this House adopts the Report of the Departmental Committee on Defence and Foreign Relations on the Protocol to the Constitutive Act of the African Union relating to the Pan-African Parliament, laid on the Table of the House on Thursday, December 1, 2016, and pursuant to Section 8 of the Treaty Making and Ratification Act, approves the ratification of the Protocol to the Constitutive Act of the African Union relating to the Pan-African Parliament.

Hon. Speaker: Hon. Njoroge Baiya.

ADOPTION OF REPORT ON OVERSIGHT OVER IMPLEMENTATION OF DEVOLUTION

Hon. Baiya: Hon. Speaker, I beg to give notice of the following Motion:

THAT, this House adopts the Report of the Constitutional Implementation Oversight Committee on implementation of devolution up to the year 2016, laid on the Table of the House on Tuesday, 21st February, 2017.

Thank you, Hon. Speaker.

Hon. Speaker: Next Order!

MOTION

REPORT OF THE WHOLE HOUSE ON PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL

THAT, this House do agree with the Report of the Committee of the whole House on its consideration of the Public Finance Management (Amendment) Bill (National Assembly Bill No.4 of 2015)

Hon. Speaker: Hon. Members, debate on this Motion was concluded. What remains is for me to put the Question, which I hereby do.

(Question put and agreed to)

Hon. A.B. Duale: Hon. Speaker, I beg to move that the Public Finance Management (Amendment) Bill (National Assembly Bill No. 4 of 2015) be now read a Third Time.

I request Hon. Gaichuhie, the Vice Chair of the Departmental Committee on Finance, Planning and Trade to second. I want people who were here when we passed this Bill and who know what the Bill is all about to second.

Hon. Gaichuhie: Hon. Speaker, I second.

(Hon. (Ms.) Munene walked into the Chamber)

Hon. Speaker: Member for Othaya, please take a seat.

(Question proposed)

Hon. Members: Put the Question.

Hon. Speaker: I put the Question having confirmed that there is quorum in the House.

(Question put and agreed to)

(The Bill was accordingly read the Third Time and passed)

BILL

Second Reading

THE SACCO SOCIETIES (AMENDMENT) BILL

Hon. Maanzo: On a point of order, Hon. Speaker.

Hon. Speaker: Hon. Maanzo, Member for Makueni.

Hon. Maanzo: Thank you, Hon. Speaker. I would like to seek your guidance under Article 110 (1)(a) of the Constitution, which says:

“In this Constitution, “a Bill concerning county government” means a Bill containing provisions affecting the functions and powers of the county governments as set out in the Fourth Schedule.”

Article 110 (3) of the Constitution says:

“Before either House considers a Bill, the Speakers of the National Assembly and Senate shall jointly resolve any question as to whether it is a Bill concerning counties and, if it is, whether it is a special or an ordinary Bill.”

The Fourth Schedule of the Constitution says in part:

“7. Trade development and regulation, including –
(e) cooperative societies.”

Hon. Speaker, in the definition of this Bill on the amendment of regulation of SACCO Societies---

Hon. Speaker: Hon. Maanzo, so that I can save you and the House some time, the House Business Committee has looked at the provisions of Article 110 and also the Fourth Schedule of the Constitution and determined, notwithstanding what is contained in the Bill, that this Bill concerns counties. Therefore, you do not have to belabour the point, but it is good that you stood on a point of order to raise that issue. It, therefore, means that at the conclusion of the

consideration of this Bill by this House, it will go to the Senate for further consideration in the normal way. So, the matter has already been resolved.

Hon. Maanzo: I thank you, Hon. Speaker.

Hon. Speaker: Hon. Katoo ole Metito, you are the one moving the Bill.

Hon. Katoo: Hon. Speaker, I beg to move that the SACCO Societies (Amendment) Bill (National Assembly Bill No. 26 of 2016) be now read a Second Time.

I would like to bring to the attention of the House that this Bill was submitted by the Cabinet Secretary for National Treasury in line with the proposals announced in the current Budget of 2016/2017. Therefore, it is prudent that this House concludes this Bill before the end of the current financial year because it addresses some of the proposed reforms in the financial sector. Although the SACCO Societies Act of 2008 provides the regulation of SACCO societies, it lacks some provisions. The biggest problem in the SACCO industry is, among others, credibility of people running the SACCOs and the issue of registration of SACCOs, especially those undertaking deposit-taking business.

The proposed amendment Bill tries to cure those shortcomings of the current Act. The current Act also lacks, as I have said, issues relating to the determination of the suitability of persons who serve as directors and other officers of SACCO Societies as well as credit information sharing. Nowadays, we have the Credit Reference Bureau (CRB). It is a requirement that when you apply for jobs or high positions in this country, you are required to get clearance from CRB. This is about financial information from all credit lending institutions. Therefore, there is need for those institutions to share information, including the information of SACCO societies.

Therefore, the SACCO Societies (Amendment) Bill 2016 seeks to address those inadequacies in the Act.

In summary, the SACCO Societies (Amendment) Bill 2016 which was read for the first time in the House on 19th July 2016, proposes to amend the SACCO Societies Act (No. 14 of 2008), which in the Bill is referred to as the Act. As I have said, it is meant to provide registration and licensing of SACCO societies, especially those with savings and credit services. Two, it is expected to expand the credit information sharing mechanism to include the exchange of information by SACCO societies with other licensed financial institutions.

The amendment contained in Clause 2 inserts sections and New Clauses 27A and 27B into the Bill. It seeks to prescribe words that shall be used as part of the business name of a SACCO society licence to undertake deposit-taking business. These words include “Deposit-Taking SACCO” (DTS). That tells you that, that is a SACCO that is licensed to undertake deposit-taking and any of its derivatives.

The proposed new clause and Sub-clause 3 proposes that all existing deposit-taking SACCO societies comply with the above mentioned requirement for change of business name within 12 months of the commencement of DTS. If the existing SACCOs are deposit-taking, they must comply with that requirement within 12 months from the commencement of this new section.

The amendment further proposes that SACCO Society Regulatory Authority, referred in the Act as ESDA Authority, must approve registration or incorporation of co-operative societies as DTS. On registration or incorporation, the co-operative society is required to obtain a licence from the authority within one year of such registration or incorporation. To avoid members getting losses or their savings being misappropriated, such a regulation is necessary. Instead of operating quacks or unregistered societies, the Authority is given powers to ensure that every

registered or incorporated SACCO society obtains a licence within one year of registration or incorporation. If a co-operative society fails to obtain its licence as prescribed, it shall stop using the words “deposit- taking”. That means it will invalidate the activities of the said SACCO and it will become an offence if they fail to comply.

The amendment contained in Clause 3 is very important. I have an expert on SACCOs sitting next to me. I like it that he is listening and following very well. He will add value to this Bill. There is a New Clause 48A in Clause 3 which is proposed for insertion and gives the Authority powers to determine the suitability and propriety of every person proposed to act as a director or officer of a SACCO society. For one to be a director or an officer of any SACCO, the following has to be considered. It is found in New Clause 48A (2) (a-f). It reads:

- (a) “the financial status or solvency of the person.” You cannot be entrusted to manage other people’s fund when your financial status or solvency position is in doubt.
- (b) “the academic or other qualifications or experience of the person, having regard to the nature of the functions which the person shall perform.
- (c) “the status of any other licence or approval granted to the person by any financial sector regulator.” That is because there will be credit sharing information among several financial institutions. It will be known whether you have been licensed by any other financial institution to perform such functions and that will be taken into consideration.
- (d) “the ability of the person to carry on the regulated activity competently, honestly and fairly.” This is about financial matters and money for several members. It is prudent that the person managing is competent, honest and fair in the discharge of those duties.
- (e) “the reputation, character, financial integrity and reliability of the person. It is all about fairness, openness and accountability.
- (f) Any other material information that the authority may consider necessary.”

If you go down to sub-clause 3, the Authority may consider necessary whether the person is competent.

New Clause 48A(3) says:

- (i) “has contravened provisions of any law for the protection of members of the public against financial loss due to dishonesty, incompetence or malpractice by persons engaged in dealing with marketable securities”.

Those are some of the other things that will be considered.

- (ii) “has been convicted or is being investigated in respect of an offence involving financial impropriety, fraud, corruption or economic crimes.
- (iii) was a director of a SACCO society which was liquidated, is under liquidation or has been placed under statutory management.”

I do not think it will be prudent for you to head another SACCO which is of a sound management position. It is also proposed that the person be checked whether he has participated in any business practice which, in the opinion of the Authority, was fraudulent, prejudicial to the market or public interest, was otherwise improper or would otherwise discredit a person’s method of conducting SACCO society business. It is all about the integrity and character of the person proposed as a director or an officer of a SACCO society, especially with respect to financial matters. There are several, but let me just mention one. It talks of whether the person has acted in such a manner as to cast doubt on the person’s competence or soundness of judgment. They are critical and important. Most important is New Clause 48A(4) which says:

“Before determining that a person is not suitable or proper to serve as a director or an officer of a SACCO society, the Authority shall give that person an opportunity to be heard”.

Therefore, that person will not just be judged unheard. There will be an opportunity for that person to give his or her side of the story.

Clause 4 of the new amendment in Section 50 proposes to give the Authority powers to prescribe the minimum standards on significant members of a SACCO society, including continuous professional development, courses, training and the certification necessary for one to serve as a director of a SACCO society.

Hon. Speaker, it is a very brief Bill, but it is technical on financial matters and it will be good for Members to follow it keenly and give their input.

Finally, Clause 5 seeks to amend Section 54 of the principal Act by requiring SACCO societies to exchange information on performing and non-performing loans as specified by the Authority from time to time. It is important that, that credit institution can really share information on performing and non-performing loans and this is in line with the provisions of the Banking Act. It is not something new. It is streamlining all banking laws so that they will be on the same page.

This amendment differs from the current provision that requires the Cabinet Secretary (CS) to prescribe, in regulation, the manner and extent of exchange of information on non-performing loans. Currently, it is at the discretion of the CS. This amendment is removing that power from an individual and taking it to the Authority of the SACCO society.

I want to conclude and assure Members that the proposals in this Bill comply with the provisions of the Constitution and Standing Orders. The amendments proposed will immensely improve the operations and the regulations of SACCO societies within the country. That is what is required as part of the reforms in the financial sector.

I beg to move and request the Leader of the Majority Party to second.

Hon. Speaker: The Leader of the Majority Party?

Hon. A.B. Duale: Thank you, Hon. Speaker.

As I second this Bill, I really want to thank you for making the determination within the provisions of the Constitution that this Bill concerns county governments and that the former Secretary of Co-operatives and the current Member for Makueni should not have any problem. He is a serious stakeholder. He knows this thing. Even if he is a Member of Parliament, just like Hon. Chris still has networks in the universities, Hon. Maanzo knows those people. Your problem has been solved. We thank the Speaker for taking this Bill to the Senate after we conclude. Two, this is a money Bill within the reading of Article 114 of the Constitution. Finally, this Bill went through stakeholders' consultations - thorough stakeholders' consultation - including and up to the Cabinet level before it landed in Parliament.

Fourthly, this Bill has been submitted to this House through the procedures of the House by the Cabinet Secretary (CS) for the National Treasury in line with the proposals announced in the Budget for 2016/2017 Financial Year. So, this Bill, with all that I have said, is before this House through the right procedures.

What does this Bill do? What is the objective of this Bill? The principal objective of this Bill is to amend the SACCO Society Act of 2008. What is it providing for in this Bill?

One, this Bill is providing for the registration and licensing of SACCO societies as deposit savings and credit co-operatives. So, this House is under obligation to formulate legal framework that will protect the savings of Kenyans who we represent. This Bill is dealing with quacks. You could form your society, collect millions and disappear. We have classical examples

of various pyramid schemes, societies and co-operatives in our country that have gone down with the savings of our people. At the same time, we have co-operatives that have done so well that the co-operative movement in our country is among the most celebrated in the world. So, we have the best and we have the worst. This law is going to deal with the quacks and the bad ones. I hope Hon. Maanzo is not representing the quacks. I hope he is going to stand with co-operatives like the Co-operative Bank of Kenya, *Ukulima SACCO* and *Mwalimu SACCO*. This Bill is going to deal with registration and licensing.

Again, this Bill further---

(Hon. Ng'ongo, Hon. Bosire and Hon. Onyonka consulted loudly)

I hope the chairman of ODM is not negotiating on the nominations. He is very busy dealing with Members. It is nomination period and, maybe, he is already issuing certificates. He cannot do that under the new law. You cannot! The people of Kisii where Hon. Bosire and Hon. Onyonka come from must be subjected to nomination. You cannot do "monkey business" in the House.

(Hon. Ng'ongo stood up in his place)

Hon. Speaker, you should not allow the House to be used as a place where deals are cut; where party nomination deals are cut. Of course, the Secretary-General of FORD-Kenya will do the same.

Hon. Speaker: Let us deal with the Bill.

Hon. A.B. Duale: Thank you, Hon. Speaker. I was only---

Hon. Speaker: Let us deal with the Bill.

Hon. A.B. Duale: The Bill also---

Hon. Ng'ongo: On a point of order, Hon. Speaker.

Hon. Speaker: You are out of order to be claiming to be saying anything while seated.

Hon. A.B. Duale: Hon. Speaker, the Bill further expands the current credit information sharing mechanism to include SACCO societies with other licensed financial institutions.

What again are we doing in this Bill? There are a lot of resources and money flowing within the SACCO industry. Billions of shillings are transacted within co-operatives and SACCOS. Because we have a new law that deals with this, we also want to bring on board and expand the current credit information sharing between all the commercial and financial institutions. We want to know the money that goes through co-operatives. We have the Anti-Money Laundering and Proceeds of Crime law; we have the Financial Reporting Centre and we have the Central Bank Act and its regulations. So, all the millions going through them--- We will find out the volume that goes through the SACCOS and co-operatives. The proceeds of those financial resources can be traced so that we do not allow drug dealers, money launderers and terrorism-financing to infiltrate the SACCO industry.

This is intended within the Banking Act. The Micro-Finance Act of 2008 brings all credit information sharing under one regulatory regime. Once we amend the SACCO Societies Act, it will be in line with the Banking Act, the Micro-Finance Act and the Financial Reporting Centre. All of those put together will be one regime: credit information sharing and regulatory. That is the object and the principle of the Bill.

In amending the SACCO Societies Act, this Bill provides for something called deposit-taking SACCOs. It is only dealing with those SACCOs that do deposit taking. There are many SACCOs, like the coffee SACCOs. They might have other functions but, this one is only amending the Deposit-Taking SACCOs. It gives them a new name that distinguishes them from other co-operatives, particularly non-profit making SACCOs. Non-profit making SACCOs are not within this legal framework. So, it will give legal restrictions. It will give certain legal limitations to the usage of this unique identity for deposit-taking SACCOs.

What is the intent? What is the purpose? The intent and purpose of those deposit-taking SACCOs is to eliminate confusion and assure customers that the SACCOs they are using in any part of the country using the name "Deposit-Taking SACCO" are going to be a regulated institution. So, the moment you fall within that name, you must abide by certain regulations and legal regime so that the protection of the citizens' savings is assured. It is just like the way we have it in the Banking Act and the Micro-Finance Act.

Secondly and more fundamentally, the area that this Bill is going to deal with is the area of integrity among officers who will serve in the deposit-taking SACCOs. The men and women who will serve in that SACCO must agree in principle that they are people who can be trusted with the savings of the people of Kenya. What does the Bill do to those men and women who serve in these deposit-taking SACCOs? The Bill proposes to amend the Sacco Societies Act to provide for criteria of making a determination on the suitability of officers holding positions of responsibility in SACCOs. Those people who go to SACCOs are the middle-poor Kenyans. So, we have to be very careful on who becomes the chairman in charge of those SACCOs. Their integrity must be above reproach. You can steal the billions of the rich, but it is very immoral, even in the eyes of God, to steal from the poor. So, this Bill is putting in place criteria to make a determination on the integrity. If you steal--- You know Hon. Keynan is one of the rich, affluent Members. So, if you steal from Hon. Keynan, he will have some assets remaining. The same can be said of Hon. Duale or the rich who own banks. But if you steal from *mama mboga* and you happen to be the chairman of that SACCO, that is why this Bill is putting criteria to decide who becomes a member. What does it do? It deals with the governance structure of SACCOs. In essence, we are looking at the integrity and the governance structure.

The deposit-taking SACCOs will serve deposit and credit services to a large section of citizens in line with the governance requirement in other areas of the financial sector.

Thirdly and more importantly, this Bill seeks to amend the SACCO Societies Act in order to empower the SACCO regulator so that it can impose minimum standards on directors and senior officers as prescribed. The regulator is given some powers. Why are you a regulator? A regulator is always created to protect the industry and the consumers of that institution. In this case, this Bill seeks to amend the Sacco Societies Act in order to empower the SACCO regulator. You know the Leader of the Minority Party was one time the Chairman--- He was given a job by Hon. Charity Ngilu to investigate the pyramid schemes. He did a good job. The Report was tabled but, five or six years later, many Kenyans still miss their hard-earned savings with the pyramid schemes then. So, SACCOs are very key. They are in our villages, wards, constituencies and counties. I think this Bill is coming at the right time.

We must also, in the future, bring amendments to the Kenya Deposit Funds Act so that when Hon. Dalmas Otieno and I bank with a certain bank and the directors and owners of that bank violate the Banking Act and the bank collapses, what next? How do we protect that? This House is under obligation to protect Kenyan citizens who save their hard-earned money with banks. For example, Chase Bank collapsed. There are millions of Kenyans who became poor by

the closure of that bank. The Imperial Bank--- I think this House is under obligation to go further and amend the necessary legislation so that, like in the developed world, we can protect the savings of each and every depositor. That is the role of this House.

The regulator is under obligation to impose minimum standards, both on the directors and senior management of any SACCO as prescribed in the Bill. The standards include mandatory continuous or minimum professional development course given to the senior managers, training, certification that each director or an officer must undertake before he is eligible to serve as a member of that deposit-taking SACCO.

This Bill also proposes to amend the SACCO Societies Act in order to harmonize and align the sharing of credit information emanating from the deposit-taking SACCOs with other credit providers, particularly the banks. Today, we have the Financial Reporting Centre. The Central Bank of Kenya, through regulations, said if you want to withdraw Kshs1 million, you must fill a form. If you want to deposit over Kshs1 million, you must fill a form. I want to share the following with the House. We have a very unique Governor of CBK. As of now, he does not have an account. It is very sad. Because of the faith he belongs to, his salary and everything just goes to that. I have confirmed and I am told he does not have an account. He has never had an account with any bank. The irony is: How do you become the Governor of CBK of a country like Kenya and you do not have an account? So, even when we ask where he gets his powers to limit the amount to withdraw and the amount to deposit, he cannot understand because he does not have an account or a cheque book. He is very unique. We have no problem. But I am told his salary is already mortgaged. His salary goes somewhere else since he got employed.

Hon. Irea: On a point of order, Hon. Speaker.

Hon. Speaker: What is the point of order from the Member for Imenti Central?

Hon. Irea: Thank you, Hon. Speaker. Our able Leader of the Majority Party has mentioned Chase Bank. That may cause panic. He should say Chase Bank closed and opened so that people out there may know that the bank is open.

Number two; to discuss the Governor of CBK when he cannot reply here, I think the Leader of the Majority Party is not in order to introduce that matter.

Thank you, Hon. Speaker.

Hon. A.B. Duale: Hon. Speaker, the President of the Republic of Kenya has been discussed not once, not twice, not ten times. I can substantiate that the current Governor of CBK does not have an account with any bank. If you have any information contrary to that, then you can produce it.

Hon. Nyenze: On a point of order, Hon. Speaker.

Hon. Speaker: Another point of order from the Leader of the Minority Party?

Hon. Nyenze: Hon. Speaker, I think it is against the rules of this House to discuss a person's character in this House when they cannot defend themselves. Is it in order for the Leader of the Majority Party to mislead the House by saying that all the money that the Governor of CBK earns goes to a certain sect? Is it in order to discuss him in this House when he cannot defend himself?

Thank you, Hon. Speaker.

Hon. A.B. Duale: Hon. Speaker, there is nothing out of order as far as I am concerned. The Governor of the Central Bank of Kenya (CBK) does not have a current or savings account. If you have any information that is contrary to that, you can bring it forward. I am on the HANSARD record as having said that.

Hon. Speaker: There is another point of order from the Member of Kandara Constituency.

Hon. (Ms.) Wahome: Thank you, Hon. Speaker. Although my equipment shows that I am communicating using German language, I do not know if that is what the HANSARD is recording. However, the Governor of CBK comes from my constituency and I know his family very well. Is it in order for the Leader of the Majority Party to raise such a personal issue in terms of salary? The salary of an individual is a right of that individual. How he uses his salary is personal; it is not a public resource because he is not a personal employee. The Leader of the Majority Party should respectfully withdraw those statements. He is intending to bring to disrepute the Office of the Governor of CBK.

Hon. Speaker: Leader of the Majority Party, move to the Bill and forget about those personalities.

Hon. A.B. Duale: I agree with you, Hon. Speaker. When the Governor was being interviewed by the Departmental Committee on Finance, Planning and Trade – and the Chair is here and he can attest to that fact as it is on HANSARD – he said that he did not have a savings or current bank account. When Kenyans seeking appointment to hold public offices are subjected to vetting by this House, we should avoid the culture of Members saying that so and so is from my constituency, community or religion because that is not the way this House should be run. If each one of us here speaks for his or her person, we will not be building one Kenya. The issue of saying that the Governor of CBK qualifies because he comes from a certain constituency should not arise. He is Kenyan. Him being my friend should not arise. It is immaterial that he comes from Kandara or Garissa constituencies.

This Bill seeks to align the SACCOs in terms of the financial transactions that they do with other financial institutions. The Micro-Finance Act 2008, the Insurance Act and the Banking Act subject the respective financial institutions under them to a financial reporting centre on a daily basis, which shows the volumes of the monies that go through them. We are saying this because this House enacted the Proceeds of Crime and Anti-Money Laundering Bill, which was assented to by His Excellency the President. We have enacted laws on anti-terrorism financing and anti-bribery, which have since been assented to by the President. This House also dealt with the proceeds of drugs and how they can be detected in the financial sector in terms of circulation. This Bill is trying to align the SACCOs financial obligations in terms of sharing credit information with other financial institutions.

Fourthly, there is the issue of expanding scope of the credit information that ought to be shared to include both the positives and the negatives through the Credit Reference Bureaus (CRBs). The shared information will also help the Kenya Revenue Authority to make judgement on the taxation levels to apply. This will help other security related institutions to follow whether due process within the financial sector is being followed. The shared information will also help the CRBs to give an early warning on the goings-on in individual SACCOs. It will give an indication as to whether a SACCO is in a healthy or unhealthy position financially. Therefore, we must allow for information of financial transactions of SACCOs to be shared with other financial service providers.

Hon. Speaker, I have no apologies to make on what I have said about the Governor of CBK. I am entitled, as the Member for Garissa Township. We are here to represent and defend our constituencies. Nobody should try to intimidate, blackmail or threaten Hon. Duale.

I beg to second.

Hon. Speaker: Hon. Members, those of you who may want to withdraw, you might as well make your way out. Member for Endebess, you can sit anywhere.

(Question proposed)

I notice that the Member for Kiminini wants to speak, unless the Leader of the Majority Party wants to speak again.

Hon. Wakhungu: Thank you, Hon. Speaker for giving me this opportunity. At the outset, I stand to support this Bill. Indeed, this is a very important Bill. Hon. Duale has, while seconding, explained the gist of this Bill. It is important for the Members who have not had a chance to read it. He has said it all. This is a very important Bill. Some people are where they are today because of the SACCOs.

When I got my first job with SmithKline Beecham after I left university, I joined a SACCO. I bought land through a SACCO loan. The advice we used to be given when we were still young boys was that we should save regularly, borrow wisely and repay promptly. Through the SACCOs, you can go very far as far as investment is concerned. We have seen so many business people and quacks conning people money, particularly through the closets of directors of SACCOs. In the traditional days, people would form a SACCO to buy land. The moment the SACCO bought land, other people, particularly the directors, would con members. Therefore, this Bill will add value in terms of assuring people in the industry that their savings will be protected.

Hon. Speaker, credit referencing is very critical. This is a practice that is being used in Europe. Many a time when you want to borrow money, you are told to bring some collateral. You do not need collateral if you can give out some credit information. In fact, just by looking at the way you pay your water and electricity bills to ascertain whether you pay promptly or not, a SACCO or micro-finance institution can assess the risk level associated with your borrowing of money from them.

We know that CBRs are licensed by the CBK. We now have two CBRs in Kenya. They play very critical roles. It is not just in the banking industry. Even when it comes to the SACCOs, we can use that information to ascertain the risk level associated with Hon. Gikaria when he seeks to borrow money from a given SACCO.

The other speaker said that SACCOS are for poor people. That is not the case although, in most cases, the majority of the people who save with SACCOs are from the lower income levels.

In Parliament, we have the Bunge Savings and Credit Co-operative Society (BUCOSO) and Parliamentarians Savings and Credit Co-operative Society (PACOSO) where the rich people save. For instance, I have seen Senator Gideon Moi who is among the rich people saving in PACOSO. Some of us have been saving in PACOSO so as to use that money for campaigns when that time comes. That is because we do not have sponsors or a rich party like Jubilee which will give us money for campaigning. SACCOs play a very critical role. The element of credit sharing will also play a critical role, particularly in ascertaining the risk level of the borrowers.

Secondly, I want to mention briefly on the issue of the Sacco Societies Regulatory Authority (SASRA) which is supposed to supervise and help in regulating SACCOs. It is important because many SACCOs are going under and, maybe, it is the highest time that SASRA expanded so that there is timely supervision of those SACCOs. We know very well that SACCOs are going under and disappearing with Kenyans' investments. We have seen banks

going under and yet, the Central Bank of Kenya is there. As we move, on we want SASRA, which will be in charge of those SACCOs, to strengthen itself and expand accordingly so that the SACCO movement can grow. Sometimes back, I was reading an article on the SACCO business which stated that it was in the excess of Kshs400 billion. So, you can see it is a very big market which needs some regulations. We cannot just leave it to the Cabinet Secretary (CS). It is important for an authority to be there to look into the issues and challenges which are affecting that particular industry. It is true that once this Bill goes through, it will provide some consistency with the Banking, Micro-Finance and Insurance Acts. I support this Bill because there will be consistency.

Lastly, I want to briefly mention the issue of professional training. The SACCO industry started a long time ago. Many people were illiterate and did not know about it. But now, with the emerging challenges, we see a lot of new trends and changes coming up. It is important to give a provision for the continuous training, just like it happens in many professional bodies like the Law Society of Kenya (LSK), the accountants and doctors. It is a requirement that every year, one needs to have attained some specific professional points or gone through training to understand the current affairs in that particular industry. In this Bill, those who will be working in this industry, especially directors must undergo continuous training. Maybe SASRA will develop a course which will be designed to capacity-build the people in this industry. This is because we have emerging issues coming up which people who have studied another course might not be able to handle. We thank God because, at the moment, new courses have come up. For example, we have a course by the name of Co-operative Development which is offered by Jomo Kenyatta University of Agriculture and Technology (JKUAT) and University of Nairobi (UoN) under Bachelor of Commerce (BCOM). Other universities wherever they are, should redesign their curriculum and come up with relevant courses for the SACCO movement. That is because SACCOs play a very critical role as far as the economy is concerned.

I request Hon. Members to support this Bill on the SACCO movement. Recently, we passed a Bill by Jude Njomo capping the interest rates in the banks. At the moment, Banks are not even lending money to people. The core business of a bank is to lend money. When I shared with one of the directors, he told me it is a big risk to lend money because they are not assured of repayments. That is because the interest rate is controlled and they have a lot of overheads. This has led to many banks laying-off staff. The SACCOs are now a replacement and Kenyans are borrowing money from them as opposed to banks. That is because you borrow what you have saved. This is a very important Bill which is going to play a very critical role in as far as the economy of this country is concerned.

Thank you, Hon. Speaker and I support.

Hon. Speaker: Member for Endebess.

Hon. (Dr.) Pukose: Thank you, Hon. Speaker for allowing me to give my contribution to the SACCO Societies (Amendment) Bill. At the outset, I support it because it is very important. This Bill identifies the unique features of the deposit-taking SACCOs and tends to distinguish them from other SACCOs. It also goes a long way in enhancing the integrity of the officers who will be working in those deposit-taking SACCOs.

Many SACCOs have been set up in the past, and ended up squandering people's deposits. People deposited their money in those SACCOs and, at the end, the ones who got rich and empowered were the officers working in those SACCOs. This Bill tries to enhance the governance structures of running SACCOs. It is also important because it tries to empower SASRA to impose minimum standards on directors and senior officers of SACCOs as

prescribed. The standards may include mandatory continuous or minimum professional development courses, training and certifications which each director or officer must attain before seeking to serve in a deposit-taking SACCO.

In the past, we have realized that once a person is elected as a director or within any of the senior positions, they do not continue to enhance and educate themselves or attend continuous education for improvement. This Bill makes sure that those people will continue to attain the set minimum education so as to acquaint themselves with the requirements of managing huge SACCOs. In the past, people have come up with all kinds of organizations in the name of SACCOs. Even pyramid schemes were formed where people deposited their money and it disappeared. A few years ago in this country, there was a record where many pyramid schemes came up and people deposited their money with them. I think this House formed a Committee to look into that matter. The Central Bank of Kenya also froze the accounts of those people and, up to-date, Kenyans are still wondering what happened to the money which they deposited in those pyramid schemes.

This Bill also proposes to amend the SACCO Societies Act to align the sharing of credit information from deposit-taking SACCOs with other credit providers, particularly the banks. That way, the banks will know how the SACCOs are performing. The Bill further proposes to have credit information shared to include both positive and negative information through the Credit Reference Bureau (CRB) and to allow the information from SACCOs to be shared with other financial providers.

This is key because more often than not, you find an organization or SACCO claiming, through manipulation of its accounts, to have good books of account. There have been shrewd and unscrupulous officers who give cooked financial information or change information on how a SACCO is performing for it to attract more members, only for the members to realize that they have deposited their money in a SACCO which is non-performing and is in the process of collapsing.

Hon. Speaker, I support this Bill and thank you for allowing me to contribute.

Hon. Speaker: Let us have the Member for Makueni.

Hon. Maanzo: Thank you, Hon. Speaker. I rise to support this Bill but, I would like to say that Clause 27(a) and (b) have issues. The rest of the Bill is okay. It is very good for the SACCOs in the country. We need to share credit.

The SACCOs are now huge businesses. In fact, some SACCOs like Harambee SACCO are bigger than many banks in Kenya. Therefore, they need prudence in financial management. However, when we were consulting with stakeholders and the public, the SACCO movement had a big issue with Clause 27(a) and (b). They communicated to the Committee and expressed their reservations which appear in the Report which we presented in this House. In fact, the reason is that when you say deposit-taking SACCO, you bring in confusion because all SACCOs are registered under the Co-operative Societies Act. We have 5,000 SACCOs in the country. They are regulated very well under the Office of the Commissioner of Co-operatives. Each district and every county in Kenya has a Directorate of Co-operatives. We used to have District Cooperatives Officers who would assist in the promotion of SACCOs. In their own memorandum of registration, everything is clearly stipulated. There is a very good law which regulates everything, so that we do not have to refer to them as deposit-taking SACCOs because all SACCOs take deposits. It just amounts to over-legislation. Deposit-taking is a function of the SACCO, including our own SACCO. If we pass Clause 27(a) and (b), it means we will change

the name of our own SACCO and call it a deposit-taking SACCO. Each one of us deposits and saves money there. We can take credit and borrow from our own SACCO.

The SACCO movement is so streamlined and the law is so good that what was left is the rest of the amendments which are very good. When you insist on Clause 27 (a) and (b), you will not be assisting the movement at all. You will just be over-legislating and over-burdening Kenyans. Even in the definition of "SACCO," Section 4 of the Act clearly says that it is a deposit-taking institution. You take money from members. Every registered SACCO in Kenya takes deposits. It is already legislated and it is in public knowledge and notoriety. It is just like legislating for when the sun will rise from the East and set in the West. Everybody in the world knows that. For the Commissioner of Co-operatives to first and foremost register a SACCO, that word "SACCO" already says it is a deposit-taking institution and it has a regulatory framework from the Co-operative Societies Act to the SACCO Societies Regulatory Authority Act (SASRA).

The SASRA Act was done by the regulating authority which is well structured only that it is currently having challenges because the current Chairman is going to run for governor and the CEO has been acting for a long time. This has caused the movement a lot of strain. The last time I consulted with the Ministry, they were putting mechanisms in place so that a new CEO of SASRA can be hired so that the body can work well.

When the Bill comes to the Third Reading Stage, I will propose some amendments to Clause 27(a) and (b) so that we can satisfy Kenyans. I want to thank you, Hon. Speaker, for looking at the law very well and for ruling that it must be taken to the Senate. Even in our own SACCO in Parliament, one of the officers we work with comes from Nairobi County and operates from Nyayo House and yet, our Office is here in Parliament. In all the counties, out of the 176 SACCOs regulated by SASRA, there are four or so of the big ones in every county. Therefore, in the far-flung counties from Mombasa to Garissa to any of the farthest counties from Nairobi--- Meru is the best example so far. The Governor of Meru County is regulating the SACCOs very well. He is working with the Commissioner of Co-operatives and they are keen. The governors have an officer who reports to them and devolution is served properly. The SACCOs are two-tier. They are at the grassroots level and the national level. There are also international organisations which build capacity in SACCOs.

Whatever we do must resonate with what is happening in America. They have the best credit unions. Jamaica follows a similar model like ours. South Africa and many other African countries have copied from us. In fact, Kenya is leading in the SACCO movement in Africa and many other countries are copying Kenya and our legislation. If we begin making legislation that is confusing, we will not only confuse our own people in Kenya, but the rest of Africa. We have to resonate with the rest of the world. That is why there are yearly conferences to look at the laws especially those done by the Kenya Union of Savings and Credit Co-operatives Limited (KUSCCO), the head body in Kenya whose Managing Director, Mr. Ototo, also belongs to the international body dealing with the co-operative movement in the world. He sits on that board. Kenya won that election this year. For a long time, it has been a Malawian who lost to a Kenyan. They are able to check on regulations and there are meetings on regulators all the time. Our own regulator must work and resonate with the rest of the world because the co-operative principles are the same. The idea is to safeguard depositors' money to make sure that it is safe. That has been taken care of by the rest of the amendments, but not by Clause 27(a) and (b). Therefore, as I have indicated to the House, I will propose some amendments to those two sections of Clause 27. The rest of the Bill is very good. I support the rest of the Bill, but not Clause 27(a) and (b). It is

over-legislation. It is creating confusion and we need to work it out and look at the rest of the world.

As I conclude, now that the interest rates have been capped and SACCOs have helped many Kenyans - they have the biggest deposits or savings in the country. It really helps the economy to work well. Most SACCOs work with the Co-operative Bank where they have shares. In fact, SACCOs, because of their mode of business, have made the Co-operative Bank very attractive. Most of us here bank with the Co-operative Bank, which is near us. It is built by co-operatives. That is a good example of how co-operatives can succeed in the financial world. The Commissioner of Co-operatives is a board member in the Co-operative Bank, SASRA and also KUSCCO. With all those bodies checking on each other, unless somebody is really engaging in wrong practices or there is a pyramid scheme, if it is registered, then the Commissioner of Co-operatives will be liable. It is not easy for anyone to misuse the funds of SACCO societies. There are enough checks and balances. Therefore, every Kenyan who is a member should also be on the lookout so that monies belonging to *wananchi* or members of a SACCO are not misused in any way. There are enough mechanisms. I believe that this law is good except for Clause 27(a) and (b).

I support the rest of the law.

Hon. Speaker: Let us have the Member for Nakuru Town East.

Hon. Gikaria: Thank you, Hon. Speaker, for giving me this opportunity to contribute to this very important amendment Bill on the Sacco Societies Act. It has been said more than once that it is important for us to look at legislation and build on its weaknesses as has been witnessed in the past. Particularly, as it has been said, this amendment Bill will weed out the dirty people in this business.

As Hon. Maanzo has just put it, it is true that we are over-legislating on some of these issues. We need to consider critically up to what level we can legislate. One of the issues is the determination of suitability where a person has to have some academic qualifications. I might not have gone to school but I have the money. The best thing would have been for me to merge with someone else so that we can come together in this business where I bring my financial strength and the other person brings their other academic qualifications for us to engage in some business. For me to bring financial support to a SACCO, I must be a director and should not be limited by academic qualifications that are determined by some authority. It is important for us to look at this issue critically.

Hon. Speaker, it is a fact that deposit-taking SACCOs is something we need to encourage. More often than not, SACCOs have assisted very many people to start businesses, buy land and do farming. We need to put legislation in place so that a few directors do not mismanage those SACCOs.

It is unfortunate that SACCOs do not enjoy the facility of sharing credit information. Most of their members borrow money from one SACCO to another without caring to repay it. That is what has crippled most of the societies and not mismanagement. Bad debts have also risen out of non-payment by members who have taken some loans. This Bill stipulates that SACCOs are going to share credit information with banks. That will go a long way in addressing some of those problems by stopping people who are fond of moving from one SACCO to another getting money, failing to repay and no action is taken against them. This is going to stop that bad behaviour by some people who have been doing that.

Other financial institutions will always bring a single regulatory framework which will be used for purposes of credit worthiness. Anybody who wants to check on the records can go to a

certain place and get that information so that he or she can get the credibility of the person who is seeking services.

Clause 27(a)(3) says that you need one year to comply. It is important to have SACCOs in existence. Once this Bill comes into law, those SACCOs will comply and get their licences. Clause 27(a)(4) says that the existing co-operatives will not be allowed to change their by-laws until they get approval from the Authority. That is in line and proper so that they do not go ahead and change many by-laws without getting authority or approval from the Authority.

Clause 27(b) says that for a co-operative society to be incorporated or registered, it must get approval from the Authority. That is okay so that if you want to start a SACCO business, you must get an approval which will check some of the issues, particularly those of suitability. There are those who, in the past, have been involved in fraudulent activities in the banking industry or financial institutions. It is high time the Authority checked that. I have said that the checking of academic qualifications might not be in line and might be questioned legally or lawfully. If you look at the laws that we have amended, the latest being the Companies Act, we need to encourage many people to do business. At the same time, if you have to do this kind of business of taking depositors' money and in the past you were engaged in unlawful business where some of your businesses have collapsed - like Chase Bank as Hon. Duale has said - and the directors are left to go scot-free--- We passed a law that the directors will be charged individually or collectively if they allow some unacceptable or unlawful business to continue in their institutions.

The conditions that have been set to check your credibility regarding your financial status are honesty, reputation, character and financial integrity. Those are issues that can be checked. But as I have said, we will bring some amendments in the Committee of the whole House to try and remove some of the issues that have been raised, particularly the academic qualifications. We should allow people who might not have gone to school to bring their financial muscle and allow them to join in partnership with other people who have the qualifications that are required for that purpose.

Further to the conditions that have been given for purposes of registration, it is important for us to look at them very critically. It is true that if you look at what the SACCOs have done within the small village communities particularly in our backyard, we will go a long way. We are happy. For example, in Nakuru County, small-scale traders have started their own *Wakulima* Market and it is doing wonders. We assisted them with money from the *Uwezo* Fund by giving them just Kshs4 million. If you look at the *Wakulima* SACCO as it is now, they have, within just less than two years, a turnover of up to around Kshs10 million. They asked members to save with them and now, most of those peasants and small-scale farmers who were going to shylocks where they were being charged heavy interest rates--- If you borrowed Kshs10,000, you would forever be paying the interest and the principal would always remain. We have been able to eliminate the shylocks in the market and people are now able to get loans, do business, comfortably pay the loans and undertake other things.

I support the Bill with the amendments. We are going to bring the amendments in the Committee of the whole House stage, so that we can assist our colleagues at the SACCO level.

Hon. Speaker: Hon. Wangamati Patrick.

Hon. Wangamati: Thank you, Hon. Speaker, for giving me this opportunity to add my contributions to this important Bill. I am happy that Hon. Members who have contributed have shown clearly that this Bill will go a long way to assist our people and employees in this country to start saving money in a better and sure way.

This Bill is a sign that Kenya can now involve all people and workers to participate in the economic development of this country. I am sure that this Bill, if passed the way it is, will give workers and people in this country a chance to participate strongly in the economic development of this country. For a long time, our workers have been losing money through co-operative movements. SACCOs have also suffered. This Bill will help the workers to know how their money has been deducted and how it is kept. Because of this Bill, they will now be able to access their money properly.

I would like to congratulate Members of Parliament and also the Mover of the Bill, the Leader of the Majority Party. It is important for this House to approve and give support to this Bill and let it be implemented as soon as possible. This country needs people to save money. Whatever little people have, they should save it here in our country. I am sure the economy of this country is bound to change very much when workers or members of SACCOs save a lot. They will be a happier lot seeing their money grow as they save it.

I support this Bill and I thank you for giving me this opportunity.

Hon. Speaker: Member for Kikuyu.

Hon. Ichung'wah: Thank you, Hon. Speaker. I seek your indulgence to speak on behalf of the Chairman of the Committee. I would like to put a few issues straight because we had a very productive retreat sometime last year. The retreat was for members of the Committee and all major stakeholders within the SACCO movement in this country and it was held as a run-up to the enactment of this Bill.

There are a few issues that have been spoken by Members who have contributed before me. A matter that has been of concern to Members, and which I would beg to begin with, is the question of qualifications as stipulated in the New Clause 48A(2)(b). It is important for Members to note something because I eavesdropped on Hon. Gikaria and Hon. Sunjeev Birdi who were asking why we are allowing academic qualifications. I want you to read the wording in the Bill carefully. It talks of academic or other qualifications, or experience of the person, having regard to the nature of the functions which the person shall perform. Therefore, this Bill does not in any way stop anybody who is even illiterate from running a SACCO. That is because we are not just talking about academic and other qualifications. It is academic qualifications, or experience. Therefore, you may have very elderly people running the SACCOs and, indeed, they are there. Many of the farmers' SACCOs around this country are run by very elderly men who may not necessarily have the academic qualifications, but they have the experience. They have people-skills which they use to bring people together in the spirit of the co-operative movement.

This Bill recognises that, indeed, we may not have people in our villages with all the academic qualifications, but they may have other qualifications; be it in management, corporate skills of bringing people together or even personal experience. Therefore, it does not, in any way, stop anyone on the basis of academic qualifications. I thought it was important to say that because I have heard concerns raised by a number of Members. As a Member of the Committee and someone who participated in the pre-publication process of this Bill, it is important to point that out to the Members.

I also wish to clarify an issue that Hon. Maanzo has brought up. It is the question of what a deposit-taking SACCO is. He says that any SACCO is a SACCO. That is true. All SACCOs are SACCOs, but what this Bill seeks to do, unlike what Hon. Maanzo would want Kenyans in this House to believe, is to bring out that unique distinction of those who take deposits for the purpose of taking them to the bank. That is what deposit-taking is. That is very different from holding shares within a SACCO. It is very different from you having to contribute your shares

which you will borrow against. Deposit-taking, in the real meaning in the banking sector, is where you go and deposit your money that is withdrawable. People in the *matatu* business and those in the retail markets are forming SACCOs. Every other Tom, Dick and Harry in this country will form a SACCO and collect deposits that are not regulated from Kenyans. There is every reason why Central Bank of Kenya (CBK) regulates banks. It is because banks are taking deposits from members of the public.

Therefore, if you do not create that unique distinction between a deposit-taking SACCO and any other SACCO--- You know a savings and credit co-operative is any group of people coming together to save and advance credit to their members. When you distinguish what a deposit-taking SACCO is, you are allowing that SACCO to be under a regulator. Therefore, that SACCO can actually take deposits from people who are not even members of that particular SACCO. There are clear examples of this - the Unaitas of this world, Harambee SACCO and many others, including my own SACCO.

I have to say I have a very keen interest in the co-operative movement because I am who I am today in terms of my financial muscle or lack of it because of the SACCO movement in this country and the support that I have got from the SACCO industry. Therefore, it is important that I protect those other gullible young Kenyans who may not have the knowledge that I do. If you allow every other Tom, Dick and Harry to collect deposits from Kenyans assuming that this is somebody who is regulated and who is collecting deposits from Kenyans, people, as Hon. Pukose would say, will fall prey to others who are in pyramid schemes and not SACCOs. Therefore, it is very important.

I want to challenge Hon. Maanzo to bring his amendment. I will be there to protect what we have provided in this Bill. This is something that we did together and deliberated on in the Committee with all the stakeholders in the SACCO movement.

It is also important to appreciate the role that the SACCO movement plays in this country. One of the most successful banks, the Co-operative Bank of Kenya, is owned, 65 per cent, by the SACCO movement. The holding company of Co-operative Bank, Co-op Holdings Co-operative Society Limited, owns 65 per cent of that bank. That company is fully owned by the co-operative movements in this country. Therefore, we cannot say that we will allow everybody to use the name "Deposit-Taking SACCO." The whole rationale of using that DTS or D-T SACCO is to create that distinction so that when somebody asks me to put my money in a SACCO and be able to access that deposit tomorrow, I will know that this is someone who is being regulated by a Government authority.

Last year but one, I interacted with, at least, a minimum of 50 to 60 members of the public in my constituency and a number of other Kenyans in Nairobi County who had fallen to the gimmicks of some *Mukurino* who was operating from somewhere around Meridian Hotel. He was running what was perceived to be a SACCO. He, indeed, collected many deposits from Kenyans making them believe that it was a SACCO that could take deposits and could even lend nine times what one had deposited in that 'SACCO'. It did not operate for more than two years because it was not SACCO! Hon. Maanzo, you know that. He is now a multi-billionaire and none of the people who had deposited their money in that *Mukurino* SACCO were compensated. I cannot remember the name of that SACCO. We must protect Kenyans by making it clear that there will be a distinction of what a SACCO is – which is where co-operators put together their savings in order to access affordable credit – and a deposit-taking SACCO, which is where people put in their deposits and have that money fall under a regulator, just like in the banking sector.

You are today comfortable to open an account with Equity Bank, Co-operative Bank and all the other banks that fall under the regulation of the Central Bank of Kenya (CBK) because one is confident that there is the Deposits Protection Fund, and the Kenya Depositors Insurance Corporation. We seek to bring that regulation into the SACCO movement to make sure that people can save and deposit their funds within SACCOs under some form of regulation. That should be clear to the Members of this House so that we do not fall into the temptation of moving amendments to Clause 27 (a) and (b), as Hon. Maanzo may have fallen victim. Unfortunately, he is a Member of the Committee. He was Secretary in the Ministry of Co-operative Development and Marketing when I was Secretary for Sports during the Grand Coalition Government. Hon. Maanzo understands this better than I do. I was taken aback to hear him talk about amendments. I want to challenge him to bring those amendments. We will fight to uphold what is in this Bill, which seeks to protect gullible Kenyans against unscrupulous people, like the *Mukurino* I have referred to. I sat with Hon. Maanzo in Mombasa, with stakeholders. An issue about the *Mukurino* SACCOs came up.

In regulating the SACCO movement, there are issues that came up with the interest-capping Bill, which talk about the financial institutions and not just banks. We enacted a law to cap the interest rates of financial institutions, and not just banks. When we bring the deposit-taking SACCOs under the ambit of a regulator, we will be able to classify them as financial institutions as they advance credit to people. Kenyans are suffering in some SACCOs. Every Tom, Dick and Harry can today register a limited company or a trading name, add the name 'SACCO', collect money from people and pretending to be lending to them. That is shylocking. Actual advancement of credit should be done in a regulated manner. Therefore, it is important that all the SACCOs fall under the ambit of a regulator.

I want to talk about the qualifications of directors. We had engagements with the stakeholders who pointed out various issues. There were elderly men from an organisation called "Kiambu Unity Finance Company Limited", which operates under the ambit of SACCOs. They take deposits and give services just like banks. We want to regulate those organisations. During our engagements with them, we identified very knowledgeable and skilled managers who are managing the SACCOs out of experience. We will not limit the qualifications to just academics. We will also appreciate and recognise other qualifications or experience in the management and running of SACCO affairs before one is allowed to act as a director or hold any other position of influence or management within a SACCO movement.

We appreciate certain financial management skills. We may not allow anybody to manage the finances of a deposit-taking SACCO if one does not have the requisite financial management skills. That is the essence of the amendments proposed to this Act – to protect funds of members of the public. There are issues to do with integrity of people who will hold office in such deposit-taking SACCOs. They are clearly enumerated in the Bill.

This country has not enjoyed sustainably lower interest rates because of lack of credit sharing information. I can today walk to my Mhasibu SACCO Society and take a loan of over Kshs5 million. Mhasibu is one of the most liquid SACCOs in this country. We can access up to Kshs20 million without any struggle. I do not know about Bunge SACCO Society because I have not been able to join it, but I have seen Members move around with loan application forms, looking for guarantors. I want to ask them to join the best managed SACCO Society in this country – Mhasibu SACCO Society that belongs to accountants. Because of our financial management skills, Mhasibu is run and operated by accountants who have ensured it is very liquid.

It is also worth noting that the movers and shakers in the housing and real estate sectors are in the SACCO movement. They have even formed housing companies. Mhasibu, the Police and Safaricom SACCOs have housing companies. The Safaricom SACCO has an investment arm. We cannot allow this industry to operate without regulations. *Matatu* drivers and touts are now forming their own SACCOs. We must have distinguished between SACCOS where co-operators come together to save money and advance credit to each other, and those which utilises people's deposits.

Hon. Speaker, the Member for Juja is interrupting me with notes about Kiambu, but I want to tell him that this issue is bigger than Kiambu. I know that he is concerned with grabbers of land belonging to SACCOs and land buying companies in Kiambu. I hope he will get an opportunity to talk about the issue.

I was talking about the question of credit information sharing. If we must enjoy the benefits of true and sustainable lower interests in this country, then we must have free exchange of information. We are not operating in a perfect economy because we do not have free exchange of information, which is very important in the financial services sector. We cannot have credit information sharing within the banking sector and leave out the SACCO movement that is also advancing credit. As a Committee, we support what is in the Bill in terms of sharing credit information between SACCOs and other financial institutions. That way, I do not borrow Kshs10 million from Mhasibu SACCO and default but, because the information about my inability to service the loan has not been shared with the banking sector, I walk to a bank and borrow again. That is happening. Those who do not have good credit ratings with the banks are now moving to the SACCOs and taking the same disease of defaulting. That kills the vibrancy of the financial services sector in this country. I want to dwell more on credit sharing and interest rates.

In days to come, I have legislative proposals that I have spoken about in terms of how we can sustainably bring down interest rates or make them lower without necessarily capping them. Capping has been argued as not being good by the International Monetary Fund (IMF) and banks in this country. It may not be in the long-run. I can tell you, as a student of Economics, that interest capping in the long-run will not be the ultimate solution to bringing down interest rates, but the way banks were behaving and the way some of our SACCOs are behaving, it was a necessary evil that we had to do to force the banks and other financial service providers to bring down the interest rates.

However, we must now begin looking at other successful ways of bringing down interest rates like credit sharing and reducing on Government borrowing both from the financial service sector and from individual people. The Government is borrowing as much as time goes. The cooperative sector is also advancing money to the Government, but we must cap how much interest the Government can pay. Banks and other financial service sub-sectors will have no business lending to you and me if they can lend to the Government at 13 per cent and we have capped our interest rate at 14 per cent.

I am short of time, but I wish to support the Bill without any amendments. If there are amendments, they must enrich the protection of depositors' funds and not downgrade the gains as Hon. Maanzo sort to do.

Hon. Speaker: Member for Budalangi.

Hon. Ababu: Thank you, Hon. Speaker. I join my colleagues in supporting the Sacco Societies (Amendment) Bill. The fact that SACCOs are increasingly becoming key drivers of our economy cannot be gainsaid. Indeed, look at the volume of capital now in the hands of the giant SACCOs like Harambee SACCO and even those that serve small groups of members such as our

own Parliamentary Savings and Credit Co-operative Society (PACOSO). If you go to the villages across the length and breadth of this country, you find young people and women congregating themselves in groupings that undertake diverse economic activities under this umbrella of SACCOs. This is one facet of our economy that is growing exponentially and we, therefore, become duty bound as legislators, to provide an enabling legal environment that can effectively manage this growth and direct the subsector towards making a contribution to the growth of our economy, especially providing investment capital and growing employment portfolio in the country.

The Bill is particularly significant seen in the context of recent developments and incidents where many Kenyans have been ripped off and lost their investments and savings because of unscrupulous conduct and activities of groupings styling themselves as SACCOs and exploiting the lacuna in the law to reap of hardworking Kenyans. In the 10th Parliament, we had occasion to debate, not once and not twice but severally, the challenge of pyramid schemes or what Americans call the Ponzi schemes. This was a very emotive issue at that time because many Kenyans had been rendered paupers overnight because of activities of these Ponzi schemes. I do recall one particular Kenyan who approached me with a Petition in this House. He had lost his entire lifetime savings because of the get-rich-quick schemes run by undertakings styling themselves as SACCOs.

Therefore, this law will protect savers and investors and also provide a framework or a system that can be run with certainty and members can have confidence that their money is safe and is being directed to legal activities that will not only help this sector to grow even faster, but will also give confidence to every cadre of our people; the big-time savers, the small times and all categories, to save. In this way, SACCOs will continue to become key focal points for mobilising capital and directing investment. Among the issues that I am pleased to note about in this piece of legislation is the attempt to provide a framework for penalties for crimes that have affected and led to the kind of challenges we have had previously. Of course, we know that deterrence is a key factor in ensuring that the rule of law rules. By providing stiffer penalties and controls and by providing stricter provisions in registration by regulating the management of SACCOs generally, there is no doubt this environment will become more certain and better regulated. I am very excited that we can only look forward to an environment where SACCOs become key drivers of our economy.

There has been a tendency in this country for every little institution that gets into some funds to want to become a commercial bank. I actually do believe that the banking industry in this country is oversaturated by over-proliferation of banking institutions. I believe that is a challenge that can be cured by Kenyans having more reliable options where they can save money and access credit in an easier manner similar to the opportunity we have in this House where Members can access credit at our two SACCOS, namely, PACOSO and Bunge Savings and Credit Co-operative Society (BUCOSO), at a very short notice and without too many controls.

I believe that with a better legal regime, SACCOs will become very strong options and an alternative to the banking industry, which will also help to drive sense into the banking industry in this country, which is driven more by excessive profiteering than anything else.

Without belabouring the point, I add my voice to fully supporting the Bill. I support.

Hon. Speaker: Member for Emurua Dikirr.

Hon. Kipyegon: Thank you, Hon. Speaker. I also wish to add my voice to this Bill. This is a very important Bill which will address the question of SACCOs in this country. Banks normally have their own regulations which control their borrowings and deposits. It is also good

to have other institutions like SACCOs to join this sector, so that they can help people. There are so many areas in this country where we cannot access banks and people can access SACCOs easily. I support the Bill knowing very well that the regulations in it will bring a difference in SACCOs, shylocks, pyramid schemes and private SACCOs, which have been fleecing depositors who participate in the institutions.

I thank the drafter of the Bill. This is the kind of law that will ensure that the activities of SACCOs, whether it is in the village or not, are at the level of deposit taking SACCOs and will be covered by the regulations. They cannot be operating illegally and fleecing depositors.

I support Clause 2(b) which seeks to change the by-laws which regulate the changing of by-laws by SACCOs, so that any SACCO that would want to have by-laws on how to deposit, borrow or even the borrowing rate, will be regulated by the Authority, so that they do not just do it on their own. For a long time, SACCOs have been doing their own stuff without considering the regulations of the entire sector.

The other issue is the registration to be under the deposit taking SACCO (DTS) without the approval of the Authority. It is important that every institution that wants to involve itself on deposit taking must seek or get licence from the Authority, so that whatever activity they will be doing will be monitored by the Authority. I support this part because shylocks and pyramid schemes have been using this opportunity to make people deposit their money with allegations or claims that if you deposit Kshs100,000, you will get about a million. It is an easy way of getting money. Some depositors have almost sold all their belongings to repay the money. Although they might give you 10 times your deposit, you pay more than 20 times what you borrowed. Some people have hanged themselves because of pyramid schemes. It is good to have SACCOs regulated, so that we can have rules to guide how SACCOs engage with depositors as well as borrowers.

The Bill gives these institutions about a year before they are issued with licences. This is very important because the Authority will have opportunity to assess all the institutions that want to join as a DTSS to have a background check especially their financial instability and the kinds of activities they have been engaging with, so that the moment they are issued with licences, it will be giving them a clean bill. They can do whatever pertains to the borrowing, lending and deposit taking from their customers. It is very important for us to have a proper background check of one year, so that they are monitored before they are given licences.

There is also a part which talks to the offence or the illegality of operating as a DTS institution without a licence, which is also very important. This will ensure that illegal SACCOs, which normally allow deposit taking without a licence are monitored. If found undertaking that activity without a licence, it will be a serious offense punishable in a court of law.

The other part which I support fully is where the Authority will vet directors. For a long time, most of the SACCOs are just formed based on the members who have agreed to form them, but the picking of directors who manage the activities of the SACCO is not subjected to serious scrutiny. This law will allow the Authority to vet the directors who will be appointed to those positions especially on matters of qualifications which is also quite important. If parastatals and the private sectors do not allow directors who do not understand the running of the institutions, SACCO directors, who will be holding people's money must pass through a certain vetting and qualification process to allow them to run the particular institutions. Directors should also be vetted on their financial background. Most people have had serious financial backgrounds. Some people might be having issues with banks or with other individuals. Financial background is quite important so that we only get directors who have clean financial backgrounds.

Competence, integrity and reliability are also important. These are issues which we normally use on our day to day activities especially when we are vetting directors, chairpersons, Cabinet Secretaries (CSs) and everybody who wish to occupy public office, so that we can know for sure that the person who will be running the particular institution has the mandatory qualifications and the integrity that is required for the office.

Clause 4 is another regulation which is very important where the Authority is to impose standards on directors especially where the directors have been picked and trained. We will also allow them to know the activities of the particular SACCO.

Clause 5 talks of exchange of information especially on performing and non-performing loans. Most of the banks which collapsed sometime back collapsed because of serious over-borrowing or defaulting of loans. SACCOs are institutions like banks and people deposit their earnings with them. People join SACCOs and make contributions through their salaries. We must create a law to protect the contributions of the members. We can only do this through information sharing between the SACCOs and the people who have borrowed loans from them.

Lastly is the question of Credit Reference Bureau (CRB). The SACCOs will be allowed to be sharing information with the CRB, so that defaulters in other banks are not allowed to borrow from SACCOs. If bank defaulters are allowed to borrow in SACCOs, this will kill the morale of the depositors.

I support this law because it will regulate SACCOs in this country. Many people want to join SACCOs because some SACCOs have done extremely well in this country. Without regulations, SACCOs cannot do well.

I support and I thank you.

Hon. Speaker: Member for Kwanza

Hon. F. K. Wanyonyi: Thank you, Hon. Speaker for the opportunity. From the outset, I rise to support the Bill which is going to bring some sense into the society where people have suffered. There are glaring examples where people are suffering because somebody woke up one morning and convinced them to come together and called themselves a SACCO. It is misuse of the word "SACCO". It should be deleted because, as stated in Clause 27(a) concerning DTS, you will see SACCOs for everything. I have seen *matatu* and land buying SACCOs.

In essence, we have DTS and we have had cases where people have killed each other because of their deposits in SACCOs. In my area of Trans Nzoia, we had Kitale Investment SACCO, which went into buying land and construction. To date, people have not accessed their funds and two or three people have died because of issues from the SACCO. Once passed, the Bill will bring sanity and SACCOs will be regulated.

Hon. Speaker, the Bill will cure the issue of qualifications for directors and officers of SACCOs. Of course, we are talking about qualifications in cases where directors, staff or officers working in some of the SACCOs do not even know what is involved in giving out huge loans. There are cases where a person uses a thumb print to sign because he does not know how to write or read. Once he is convinced that, that is the right thing to do and the transaction is correct, instead of reading the regulations, he is just told that as a director, he can append his finger print on a certain paper. He puts the thumb print and believes he has signed the document and goes away with the money. We had a case like that.

The Sacco Societies (Amendment) Bill is coming up with minimum academic qualifications. At least, we will have people who know how to read and write and people who has experience on SACCOs and understand how to keep money. This should be somebody who knows how to read a statement. If you have a person who does not know how to read a

statement, he is just told “this is what the bank has said, please, sign here” or he or she puts a thumb print to say that he has agreed, that means he is in agreement with whatever transaction has taken place. The Bill will cure that bit.

The other thing is that members of any SACCO need to update themselves on what is happening. It is very clear here that we will have a minimum standard at which people should be exposed. There will be regular residential trainings, benchmarking and capacity building where people will be sensitised on what is required in the modern society and not like it was 40 years ago. This is going to provide for minimum training and exposure for members, particularly the SACCO officers and directors.

There will also be a difference between a deposit taking SACCO and a normal SACCO. From what the Bill says, once this is enacted, anybody who runs a SACCO must register within 12 months from the time he pronounces himself as a SACCO society.

The other thing that I agree with, as mentioned by colleagues before, is the sharing of information about the people who want to deposit in a SACCO. Of course, we have cases where people cheat their way. If their credit standing in the SACCO society is not very good, one may go and take Kshs.20 million and then disappear to the wilderness. This Bill is going to make sure that, like any other financial institution, we will countercheck the credibility and integrity of particular borrowers.

I support the Bill because I am one of those who have benefitted from SACCOs. I bought my piece of land where I am today through borrowing from a SACCO and I repaid whatever I had borrowed. The Bill gives us a way of regulating the sector, which is a financial sector, to be consistent with the banking sector.

With those few remarks, I support.

The Speaker: Member for Cherangany, Hon. Wesley Korir.

Hon. Korir: Thank you, Hon. Speaker, for giving me a chance to contribute to this Bill. From the outset, I support this Bill. The SACCOs have been a go-to institution for most Kenyans. We live in a country where access to financial credit is a burden to many Kenyans. We live in a country where 80 per cent of Kenyans cannot access credit. That is the failure that I think we face as a country. If a young man or a woman in the village cannot go to the bank and get financial credit, then she or he cannot move forward. SACCOs have come in handy to make sure the people can access credit through their savings and do business to support themselves.

I have been trying to read this Bill. Maybe we will have to understand more as we move on. Is it making it a requirement that all SACCOs should be registered as deposit taking institutions or is it a category of certain SACCOs that should be registered as deposit taking? That is the question most of us are pondering about. Hon. Maanzo was trying to raise it. Is it all SACCO societies or there will be criteria for certain SACCOs? If there is criteria for certain SACCOs, when can a SACCO be registered? What are the requirements for a SACCO to move from an ordinary SACCO, formed by villagers to save and borrow from it, to a deposit taking institution? When you look at the memorandum, it says that the objective of the Bill is to amend the SACCO Societies Act 2008 to provide for the registration and licensing of SACCO societies as deposit taking SACCOs and credit cooperatives. So, is it all the SACCOs or is it a few SACCOs that will move from little savings and credit cooperative societies into deposit taking SACCOs?

When you say that you will register all SACCOs as deposit taking institutions, there is a requirement under the Banking Act where for an institution to move from an ordinary SACCO to a deposit taking bank, it should have a certain minimum financial muscle.

[Hon. Speaker left the Chair]

*[The Temporary Deputy Speaker
(Hon. Cheboi) took the Chair]*

We have many financial institutions at the moment. There is the table banking system that most women are involved in. We have our mothers and neighbours in table banking. In every village in this country, women have come together and formed a table banking system. From there, they save, put their money together, share and borrow it. Many poor families are now able to feed their children and take them to school because of the table banking system that has been created in our villages. When I came here as a Member of Parliament for Cherangany, I realised that there was a need to encourage our youth to adopt the culture of saving. The culture of saving is not part of our cultures in Kenya. A lot of people cannot save because they earn very little. They cannot go to banks. Some of them cannot even open bank accounts. Therefore, the key is to encourage as many SACCOs as possible in our villages, so that the young people can access credit and can be taught the culture of saving and borrowing through their savings.

Whenever weekends approach, I witness a number of Members going around asking for signatures, so that they can get money from BUCOSO. This shows the importance and need for SACCOs in our society. If Members depend on SACCOs for survival every weekend, then what about the villagers out there? As we think of regulating and putting strict measures into these institutions, we should be careful so that we do not discourage them. We should protect them. We should not let a few incidents of people stealing from others or some people acting against the law to push us towards putting strict measures into these little organisations that are saving a lot of Kenyans. As Members, we have to be very careful so that we do not rush into overregulation to an extent of killing good things that are happening in this country.

The country is growing at a very fast rate and a lot of things are coming up. I agree that we need regulation, but we should be careful that regulation will help develop good things in this country and not kill them.

I totally agree with the provision on credit information sharing. Credit information sharing mechanism that already exists in banks should also be put in place to enable SACCOs to use the information in their operations. That is key. Even banks should use that information to either approve a loan or not. Our banks have so much relied on one's financial muscles to approve loans instead of looking at one's loan repayment abilities using credit history. In countries like the US, you can have no money, but with a good credit score, you can get a loan from a bank. The credit score shows that although you do not have a lot of money at the moment, your loan repayment ability is high. If we adopt this system in our country, our people will access credit easily.

As we also do that, we should encourage the use of the savings in SACCOs as security for loans. Let us say you are a member of a SACCO like BUCOSO, which most of us are, can you use your savings there to get a loan in a bank because of your ability to repay or to save? We need to emphasise on the saving culture. We need to invest in this culture as a country. We need to teach our children the culture of saving from primary school and SACCOs are the best way of doing that. I started a dairy savings and cooperative society for dairy farmers and women, with their little milk, can now pay school fees for their children without any worries. They are able to save and borrow through the dairy farming. The *boda* sector is a very big enterprise in

this country, yet many of the riders do not own motorbikes. If we encourage them to save through SACCOs, within one year or six months, they will have bought their own motorbikes and become their own bosses. The key is encouraging our people to save. As we put these regulations in place, let us look at ways of preventing bad habits and encourage good habits.

The Temporary Deputy Speaker (Hon. Cheboi): We will hear Hon. Nyikal.

Hon. (Dr.) Nyikal: Thank you, Hon. Temporary Deputy Speaker. I rise to support this Bill. It has a noble objective to provide for establishment of deposit taking SACCOs, to regulate the same and to involve them in the regulatory framework, at least, of credit information sharing.

This is a great move forward in the SACCO movement. The SACCOs are the first institutions that brought majority of Kenyans into the money economy. For many years, SACCOs have been the only institutions where a majority of low income and middle income earners could save and borrow from. Many of us actually managed to get through, through SACCOs. People have bought homes and land through SACCOs. To move it now to deposit taking status will bring a lot of people into the money economy, particularly in terms of banking because it is getting nearer there.

The banks, as we know them, have a lot of restrictions. In fact, many people are worried and scared of dealing with banks. Many banks have also had very high requirements for even just opening an account or borrowing through the same accounts. Many of our people in the rural areas have never interacted with banks, but are very conversant with cooperative savings institutions. Many women groups have formed cooperatives which they have linked to table banking. Therefore, to now bring a deposit taking arrangement into this is to move our people forward in the money economy. I think it is the best, sure and gradual way of moving our people there.

If you look at it, the introduction of deposit taking SACCOs is in a way aligning or harmonising the law with what is already happening. In many SACCOs, people do enhance their shares, increasing their savings to that they can get bigger borrowings. To now make it possible that you can use the same institutions for savings, deposits and investments is appropriate and is something we should support.

I support the Bill because it brings the deposit taking SACCOs under the SACCO Societies Regulatory Authority (SASRA). I am impressed by the way the Bill has looked at the strict regulations that are required, particularly if you are taking money from a large number of people who may themselves not be empowered enough to protect themselves or to pursue those unscrupulous people who may want to get away with the savings of people who have chosen to use the facilities. Therefore, they have provided guidelines in Clause 3 on who becomes a director or chief executive. There have been arguments as to whether we should have minimum academic qualifications. More importantly, if one is supposed to deal with institutions that take money from ordinary Kenyans, we need to scrutinise them more by putting in place strict regulations. We should insist on knowing the financial status of the people involved, their academic qualifications, the status of other similar institutions that they have previously been involved in and the ability of the persons to carry out regulatory activities. That is important.

Hon. Temporary Speaker, the same clause not only looks at the academic qualifications and past experiences of the individuals, but it also looks at their credibility and integrity; their past histories in terms of financial involvement to establish whether they have contravened any laws, whether they have been in companies that have collapsed and whether one was a director of a society which was liquidated. All these are important aspects in protecting the funds that will be collected in this manner. This is the right way to go.

The guidelines further indicate that these institutions will be subject to a credit information sharing framework just like the one used by commercial banks and micro-finance institutions. Once these institutions are subjected to the CRBs, we can be sure that this is a safe way to go. We are starting with the cooperative societies. The microfinance institutions have already been brought on board. So many women have gone into table banking. We should bring on board even the deposit taking SACCOS. It is a gradual, acceptable and easy movement into a hard money economy.

With that, I support the Bill.

The Temporary Deputy Speaker (Hon. Cheboi): Can we have Hon. Rotino on the Floor?

Hon. Rotino: Thank you, Hon. Temporary Deputy Speaker for giving me the opportunity to add my voice to this very important Bill.

The Temporary Deputy Speaker (Hon. Cheboi): Order, Member for Embakasi South!

Hon. Rotino: Cooperative societies are vital organisations in every society. This country has grown through co-operative societies. A co-operative society is where small-scale farmers and depositors---

(Loud consultations)

Hon. Temporary Deputy Speaker, could you protect me from the Members who are making a lot of noise? They can as well go out to do that.

I was saying that co-operative societies have grown. This country has developed through loans sourced from co-operative societies. The co-operative movement is leading in this country in terms of bringing people together. This Bill is important and timely because it intends to regulate the manner in which co-operators' savings are managed. It is important to regulate co-operative societies because they handle money from small-scale farmers and business people operating at our markets. These people come together to raise and save their money to develop themselves. It is important that we regulate these institutions.

The Bill intends to control the deposits that depositors have raised. In controlling the deposits, we need people with integrity, people who can be respected and who can take care of the little money that depositors save with co-operative societies. It is important that the Bill helps us to control the money that depositors put in co-operative societies. Officers that manage cooperative societies are supposed to be scrutinised to ensure that they take care of the savings of small-scale businessmen and farmers. The qualifications of the officers who take care of the deposits are vital. We cannot afford to pick anybody from the streets and give them the responsibility of managing people's savings. The Bill seeks to regulate the qualifications of those who will be managing co-operative societies to ensure that co-operative societies employ qualified people with relevant experience.

This Bill has come to the House at the right. Once passed into law, it will help our co-operative societies. It is important for us to also look into the issue of credit information sharing. There are people who borrow money from co-operative societies, default and proceed to borrow more money from banks. It is important that this Bill is enacted.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Birdi, what is it?

Hon. (Ms.) Birdi: Thank you, Hon. Temporary Deputy Speaker. Would I be in order to ask that the Mover be called upon to reply? There seems to be a lot of repetition. I think the debate on this Bill has been exhausted even though I would have liked to talk about Hon.

Sumra's SACCOs. He started a *Tuk* co-operative society in Embakasi. However, I will have to reserve my comments.

The Temporary Deputy Speaker (Hon. Cheboi): I am having a problem following the last few statements.

Hon. (Ms.) Sunjeev: Could I, please, ask that the Mover be called upon to reply?

The Temporary Deputy Speaker (Hon. Cheboi): If the intention is to call upon the Mover to reply, you are perfectly in order. In fact, I am a little bit surprised because you have been queuing for quite some time. However, I will allow Hon. Rotino to finalise his contribution and then I will put the Question of calling upon the Mover to reply. When we do so, the House will make its decision.

Hon. Rotino: Hon. Temporary Deputy Speaker, this Bill is very important and Members should be given enough time to ventilate on it.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Rotino, you are on the Floor. You cannot be a perfect advocate for Members when you already have an opportunity. Please, finalise your contribution and then Members will make a decision. If I see that Members have some interest, we can dispose the Question of the Mover being called upon to reply in a manner that will allow more Members to contribute to the debate.

Hon. Rotino: I want to talk about the integrity of officers who are employed to serve in co-operative societies. A lot of money is saved in co-operative societies. If the employees do not have integrity to take care of the co-operators' deposits, we will have a lot of problems. For example, we have a big pyrethrum co-operative society in my constituency for pyrethrum growers, which has grossly mismanaged the depositors' funds. Some of us were educated using funds sourced from cooperative societies. The society officers have stayed there for so long. They have overstayed their terms. If there were regulations or controls, we would have ensured that the term limits are imposed, so that an officer does not stay in one station beyond a certain period of time. Officers should rotate. It is important that we get people with integrity, people with good morals and who can take care of the money that is deposited by our people. Hon. Temporary Deputy Speaker, many of the things I wanted to say have been said by my colleagues. Therefore, I beg to support.

The Temporary Deputy Speaker (Hon. Cheboi): Let us have Hon. Wamunyinyi on the Floor.

Hon. Wamunyinyi: Thank you, Hon. Temporary Deputy Speaker. I rise to support the Bill. It has come at a time when we need to strengthen the co-operative movement. The proposals introduced by the Bill are aimed at setting mechanisms for registration and licensing of SACCO societies as DTSSs. This is a re-designation of societies which now gives them a posture of taking deposits in a manner which is regulated.

One more important clause which has been introduced in the Bill is on information sharing among financial institutions. This also puts a hindrance to people who are credit unworthy to access them. Some people have hidden in SACCOs. They have defaulted elsewhere and moved there to acquire loans. With a credit information sharing mechanism, there will be better control of credit information under a single regulatory framework, which will also provide checks on borrowers.

This is very important for us. As you are aware, in our country, the cooperative movement has been responsible for the development of majority of Kenyans, who cannot access huge or big established financial institutions. We have encouraged our people to save regularly in the spirit of the culture of saving and borrowing wisely. This will only help us to realise our

goals if we have good regulations, guidelines and a framework within which SACCOs will operate. It is, therefore, important that these regulations be passed by this House to ensure that we have a good law to regulate the industry.

Hon. Temporary Deputy Speaker, you and I are Members of BUCOSO and we have benefited from the savings. I expect that we are going to have reasonable dividends paid out in the near future. These savings are good for us and everybody in Kenya because they help us to move forward and ensure that we support the culture of saving.

There is also a provision which is interesting, that the Authority shall determine the suitability and propriety of every person seeking to serve as director or other officer of a SACCO society and may bar or prohibit a person from serving in a SACCO society as a director or an officer based on its determination. You have seen some societies where we have people who have not even seen the inside of a classroom as officials, particularly in coffee cooperatives societies. Some of them have collapsed because of poor management. The people involved in running them are not qualified and have no knowledge, but because of certain reasons, they find themselves elected and serving in those positions. Directors in some SACCOs will have to go through that Authority to secure approval before they get the positions.

The other important aspect that I note in the Bill is the fact that all the members will have to be registered as members of the society. There will be an Annual General Meeting (AGM) to give credence, so that the members will participate in the movement and they will benefit from its activities. Without taking so much time and going back to what other Members have said, I would like to appeal to the Members to facilitate the passage of this Bill, so that we have a good law in place to regulate SACCOs in our country.

With those few remarks, thank you.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Members, it is even close to the time when the Adjournment Motion is to be moved. So, I will dispose of Hon. Birdi's Motion, which is that the Mover be called upon to reply.

*(Question, that the Mover be now called upon to reply,
put and agreed to)*

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Mover, you have four minutes and, of course, a choice to proceed to the next sitting.

Hon. Katoo: Thank you, Hon. Temporary Deputy Speaker. For those four minutes, allow me to give three minutes and spend one minute. I will give one minute to Hon. Munuve, Hon. Manje and---

The Temporary Deputy Speaker (Hon. Cheboi): No! Do not even go to that direction. You are a seasoned debater in this House and when a Member moves that the debate be closed, you obviously will not have an opportunity to donate any minute. You have your four minutes and if you can utilise them, the better.

Hon. Katoo: Thank you, Hon. Temporary Deputy Speaker, I am well guided. I want to reply and first of all thank the Members who have contributed to this very important Bill which has attracted about 13 Members. I think their comments will add value to the SACCO sector in this country.

Concern has been raised by most Members about the sharing of credit information. Some fear that there is need to protect private information. The need for confidentiality has been raised by Members when it comes to the CRB information sharing. As we go to the next stage of the

Bill, which is the Committee stage, Members, together with the relevant Committee of the House which is the Departmental Committee on Finance, Planning and Trade, will come up with amendments which will enrich the Bill and I hope it will go through.

Hon. Temporary Deputy Speaker, I beg to reply and move.

The Temporary Deputy Speaker (Hon. Cheboi): I will not put the Question for now because of obvious reasons. I notice that we are a minute short of the time that was agreed for the Adjournment Motion by Hon. Cheptumo, but anyhow, I will allow him to move at this point.

MOTION FOR ADJOURNMENT UNDER STANDING ORDER NO.33

INSECURITY IN BARINGO COUNTY

Hon. Cheptumo: Hon. Temporary Deputy Speaker, I beg to move this Motion of Adjournment pursuant to the Standing Order No.33(1), to seek leave of this House to discuss the security situation in Baringo County.

As I move the Motion, I wish to state that the security situation in Baringo County is so serious that it confirms what I requested the House to do sometime last year. Cattle rustling has become one of the biggest threats to the security of this country. For the last one and a half months, there have been continued attacks in my constituency and in Baringo South. The attacks involve stealing of livestock, destruction of property and burning of houses. Innocent Kenyans are killed, maimed and wounded. On Sunday, in Baringo North, a mother was killed together with her five days old infant. The mother was shot dead followed by the infant. I do not know how this country will seek to understand that situation.

I have moved this Motion before in this House. The 349 Members of this House - elected national leaders - passed a Motion urging the Government of Kenya to declare cattle rustling a national disaster. The first attack in Baringo North was in 1977 when we had the first President of this republic, the late Mzee Jomo Kenyatta. One year later, retired President Moi took over leadership for 24 years, who is from Baringo County. The menace continued and Kenyans continue to suffer. When Mzee Moi retired, retired President Hon. Kibaki took over leadership for 10 years. The same situation continued. Today, this country is led by the son of the first President and the same conditions and situations continue to prevail in Baringo and other parts of the country. It means, therefore, that this situation has continued for more than 40 years. That is why I am convinced beyond doubt that if there was ever a time we should declare cattle rustling a national disaster, it is now, especially after this House passed the Motion.

Within a span of only three weeks, we have lost well over 1,000 livestock in my constituency. Again, in the neighbouring constituency of Baringo South, we have lost livestock in hundreds. Killings are also experienced in the neighbouring constituency of Baringo South. A teacher was shot dead on Friday last week. Another elderly man was shot dead on Saturday. There are three Kenyans now in the mortuary waiting to be buried in the next few days. Today, from 9 O'clock, there have been continued attacks in Chemoi in my constituency. I do not know how many casualties are there. In a place called Chebinyiny in Baringo South, the attacks have been going on since morning. There has been exchange of fire between the security personnel and the rustlers. People have been displaced. More than 2,000 people are living in camps, forests and in very pathetic conditions. For how long should we continue with this? Schools are being

closed in Ayatya, Kagir, Chemoi, Moinonin, just to mention the ones in Baringo North. I am told that about eight schools have also been closed in Baringo South.

Every year, this House allocates a substantial amount of money to the Ministry of Interior and Coordination of National Government to purchase equipment and employ police officers. The Government must respond to this situation. Few *askaris* are posted to these areas with no capacity and weapons to respond to the attacks. We are dealing with very rustlers with sophisticated weapons who can engage trained police officers of this country for three to five hours.

I urge the Government to deploy enough security personnel to the areas. We have armoured personnel vehicles which can deal with the situation. The police officers also fear for their lives. One officer was pursuing livestock and was told to go forth and follow the rustlers, but he said that he was a father, somebody's husband and a human being. He said that the animals were not his. He also had to protect his life. That is the police officer expected to protect the people. Several of the vehicles that were bought recently are lying in Nairobi. They should be deployed to areas where there are problems. A time has come for us to deploy the Kenya Defense Forces (KDF) to the areas. What is the use of spending money on KDF officers in barracks when our people are being killed due to internal conflict?

As I conclude, I want to say that this is a sad day for me. I want to tell the Government that Kenyans are dying. My people are dying. They are desperate. They do not know what to do. Constitutionally, we have the duty to represent the people and defend them. I want to call upon the President to declare cattle rustling a national disaster, deploy enough security personnel to Baringo County to protect our people and supply food to the people.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Members, if you look at your Standing Orders, No.33(4) indicates clearly that Members will only speak for five minutes other than the Mover of the Motion for Adjournment. Therefore, we have about 50 minutes and we will have 10 Members speaking to this if they speak for the full five minutes. We have demand from about 12 Members. Most of the Members who have put their cards in the intervention slot are likely to speak.

Hon. Pukose: On a point of order, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Cheboi): What is your point of order, Hon. Pukose?

Hon. Pukose: Hon. Temporary Deputy Speaker, since we have more Members in the House who are interested in speaking to this Motion, I request that we reduce the time to three minutes. That will be substantively enough.

The Temporary Deputy Speaker (Hon. Cheboi): It is up to the Members. I will put the Question and you will either negative or agree to it.

*(Question, that debating time be reduced,
put and agreed to)*

So, we will proceed and three minutes it is. Let me start with Hon. Kamama.

Hon. Abongotum: Hon. Temporary Deputy Speaker, what can I say in three minutes? First of all, I want to join my colleague, Hon. Cheptumo, in strongly condemning the revenge attacks happening in Baringo North, the area of Tiaty and Baringo South. That is unfortunate and the Government needs to take appropriate action to address this matter.

Secondly, I also wish condemn the killing of one, Jubilee aspiring Member of Parliament and an aspirant.

The Temporary Deputy Speaker (Hon. Cheboi): Order, on my own discretion, Hon. Kamama, knowing that you are the Chairman of Departmental Committee on Administration and National Security, I will add you two more minutes, so that you speak for five minutes and that will be only you.

Hon. Abongotum: Thank you, Hon. Temporary Deputy Speaker. I wish to also condemn the killings of two politicians who were murdered in cold blood in Marigat by some people suspected to be on a revenge mission from a place called Arabal and Lobo. The Government has taken appropriate action. A team of homicide experts have been deployed to Tiaty to unearth that murder, so that the culprits can be brought to book.

There is a group of politicians, some in Tiaty and others masquerading somewhere in Kapenguria, mostly Kenya African National Union (KANU) politicians trying to associate me with this kind of murder. I cannot murder anybody. I grew up in a church. I am a church boy and a cool guy. I cannot at any given time even contemplate murdering anybody. I will tell all politicians to wait for their death according to God's plan. I will not murder anybody. That should be known by everybody in this country especially the people of Tiaty and KANU politicians. Because KANU is going down in popularity, they want to use that murder to prop up or seek some political support.

I have defeated this gentleman called Pepe three times, so I have no reason to organise to murder him. I have assisted him three times including recently I assisted him to get a job as a chairman of the National Population and Development Council. So, I have no reason at all to murder him. I call upon the people of Tiaty and anybody with information that can assist the police, to forward it to them, so that the culprits can be apprehended. We do not want these kinds of murders. These are young men who were enjoying their drink together with some of my supporters. So, to even contemplate that I can murder anybody, please, let us leave at that. I want the people of Tiaty to understand that we should look for the culprits and let us not miss the point. Let us not politicise this.

This murder is actually the third incident.

The Temporary Deputy Speaker (Hon. Cheboi): Proceed. You still have two minutes.

Hon. Abongotum: Sergeant Gokon was murdered with his child. A motor vehicle was burnt the same way the motor vehicle belonging to the current Speaker of Baringo County was burnt near the same area. I suspect the killers and we will forward the information to the police. The trend of the killings has been almost the same style and manner. I am happy the police have taken statements from the people who were at the scene and I am sure the truth will be known and it will be established that Kamama has no business in the murder.

Hon. Cheptumo: On a point of order, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Cheboi): What is your point of order, Hon. Cheptumo?

Hon. Cheptumo: Hon. Temporary Deputy Speaker, listening to the Member for Tiaty, he started well by saying that we should allow the police to undertake investigations. But thereafter, he seems to be giving us directions or suggestions as to the likely outcome. The same Member, when defending himself on this issue, claimed that the people who killed the late Pepe and the member of the county assembly (MCA) are members from the Tugen Community. Now that he has taken that direction---

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Cheptumo, I will give you one minute.

Hon. Cheptumo: This is a critical issue. It is for him to clear the air. If he has evidence that the people who killed the two deceased persons are from the Tugen Community, then, he should be the first one to record a statement. Otherwise, he should withdraw. He should not take the direction of suggesting that he seems to know the killers. This is a Motion.

The Temporary Deputy Speaker (Hon. Cheboi): Okay, Hon. Cheptumo.

Hon. Abongotum: Hon. Deputy Speaker, I spoke to two of the victims who were injured; one a pharmacist by the name Adomeon, who was actually lying down and somebody called Ng'ong'e, an aspirant, and they said that after finishing, the killers said "*kaketar kasit*". They spoke Tugen and not Pokot. The fellows will record statements. That is confirmation.

The Temporary Deputy Speaker (Hon. Cheboi): You do not need to proceed in that direction, Hon. Kamama. You actually have one minute left. Therefore, just finalise your bit.

Hon. Manje: On a point of order, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Cheboi): What is it, Hon. Manje?

Hon. Manje: Hon. Temporary Deputy Speaker, I am getting lost. Our Motion was on cattle rustling in Baringo, but we are getting into a different thing. We are investigating a certain murder. These are two different Motions.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Manje, it is on insecurity. All the Members are perfectly in order. So, let us proceed. You have only 30 seconds to go.

Hon. Abongotum: I support the sentiments expressed by Hon. Cheptumo that we need to deploy quite a number of security men in that area. Let us saturate the area with police officers whether it is the Recce Company or General Service Unit (GSU) to take care of security in the area.

Thank you.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Keter.

Hon. Alfred Keter: Thank you, Hon. Temporary Deputy Speaker. First and foremost, I really want to thank the Member who has just moved this Motion of Adjournment. It is high time we gave proposals that are going to the end this insecurity. Last week, I travelled to some place in Marakwet to attend a funeral where the deceased had lost his life through a gunshot. Looking at the eyes of the Marakwets and the mourners, I realised that they were so desperate in an environment where there is a Government that was elected to protect and save lives. As the leadership, we need to make proposals so that we can get a permanent solution to insecurity in the North Rift and the entire region because it affects five communities, namely, the Turkana, Pokot, Tugen, Marakwet and the Samburus.

Hon. Temporary Deputy Speaker, even the leadership from the county governments, Members of Parliament and the MCAs must take responsibility. I believe most of these incitements where people cross the borders to kill others is beyond cattle rustling. Last week, we were told that a mother who had a five-day old baby lost her life. We need to take the challenge to the people in charge of security. Before we even think of deploying the KDF, we need to involve our internal security apparatus. The Cabinet Secretary (CS) in charge of security and the Inspector General must come up with ways and means of bringing this problem to an end. They should ensure that schools are reopened. At the moment, over 40 schools in that region have been closed. So, you can imagine the number of children who will miss school because of insecurity in the area.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Namwamba? Absent. Hon. Waluke? Also absent. We will go to Hon. Shebesh.

Hon. (Ms.) Shebesh: Thank you, Hon. Temporary Deputy Speaker. I will try and keep it to the three minutes. We have discussed this issue long enough. We have not only discussed it in this 11th Parliament, but also in the 10th Parliament. Let us call a spade a spade and not a big spoon. We dealt with *Mungiki*. I do not think there was a militia bigger than *Mungiki*. Today, it does not exist. How did we deal with *Mungiki*? We were summoned; anybody who was suggested to have been using the *Mungiki*, who spoke or greeted a member of the *Mungiki* militia. They were all summoned. We were summoned as leaders and the Riot Act was read to us during the 10th Parliament. We eliminated *Mungiki* and if it exists today, it is underground. It cannot exist when the Government decides to put its foot down and when leaders who use militias are taken to task. Please, let us stop playing with the lives of people. I am hoping the Government is listening to this debate whether it is the President, the DP or even Gen. Nkaissery. Leave a legacy, your Excellency. We cannot have women being killed and children being shot by guns that are illegal simply because we fear political upheaval. Is politics more important than the lives of the people? I am begging that this does not become just another discussion and then we go back to the same state of affairs.

Any leader in this House today who comes from the communities that are fighting, namely, the Pokot, the Tugen, the Marakwet and the Samburu, should go and record a statement. Let them go and tell the country why this situation continues. If they are treated with kid gloves, believe me, we will go to a very painful election because already this story is not about cattle rustling. It is now about the politics of August. It is about the politics of 2017. Let us not play around with Kenyan minds. Let us not waste time. Let us not debate in vain. There should be no more debating in vain. Leaders must take responsibility. If you are associated in any way with the insecurity in those areas, you do not deserve to be in this House! You cannot be in this House and people are dying. You cannot be selling guns. People know these stories. Are you telling me the National Intelligence Service (NIS) and Gen. Nkaissery do not know these stories? What are you telling Kenyans? Are we serious? Let them take action.

The Temporary Deputy Speaker (Hon. Cheboi): Your time is up. Hon. Munuve.

Hon. Mati: Thank you, Hon. Temporary Deputy Speaker. From the outset, I want to congratulate my friend, Hon. Cheptumo, for bringing up this important issue. I would like to bring to the attention of the House the fact that this problem is not just endemic in the North Rift. I stand here representing the great and resilient people of Mwingi North who have suffered irreparable damage socially and economically in the hands of bandits who are armed to the teeth. Last week, I buried Muthui wa Mbuvi, who was a resident of a small village called Ikime. Muthui did not commit any crime. He was found dead at his home. He had been shot and his body dismembered and put in a fire that he was using to cook his food. Obviously, there is something that is happening throughout the country. This House should make a decision that does not just take deal with the insecurity in the North Rift, but also deals with such incidences in other communities that continue to suffer in the hands of armed and very barbaric people. I also want to bring to the attention of the House the fact that my neighbour and I complained to the Government about the problem in our neighbouring constituencies in Mwingi.

I got 30 officers from the Rapid Deployment Unit (RDU) after two people were murdered in cold blood. When they came, they said that they did not have a place to sleep. Having been de-whipped, I had to cough out money to buy mattresses and food for the 30 people for two days

because I wanted my people to be safe. However, within one week, a very senior officer at the National Police Service (NPS) withdrew them. As a result, Inyanzae and Kasulini primary schools, with over 400 people, have been closed. People are camping in Inyanzae Market with no food or shelter. I am always on the road to Hon. Kiunjuri's Office to ask for food for the people.

The Government must show Kenyans that it has monopoly of violence, which it should have constitutionally. We will have a wild west situation if things continue this way. The market from which the people get their weapons must be open to others as well. We have no society. We are not producing. Our meagre food is being stolen and shops are being looted. I want to invite the Chairman of the Departmental Committee on Administration and National Security, and the Cabinet Secretary for Interior and Coordination of National Government, to visit Mwingi North and Mwingi Central to see the dire situation of my people.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Ngeno.

Hon. Kipyegon: Ahsante Mhe. Naibu Spika wa Muda. Ningependa kuzungumzia Hoja hii kwa huzuni sana, haswa tunapona kwenye magazeti na televisheni vifo vya watu kila siku. Kama alivyosema Mhe. Shebesh, ni lazima Serikali ichukue jukumu la kumaliza janga hili la watu kuwaua wengine kule Baringo, Turkana, Elgeyo Marakwet na Trans Mara. Kama kundi la *Mungiki* liliangamizwa, basi inawezekana kumaliza janga hili. Rais Kibaki alimkubalia mwenzake Waziri Michuki kumaliza kundi la *Mungiki* lililokuwa likiwahangaisha wakazi katika eneo la Kati mwa Kenya. Michuki hakujali kama Wakikuyu watamlaani. Janga la wizi wa mifugo linafanyika katika eneo la Bonde la Ufa, sehemu ambako Gen. Nkaissery na Naibu wa Rais wametoka. Ni lazima wasimamishie vifo vya watu. Gen. Nkaissery afuate nyayo za Michuki.

Naibu wa Rais yuko Serikalini na ni lazima asimamishie vifo vya watu. Serikali tu ndiyo inaweza kumaliza wizi wa mifugo kwa sababu iko na ripoti kuwahuu watu ambao wanahusika na vitendo hivyo. Hatuwezi kumwambia Mhe. Ng'ongo, Kamama na Cheptumo wawakamate wale wanaohusika. Lakini inafaa Serikali itekeleze jukumu la kumaliza janga hili. Hatutashinda tukiwaambia watu wajisajili kama wapiga kura ilhali kuna wale ambao wanakufa. Je, wale wanaouwawa watapiga kura? Tunaiambia Serikali ichukue jukumu hili. Hata katika Eneo Bunge langu, kuna mtu yuko hospitalini ambaye amepigwa risasi sijui ngapi. Juzi tulizika kijana aliyeuawa kwa kukatakatwa mara kumi. Watu kutoka jamii za Maasai na Kipsigis wanakufa na hakuna mtu anayejali. Nkaissery na Naibu Rais hawajakanyanga kule. Hawa watu watakufa mpaka lini? Lazima tuiambie Serikali iamka imalize ukosefu wa usalama nchini. Kama hawatafanya hivyo, uchaguzi utakuwa wa bure. Kama watu wetu wamekufa, nani atapiga kura na watapigia nani kura? Watapiga kura ya nini kama Serikali yenyewe haiwezi kuamka na kumaliza tatizo la ukosefu wa usalama.

Ndugu zangu, naiambia Serikali kwamba wakati umefika wa kumaliza ukosefu wa usalama. Tunataka kuishi kwa amani na mipaka yetu iwe na amani. Naomba Serikali ichukue jukumu lake.

The Temporary Deputy Speaker (Hon. Cheboi): Let us have Hon. Moroto. I am reserving the Leader of the Majority Party for the last chance because I want to give him a few more minutes. Many Members will speak, including Hon. Gikaria and Hon. Manje.

Hon. Chumel: Thank you, Hon. Temporary Deputy Speaker. I join my colleagues in condemning the act which is going on in the mentioned areas and in other parts of Kenya. I also want to condemn the grassroots leadership in these areas.

I concur with what Hon. Shebesh said that we cannot be here enjoying the comfort of this House and relaxing when killings are going on in some places. The leadership from that area

should not even stay here. They should be on the ground mobilising their people and making peace with them. They make noise and talk about people who are killing each other yet they are eating, relaxing and sleeping here.

We were here when the late Michuki took measures to curb the *Mungiki*. Recently, the leadership of Turkana and Pokot, especially the lower part of West Pokot including Baringo met. This consisted of senators, governors and everybody. We have not depended on other people from that time, until recently when this issue came up. As it is now, it is no longer cattle rustling. There is a trend to target professionals. I do not know where we are heading. Some young men died the other day. A military officer was killed in broad daylight when he was driving his children. The man was dragged into the bush and killed. The daughter, who I think is in university, told us what happened and we are still talking of people being killed without us coming up to act. I ask the leadership of Baringo as a whole to take responsibility. The leaders of Marakwet are trying, but the others are here talking without going on the ground. You cannot tell me how I can come from there and people are dying. If you keep on speaking here and your people are dying on the ground, I do not know what you are doing here. I condemn these people. They should not be seen here. The whole Government and the security team should be on the ground. If you go to Trans Nzoia, you will see many security camps. The farmers are now competing.

The Temporary Deputy Speaker (Hon. Cheboi): I now give the Floor to Hon. Twalib.

Hon. Bady: Asante, Mhe. Naibu Spika wa Muda kwa kunipatia fursa pia kuchangia Hoja hii. Nampongeza Mbunge mwenzangu, Mhe. Cheptumo, kwa kuileta Hoja hii. Serikali ina jukumu kubwa sana kuona namna gani itakavyodhibiti hali ya amani katika sehemu ya Baringo. Isiwe Baringo peke yake bali iwe ni Kenya nzima.

Ningepenga kutoa mfano wa vile Mhe. Shebesh alivyosema kuhusu *Mungiki*. Serikali ilipoamua kuwa inataka kuiondoa, *Mungiki* iliweza kuondoka. Ni muhimu kwa Serikali ya Mhe. Uhuru Kenyatta na Mhe. William Ruto kusimama kidete pamoja na Jenerali Nkaissery kuona kuwa maafa haya yanayoendelea kiholela yametatuliwa. Wakati wa nyuma, tuliona watu wa Sabaot wakiahidiwa na Serikali watatolewa na hii leo Sabaot imetulia. Ni kwa nini leo, hali ilivyo Baringo?

Hon. (Dr.) Pukose: On a point of order, Hon. Temporary Deputy Speaker.

Hon. Bady: Mhe. Naibu Spika wa Muda, ananipotezea dakika zangu.

Hon. (Dr.) Pukose: Mhe. Naibu Spika wa Muda, singependa kuzuia mwenzangu kuongea, lakini anasema Serikali iliwatoa Wasabaoti. Si Wasabaoti ndugu yangu. Hiyo ni Sabaot Land Defense Force (SLDF). Ukisema wasabaoti, unanikosea hapa na mwenzangu Serut na wengine kutoka kwa jamii ya Sabaot. Namuomba atupilie mbali mambo hayo na kuomba msamaha. Ameze mate Mhe. Naibu Spika wa Muda.

The Temporary Deputy Speaker (Hon. Cheboi): Order Members, I surely cannot understand the Kiswahili bit from Hon. Pukose. I remember *kuzuia* must be to stop, which I do not think you want to stop because you have no power. Interrupting is different. Anyway, I think what Hon. Pukose is saying is perfectly in order. You have grouped a community rather than an organisation.

Hon. Serut, I believe that is the same thing you wanted to say. Proceed Hon. Bady. You have one minute.

Hon. Bady: Asante, Mhe. Naibu Spika wa Muda. Kusema kweli narekebisha na naomba msamaha. Nina hakika Kiswahili kilikuwa kimempita kidogo. Nikisema kwa Kiswahili sanifu, Serikali ni lazima isimame kidete kuona vipi itaweza kuweka amani. Lakini kila siku

wakizungumza maneno ya kuchukua kura na hali wale wanaochukua kura wanafariki, ni kama ule mfano wa msemu unaosema hiyo ni goji kirba kirba goji yaani wanatuzungusha wakituzungusha.

(Hon. (Dr.) Pukose consulted loudly)

Sijawatoa matusi, Mhe. Naibu Spika wa Muda.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Pukose, do not worry, the Member has not insulted you at all. Proceed Hon. Bady.

Hon. Bady: Nikiomboleza na kusikitika na ndugu zangu wa kule Baringo na sehemu za Pokot, ni lazima Mhe. Nkaissery apandishe soksi zake na akaze ukanda vizuri, atume maofisa na kuweka amani katika sehemu hiyo. Mimi binafsi nikiwa Mbunge wa Jomvu---

The Temporary Deputy Speaker (Hon. Cheboi): Your time is over. I will give a chance to Hon. David Kangongo, Member for Marakwet East. Hon. Members, let us be patient with each other.

Hon. Bowen: Hon. Temporary Deputy Speaker, I want to support this Motion. I am a victim of cattle rustling. Kerio Valley, which is known for the production of water melons and all fruits, is now a valley of death. It is a total shame that the President and the Deputy President (DP) are going around seeking for votes when Kenyans are dying. It is a shame that this is happening in the Rift Valley where the DP, General Nkaissery, the Inspector General (IG) and the Chairman of the Departmental Committee on Administration and National Security, Hon. Kamama, come from. It is a shame. You can imagine cattle rustlers going to drag a teacher outside a class and shooting him to death. Three days ago, in my constituency, the same cattle rustlers beheaded an old man and took away the head which was recovered yesterday. He is still in the mortuary. It is shameful that the Government is spending billions of shillings to take the KDF to Somalia yet our citizens are not safe.

Hon. Temporary Deputy Speaker, it is really a shame. We want to see the President himself address this insecurity. We cannot even say it is a national disaster. I think we are heading to a failed State. It is a failed State and this thing has to be treated. It has to be treated. Cattle rustling must be taken as robbery with violence. It cannot be taken cheaply.

We stand as Members from this area and ask the Government why Kenyans are dying. It is real! A child of three days killed with the mother and you say you are leading a Government? I want to say the President should get out of State House together with the DP and address the runaway insecurity.

I support.

The Temporary Deputy Speaker (Hon. Cheboi): Well. Let us have Hon. Manje.

Hon. Manje: Thank you, Hon. Temporary Deputy Speaker. Let me join my colleagues to say this is an unfortunate thing. I saw how Hon. Cheptumo was talking in desperation saying how food is a basic necessity for a human being and how security is a basic necessity in a country. It is very basic.

Cattle rustling is becoming an issue that is affecting the whole country. Most of the resources are going to that side yet it is not solving this problem. There have been attacks and counterattacks and in the process, people are dying.

A time has come when we have to get a solution to that area. The solution is very simple. Many years ago, in the 60s--

(Loud consultations)

Hon. Temporary Deputy Speaker, Protect me from this noise.

I was saying that in the 1960s, in Kajiado County, we used to have the same problem of cattle rustling. The way we solved the problem was very simple. We started more schools in the county and changed the standard of living for the people by developing the area. We also changed their lifestyle from animal rearing to business and made sure that all the children went to school. This is the simplest way of doing that. If you build more schools in the areas, most of the children will be in school and you will solve many problems.

Recently, I solved a problem in my constituency where we had so many youths going to touting. I built a secondary school for every primary school. Our boys are now in school and the insecurity issue is going away. The young people are getting employment. That is one way of solving the problem.

Also, people from that area can use simple technology. They can tag their animals for identification and track them when they are stolen. That way, they will get the people who are involved. It will become a bit risky during elections because we are likely to get the cattle rustlers bringing the fight to the interior.

Thank you, I support.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Lomwa.

Hon. Lomwa: Thank you, Hon. Temporary Deputy Speaker. I want to take this opportunity to first thank Members of Parliament for saving my life when I had a convulsion. I want to thank them. I want to thank members of staff and also St. Johns Ambulance. More particularly, I want to thank Hon. (Dr.) Pukose because he did a bit of first aid to me before I was rushed to Nairobi Hospital.

I want to support the Motion by saying that the solution to the issue of insecurity depends, and so much lies, on us as leaders. Our commitment, as leaders, is very important particularly elected leaders because we associate so much with people.

I am saying this because one time when there was conflict in the North Rift region, where Isiolo and Laikipia were also included, we had a crisis. We came up with what we called the North Rift Peace Initiative and for some time, we were able to resolve some conflict and control some of the things that were happening in those counties. We need to be committed, first as leaders, and the rest that comes to the Executive.

During that very time, we had a lot of frustrations from the Ministry of Interior and Co-ordination of National Government. We were not facilitated as initially planned. Some of the plans that we had already put in place were not implemented as required. That is what has culminated to some of the things that are happening right now.

We have many counties that are volatile. The security agencies need to put a lot of efforts and proper surveillance to ensure that proper intelligence is put in place, so that we do not experience violence. We are going to election period. Mandera, Wajir, Garissa and the northern part of Kenya is a place we need to focus on. We also need to focus a lot on Marsabit, Isiolo and Samburu. That is where the Government needs to put a lot of focus. When it is happening in West Pokot, Baringo and Marakwet, it is likely to explode to other counties now that we are moving to elections. Election time is when people are rushing---

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Kenta.

Hon. ole Kenta: Thank you, Hon. Temporary Deputy Speaker. I also want to add my voice to this very shameful thing going on in our country. It is the Government's primary

responsibility to protect its citizens and their property. When we see something like this, we realise that we are losing our country mile by mile. Somebody said that we are heading to a failed State status.

When we cannot control security in Narok, Baringo, Laikipia and all over, where are we heading? When a Government takes its troops to Somalia, they are killed as flies, many people are dying of hunger, insecurity and even lack of medical attention because of the strike by doctors, then you wonder what our priorities are as a country. At the end of the day, when somebody puts it to you that you go around asking for votes, what for? We gave you votes the other time, but you are unable to run the country. If we are not careful, we are losing our country. Anybody coming tomorrow to tell us they are able to run the country and they have not been able to do so for the last three years, we will not give you our votes.

We have small communities called the Ilchamus and the Njemps in Baringo who have been displaced. Their livelihoods have been destroyed. We wonder why a Government cannot protect such minorities. The other day, police officers were killed in Suguta, Marmar. Some were killed in Baringo and somebody told the President that he thought they were Turkanas and so, they killed them, and somebody just laughs at such kind of massacre of our people. I believe we should bring back our troops from Somalia. Let them be inside our borders. Let them build some peace. Let them stop the restlessness. Let us stop the loss of lives of our people. Let us become a country. It is a shame that 54 years after Independence, we are going farther and farther down each day. For how long will we entertain this? I am one of the Members who will tell the Government: Do your job! If not, quit and let the right Government take over.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Kisang.

Hon. Kisang: Thank you, Hon. Temporary Deputy Speaker. It is shameful that every two weeks we have to rise in this House to ask for a Motion of Adjournment to discuss insecurity in the country. We do not know whether the Executive listens to what we say. We do not know whether they watch television. We do not know whether they hear our cries each time. It is shameful that the Government cannot use the resources that it has to contain insecurity in the country. Just recently, several people were killed in Baringo and Elgeiyo/Marakwet counties specifically in Marakwet East Constituency. We have lost so many lives. As Hon. Bowen said, the President has not bothered to even visit that region to say '*pole*' to the victims. I also want the Executive to investigate because this thing has escalated in the last few months. We need to see if there is a political angle in the matter. Recently, we were told that livestock stolen from Elgeyo/Marakwet County were driven to Baringo County, put on lorries and driven to some barracks, where they were sold. I would like to ask the Executive how many more lives they would want wasted before they can move in. Do they want more people to be killed before they intervene? How many mothers are going to be beaten by snakes before they can move in? We have lost many lives through cattle rustling and snake bites.

Most of our schools along the Kerio Valley are technically closed. I do not know what will happen towards the end of this year when students will be sitting for the Kenya Certificate of Primary Education (KCPE) and the Kenya Certificate of Secondary Education (KCSE) examinations. Will our children be sitting for the same exams that children in other parts of the country will be sitting for? It is, indeed, shameful. We want the Government to come out clearly on this matter. Bring home the KDF from Somalia and Southern Sudan, so that they can protect us from our own neighbours.

Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Cheboi): Let us now have the Leader of the Majority Party. The time should be adjusted because I intend to give the Leader of the Majority Party a little more time.

Hon. A.B. Duale: Thank you, Hon. Temporary Deputy Speaker. I want to condole with the many Kenyans who have been affected by the conflict in Baringo, Marakwet, Samburu and Turkana counties. Let us call a spade a spade. Leadership plays a very important role in bringing peace, harmony and ensuring coexistence among communities. Leaders play a very big role in inciting their communities against other communities, or in bringing peace. Let us not use the Floor of this House just for talk show purposes. As leaders, we should go to the ground and sit with all the stakeholders.

In my constituency, 148 innocent students were killed by *Al Shabaab*. Every night, attacks would be staged in Wajir, Mandera and Garissa counties. As the leadership of that region, we sat down and brought a programme to the President. One-and-a-half years down the line, the north-eastern region is fairly safe from *Al Shabaab*. The heads of the security units in our country must play their roles. They cannot just sit in their offices. These include Hon. Nkaissery, the Inspector-General of Police, the Director-General of the NIS, their deputies and the Director of Criminal Investigations. They should no longer command from the comfort of their offices.

Hon. Temporary Deputy Speaker, people are blaming me, the DP and the President. Let us not turn this thing into politics. It is about the lives of the people. We have problems everywhere. There was the Mombasa Republic Council (MRC) issue in the Coast region, but it has since been solved. There are communities in our country which get affected year in, year out. It is no longer about cattle rustling. They are shaming the pastoralist community, which I belong to. I am one of the top leadership. I am ashamed as a pastoralist that while people in other parts of Kenya are building tarmac roads and taking their children to school, we are killing each other in the name of stock theft. Kenyans are walking to the stock exchange to make money while pastoralists are fighting. In Laikipia, people are invading private property. This is not about the doctors being on strike or Uhuru Kenyatta not doing his job. You can play politics, but when you are a leader, you must lead from the front. If it happens today in Jomvu where Hon. Bady comes from, he will fly to Mombasa and sit with the Officer Commanding Police Station (OCS) and Officer Commanding Police Division (OCPD) and discuss how they can reduce crime in Jomvu. If there is a problem in Baringo, Hon. Kamama and Hon. Cheptumo should sit together. If it is in Marakwet, it is up to Hon. Kisang who has said that the President and the Deputy President have failed. You need to leave Parliament, go to the ground, lead from the front and preach peace. If you preach peace, it will come, but if you want to play politics, it will not.

I have been in this House for eight years now and there are Members of Parliament who want to win the next election through conflicts. They are there. You become a populist and people will say this is the right guy. There are even some who can buy arms for their people, so that they can win elections. Kenya is bigger than all of us. A life lost in West Pokot, Mombasa, Marakwet and Garissa is as important as any other life. Let us not just say things for the sake of it.

The Pokot, Marakwet and Turkana leadership needs to come together. It is only in those areas where people walk with guns. You cannot do that in Garissa or Mombasa. You will be shot and called *Al Shabaab*, but when you go to Turkana and Pokot, they carry guns in shopping centres. This Government has invested a lot of resources in empowering our security agents. We have bought more armoured vehicles and insured them. I wish to tell Hon. Nkaissery and the Inspector General (IG) that enough is enough. They must act.

The former Cabinet Secretary (CS) ole Lenku, Kimaiyo and company were sent home because Kenya was insecure under their leadership. In this country, nobody is indispensable. The new team has secured a greater part of Kenya. Let us be very honest. With the coming of Hon. Nkaissery and the new IG, Kenya is more secure. But Kenya is not secure when it comes to Pokot, Baringo, Turkana and Samburu. The problem is the leadership, whether you call yourself a governor, senator or Member of Parliament. You cannot allow your people to die and then you come to blame Uhuru Kenyatta.

Hon. Kipyegon: He is the Head of State.

Hon. A.B. Duale: If you want to play politics with the name of the President and the Deputy President, wait for 8th August 2017 and we will deal with you and win elections. William Ruto will be the Deputy President and Uhuru Kenyatta will be the President.

Hon. Kipyegon: (*Off microphone*)

Hon. A.B. Duale: Hon. Temporary Deputy Speaker, can you protect me from the purported leader of *Mashinani*?

The Temporary Deputy Speaker (Hon. Cheboi): Order Members! No! Order Members! Those Members who have had the opportunity to speak, please, let us not be emotional about this because many of these things we are doing here are going to be reflected on the ground. So, Members, please, hold your cool. I will probably give one more Member a chance to say something.

Hon. A.B. Duale: Hon. Temporary Deputy Speaker, with President Uhuru Kenyatta from 2013 to date, Kenya, with the small exception, is safer. I want to finish by telling the leadership that we are there for you, Hon. Kamama, Hon. Cheptumo and Hon. Bowen. You know how I campaigned for you and if you misbehave, I will campaign for Linah Jebii. You better behave.

I beg to move and ask leaders to stop this violence.

ADJOURNMENT

The Temporary Deputy Speaker (Hon. Cheboi): Order Hon. Members! The time being 6.30 p.m., this House stands adjourned until Wednesday, 22nd February 2017 at 9.30 a.m.

The House rose at 6.30 p.m.