

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 15th October, 2003

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

PAPER LAID

The following Paper was laid on the Table:-

The Report of the Controller and Auditor-General together with Appropriation Accounts, other public accounts, appendices I, II and III and the accounts of the funds for the 2000/2001 Financial Year.

*(By the Assistant Minister for Finance
(Mr. Katuku) on behalf of the
Minister for Finance)*

Mr. Speaker: Hon. Members, we will start with the only Question by Private Notice.

QUESTION BY PRIVATE NOTICE

GOVERNMENT POSITION ON SUSPENDED PAYMENT OF PENDING BILLS

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

(a) What is the Government's current position regarding suspension of payment of pending bills?

(b) How much money was paid this year to the following contractors: Put Sarajevo; Firoze Construction Company; Kabuito Constructors and Kirinyaga Construction Company?

(c) Could the Minister table a list of all pending bills, indicating how much has been paid and the remaining balance in each case?

The Minister for Finance (Mr. Mwiraria): Mr. Speaker, Sir, I beg to reply.

(a) The Government suspended payment of pending bills in order to verify the claims before paying them. Ministries were then requested to terminate all stalled projects and submit pending claims to a committee for verification.

Mr. Speaker, Sir, the committee has now concluded its work and recommended that its recommendations be implemented as and when funds become available.

(b) This calendar year, the following contractors were paid the amounts indicated against their names.

<u>CONTRACTOR</u>	<u>AMOUNT(KSHS)</u>	<u>PROJECT</u>
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3048

Put Sarajevo	87,883,730.30	Umoja-	Dandora-
Roads	Kayole-	Gigiri	
Firoze			
Construction			
Company 80,000,000.00	Nairobi	Drainage	
	System		
Kabuito			
Contractors	20,938,085.95	Eldoret	Roads
Kirinyaga			
Construction			
Company 49,923,787.95	Nairobi		
	Roads		

(c) The committee appointed by the Government to undertake a verification exercise on pending bills has now completed its work, as I stated earlier on. The attached schedule "A" and appendices I, II, III and IV give the status of all development pending bills as at 30th June this year. The list includes both old and current stocks which have never been declared to various task forces on pending bills. Most of these bills have been evaluated and settled, while the remaining stock is either awaiting settlement or undergoing further verification.

Mr. Osundwa: Mr. Speaker, Sir, I would like to thank the Minister for the comprehensive answer he has given to the House, but he has grossly understated the total money these contractors have been paid against the recommendations by the two committees, one which was appointed by the former Minister for Finance, Mr. Okemo and another one by Mr. Raila.

I have a letter here dated 10th March, 2003 to Mr. Kirinya Mukira, by Mr. Joseph Magari. This letter shows that the Minister has paid a total of Kshs4.1 billion. Out of this money, Kirinyaga Construction Company was paid Kshs3.2 billion. Is the Minister in order to mislead this House that he has not paid these pending bills when he paid them against the recommendations of two committees appointed to validate the bills?

Mr. Mwiraria: Mr. Speaker, Sir, there is a misunderstanding when it comes to pending bills and how they are paid. It is the operating Ministries which pay pending bills. I do not have the privilege of having seen the letter the hon. Member has, but we have done something regarding pending bills since I took over from my predecessor. When I took over from my predecessor, we stopped honouring stocks which had been used to pay contractors last year. After careful evaluation, we found out that if we dishonoured any Government stocks, we would make them valueless. So, we authorised the Nairobi Stock Exchange (NSE) to honour those stocks. But, as for payment of pending bills, I am afraid I do not quite understand the figures the hon. Member has given to this House.

Mr. Speaker: Mr. Osundwa, could you table the letter so that the Minister can have a look at it, because he has said that he has not seen it?

*(Mr. Osundwa took the letter to
Mr. Mwiraria)*

Mr. Osundwa, you have to table the letter! Please, give the Minister an opportunity to look at the letter.

(Mr. Osundwa laid the letter on the Table)

(Applause)

Mr. Billow: Mr. Speaker, Sir, the Minister's answer confirmed that this Government paid over Kshs236 million to the four contractors. Yet, in the report issued by the Public Works Verification Committee, not only were those contractors recommended for blacklisting but were also required to pay the Government Kshs3.2 billion as none of the projects they had undertaken was completed. Could the Minister explain why his Ministry had to pay the contractors two weeks before the Public Works Verification Committee issued its report, knowing that this committee had been carrying out verification work since February this year?

Mr. Mwiraria: Mr. Speaker, Sir, I have to seek your guidance. Could I answer the first question asked by Mr. Osundwa and then ask my shadow colleague to ask his question as I did not get it? I was reading Mr. Osundwa's letter.

Mr. Speaker: Please, go ahead.

Mr. Mwiraria: Mr. Speaker, Sir, let me read the letter that has been given to me. I quote, "We refer to your letter concerning---"

Mr. Speaker: Who is the letter addressed to?

Mr. Mwiraria: Mr. Speaker, Sir, it is addressed to Mr. Kiriinya Mukiira, Permanent Secretary, Ministry of Local Government. It says:- "We refer to your letter dated 27th February, 2003 concerning the above subject". The subject is payment of pending bills through Treasury Bonds. "Pending bills owed to contractors from the Ministry of Local Government which have already been settled through Treasury Bonds are as follows." Then there is a list of financial years: 1998/99, five contractors; 2000/2001, six contractors; 2001/2002, four contractors and 2002/2003, three contractors. The total amount is Kshs4,128,607,481. The letter adds:- "These amounts were arrived at by the Consultancy Implementation Committee (CIC), which evaluated claims sent to your Ministry. The committee, which was sitting at the Treasury, included a nominated member from your Ministry." The Treasury Bonds were used to pay contractors before the NARC Government took over the Government.

(Loud consultations)

Mr. Speaker: Order! Hon. Members, you must give the Minister a chance. I am really surprised to see that the letter contains so many contractors. Why were you selective, Mr. Osundwa?

Mr. Angwenyi: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Mr. Angwenyi, you must respect the Chair! It is the right of this House to know the absolute truth. If it was one contractor that was paid, the House must know. If it was ten contractors, the House must also know and the total amount paid. Therefore, this House and every hon. Member, has a duty to disclose all facts to the House, not to the Minister but to the House. This will ensure that when you stand up to ask questions, you are aware of the larger picture.

Please, proceed, Mr. Billow.

Mr. Osundwa: Mr. Speaker, Sir, I thought you asked me a question why I selected---

Mr. Speaker: It is all right.

Mr. Billow: Mr. Speaker, Sir, the report by the Public Works Verification Committee paints a picture that would make the Goldenberg affair look like a joke. Approximately two weeks before this committee released its report, the Minister paid the amount he has just read out, Kshs236 million, to the four contractors, knowing that the committee which had been commissioned in February this year was compiling its report regarding pending bills. That report recommended blacklisting of some of the contractors mentioned by the Minister and recovery by the Government of Kshs3.2 billion from them. Could the Minister explain why he went ahead and paid the amount he has just read out knowing that there was a committee, which was carrying out a verification exercise?

Mr. Mwiraria: Mr. Speaker, Sir, may I repeat that the Treasury does not pay pending bills as we do not have a Vote on them. This House votes money for roads and construction works to individual Ministries. I would be pleased to hear if the hon. Member, who has asked the question, knows which Ministry made those payments.

Mr. Nyachae: Mr. Speaker, Sir, could I request---

Mr. Billow: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Order, Mr. Billow! Please, let us hear Mr. Nyachae. This is not a private but a public issue.

Mr. Nyachae: Mr. Speaker, Sir, may I request the Minister to clarify this matter? This House is being given information that could be misleading. The Minister needs to clarify which pending bills

are genuine. This is because, since the Government did not have money to pay contractors, it issued Treasury Bonds for pending bills. There are also questionable bills that are being investigated. Which bills are we talking about here? The list of the pending bills that are genuine has several names. Some of us need to get a clarification as to why Kirinyaga Construction Company is being singled out, yet it is the only African company on that list.

(Applause)

Mr. Mwiraria: Mr. Speaker, Sir, I would like to inform the House that since the issue of pending bills was started, we have had four committees looking at the whole issue. The Mule Commission was the first one. A team of private auditors was the second one. A team of civil servants was the third one, and another team of civil servants was the fourth. I said that the fourth team completed its work last week.

Mr. Speaker, Sir, we are subjecting the report of the civil servants, which was handed over to me when I arrived back in the country on Monday, to further scrutiny to find out what we consider or do not consider to be genuine.

I am going to table the list of all pending bills which have been paid, or submitted and examined by all the committees. We have nothing to hide as the Ministry of Finance, and we want to be transparent as that is what NARC stands for. We also want all hon. Members to look at the list. If they have comments, we will welcome them.

(Applause)

Mr. Osundwa: Mr. Speaker, Sir, could the Minister tell the House why he paid certain firms when he knew those firms were already blacklisted by this report which he admits he received? How many such firms did he pay?

Mr. Mwiraria: Mr. Speaker, Sir, I thought I had answered the question. However, maybe, I should repeat the answer. The Question is: "How much money was paid this year to the following contractors---"

Hon. Members: Which contractors were blacklisted?

Mr. Mwiraria: Mr. Speaker, Sir, among the firms which were blacklisted a few weeks ago, I would be happy to know which ones have been paid.

An hon. Member: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Order! Next Question, Mr. Onyancha! This Question has taken over 25 minutes. Will you sit down?

ORAL ANSWERS TO QUESTIONS

Question No.407

NUMBER OF DEATH ROW CONVICTS IN KENYAN JAILS

Mr. Onyancha asked the Minister of State, Office of the Vice-President and Ministry of Home Affairs:-

- (a) how many convicts on death row have been in Kenyan jails since 1982; and,
- (b) why he considers death or the threat of it, still an important tool in the administration of justice in this country.

The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs (Dr. Machage): Mr. Speaker, Sir, I beg to reply.

(a) As at 30th September, 2003 there were 2,618 convicts---

(Loud consultations)

Mr. Speaker: Order! Will you listen to the hon. Assistant Minister, please?

The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs (Dr. Machage): Mr. Speaker, Sir, I will repeat.

(a) As at 30th September, 2003, there were 2,618 convicts on the death row.

(b) Death sentence has been used as a punishment for serious crimes, namely; murder, treason and robbery with violence. However, its use as a punishment has been found to be a violation of the right to life. Many countries of the world have abolished it. It is the view of my Ministry that this punishment be abolished in Kenya since the role of the Prisons Department is rehabilitation of offenders. Death sentence is not rehabilitative. Carrying out the punishment is also de-humanising to the officers that do it. In the on-going constitutional review process, my Ministry has recommended execution to be replaced by life imprisonment.

Mr. Onyancha: Mr. Speaker, Sir, I want to thank the Assistant Minister for that a well thought-out answer. However, in the light of the present circumstance where the Ringera Commission has revealed that there has been dishonesty and corruption in the Judiciary, is he prepared to wait until the Constitution is reviewed before this law is brought to the House for legislation? Why should those convicts continue to suffer? We do not know when the Constitution will take effect.

Dr. Machage: Mr. Speaker, Sir, this country is run by a Constitution that has not been changed. That is what we use. These people are only held, awaiting death sentence at the pleasure of the Head of State. That is the law. So, I cannot pre-empt what the Head of State might think about them.

Mr. Onyancha: On a point of order, Mr. Speaker, Sir. We know that the Constitution runs this country, but the Assistant Minister has said in his answer that---

Mr. Speaker: Sorry, that is an argument!

Mr. Obwocha: Mr. Speaker, Sir, the Assistant Minister has told us that there are 2,618 convicts awaiting execution. Could he tell this House how many---

*(The Minister for Foreign Affairs
(Mr. Musyoka) entered the Chamber
and hugged the Vice-President and
Minister for Home Affairs)*

(Applause)

Mr. Speaker: Order! Greeting is acceptable, but not hugging in the House!

Proceed, Mr. Obwocha!

Mr. Obwocha: Mr. Speaker, Sir, I do not understand. Is this another Prime Minister in the making?

(Laughter)

Mr. Speaker, Sir, could the Assistant Minister tell this House how long these convicts have been in the jails? When did Kenya last execute any of the convicts?

Dr. Machage: Mr. Speaker, Sir, the list is long, but I have given the House a list covering the convicts on death row since 1982. However, as you may very well know, we have not had any execution since 1982. I would rather table the list because it is long.

An hon. Member: How many have been executed?

Dr. Machage: Mr. Speaker, Sir, the NARC Government has killed none.

(Loud consultations)

Mr. Speaker: Order! I think the Assistant Minister must understand what he is talking about. Governments do not kill. They execute court orders.

Dr. Machage: Mr. Speaker, Sir, I apologise for that. The hon. Member asked how many of those convicts the NARC Government has killed.

Hon. Members: No!

Mr. Obwocha: Mr. Speaker, Sir, the Assistant Minister has told us that there are 2,618 convicts on the death row from 1982. Between that period and now, how many have been executed? It does not matter which Government is in power.

Dr. Machage: Mr. Speaker, Sir, that is now comprehensive. I will table the list for the hon. Member to peruse later. I do not have the number now.

Mr. Shitanda: Mr. Speaker, Sir, now that the current law allows for execution, and the Assistant Minister has said that the Ministry has proposed an amendment to the current law, for how long will we wait for the new law to come into force so that these people are either released or executed? If the law does not change, when will these people be executed?

Dr. Machage: Mr. Speaker, Sir, I really do not know how long we will wait because the constitutional review is an exercise. However, we have not had any execution since 1987.

Mr. Mwenje: Mr. Speaker, Sir, the Committee on Administration, National Security and Local Authorities visited several prisons and will bring recommendations before this House. The congestion in our prisons is not caused by people who have been jailed for three years and below. It is due to the fact that our courts are not applying the Community Service Order. Could the Assistant Minister take up the matter with the Chief Justice to make sure that the Community Service Order is applied, so that we do not congest our prisons with people who have been jailed for less than three years?

Dr. Machage: Yes, I have taken note of your concern.

Mr. Speaker: Last question, Mr. Onyancha!

Mr. Onyancha: Mr. Speaker, Sir, the Assistant Minister has said that no one has been killed since 1987----

Hon. Members: Executed!

Mr. Speaker: Order! Order, hon. Members! The word is "executed!" You execute a court order; a sentence issued by a court of competent jurisdiction. Any other slaying will be unlawful! So, please, let us use the correct terms.

Mr. Onyancha: Mr. Speaker, Sir, your advice is well taken. How many of those convicts have been hanged between 1982 and 1987?

Dr. Machage: Mr. Speaker, Sir, as I earlier said, I did not come with the figures. But if you want, I can bring them to the House later.

Question No.413

NUMBER OF FOREIGNERS AWARDED WORK PERMITS/CITIZENSHIP

Mr. Munya asked the Minister of State, Office of the Vice-President and Ministry of Home Affairs:-

- (a) how many foreigners were given work permits in Kenya in the year 2002 up to January this year, and what their qualifications were;
- (b) how many foreigners were given Kenya citizenship from the year 1982 to date, and what their countries of origin are; and,
- (c) how many foreigners are living and doing business in Meru Town and what their countries of origin are.

The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs (Dr. Machage): Mr. Speaker, Sir, I beg to reply.

(a) In the year 2002 up to January, 2003, 9,429 work permits were issued to foreigners. The qualifications were varied and included teachers, technicians, economists, accountants, medical doctors, engineers, pharmacists and computer scientists. That number also includes 2,935 foreigners issued with permits to work as missionaries.

(b) Since 1982, 9,864 foreigners have been registered and naturalised as Kenyan citizens as provided under Section 92/1 and Section 93 of the Constitution. They are mainly from Africa, Asia and Europe.

(c) There are 24 foreigners living and doing business in Meru Town, and their countries of origin are India and Britain.

Mr. Speaker: Mr. Munya, are you happy?

Mr. Munya: Mr. Speaker, Sir, I am not satisfied. In his reply, the Assistant Minister has said that there is a category of work permits that are issued to people with special skills that are not available locally. Could he tell us what special skills are those?

Dr. Machage: Mr. Speaker, Sir, we have ten skills that we use to give permits.

(a) There are permits issued to persons with special skills that are not available locally. Such persons are offered employment by local firms and Non-Governmental Organisations (NGOs).

Hon. Members: Which skills!

Dr. Machage: Please, give me time, I am answering.

(b) The second one is the entry permit issued to holders of Kenyan dependant passes, who are offered employment by local firms.

(c) Entry permits issued to missionaries.

(d) Entry permits issued to those wishing to invest in agriculture and animal husbandry.

(e) Entry permits issued to investors in trade or businesses, other than a prescribed profession.

(f) Entry permits issued to investors in the manufacturing sector.

(g) Entry permits issued to persons wishing to practise certain prescribed professions.

(h) Entry permits issued to persons wishing to become residents in Kenya.

(i) Entry permits issued to retired residents in Kenya.

Mr. Speaker, Sir, the issue of special skills is determined by the organisation that is requesting for the permit. It is a wide topic.

Mr. Bifwoli: Mr. Speaker, Sir, you have heard the Assistant Minister say that teachers and pharmacists are coming into this country and are being given work permits. We have children who ride *boda boda* in Bungoma and street boys in Nairobi who have qualified from our universities as teachers, doctors and nurses. Why is the Government giving work permits to Indians to come and work as casuals in companies like Pan Paper in this country?

(Applause)

Dr. Machage: Mr. Speaker, Sir, indeed, my Ministry has noted that problem and we are addressing it. Some of those permits were issued before the NARC Government came to power. We are not renewing any work permits for those who are doing jobs that can be done by Kenyans! The statistics that I have given cover a long period.

Mr. Sambu: Mr. Speaker, Sir, what special skills do we need to sell in a shop? There are many Indians who have opened up shops in Kenya and brought their brothers who cannot speak English or Kiswahili! Could the Assistant Minister make sure that they are deported out of this country, particularly those ones in Eldoret, Meru and other towns?

Dr. Machage: Mr. Speaker, Sir, the hon. Member's concern is the same as that of my Ministry. We are not giving work permits to that category of people. We are, instead, weeding out those who might have obtained those permits before we had the mandate to do so.

Mr. Munya: Mr. Speaker, Sir, I welcome the detailed answer given by the Assistant Minister. Could he give a policy Paper on the employment of foreigners? We have a trend in this country where top jobs in foreign-owned companies are manned by foreigners. Yet, we also want Kenyans to have an opportunity to work in such companies and firms to gain experience. Could the Assistant Minister promise to come up with a policy Paper that will satisfy this House on that account?

Dr. Machage: I have noted your concern! The Ministry is addressing that issue.

Question No.339

REPAIR OF NAIVASHA-KERICHO-KISII ROAD

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

- (a) whether he is aware that Road B3, Naivasha-Kericho-Kisii is seriously dilapidated;
- (b) whether he is further aware that as a result of (a) above, the road has become dangerous for motorists and other road users; and,
- (c) whether he could utilise the emergency funds to have the road repaired and maintained.

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

(a) I am aware that Road B3, Naivasha-Nakuru-Kericho-Kisii, is seriously dilapidated. However, the section of the road from Naivasha to Kisii is not Road B3. The classification of that section of the road in question, that is Naivasha to Mau Summit, is A104; Mau Summit to Kericho is B1, Kericho to Sotik is C23 and Sotik to Kisii is B3.

(b) I am also aware that a number of fatal accidents have happened on that road, and may partly be attributed to the present condition of the road.

(c) Routine maintenance funds will be applied during the 2003/2004 Financial Year for repairs and maintenance of the road to prevent further deterioration and to enhance road safety.

Mr. Angwenyi: Could the Assistant Minister tell us how much money has been set aside for the so-called routine repairs and maintenance of the road for this year?

Eng. Toro: Mr. Speaker, Sir, if I may mention some sections where we have allocated the money, I would like to inform the hon. Member that the 30-kilometre section from Sotik to Keroka on Road B3, within Nyamira District, has been earmarked for resealing and allocated Kshs30 million this Financial Year, 2003/2004. In the Financial Year 2004/2005, Kshs70 million has been allocated for this road.

Mr. Angwenyi: Mr. Speaker, Sir, I specified the Naivasha-Nakuru-Kericho-Kisii Road. I called it B3 because it lacks road furniture. You cannot know whether it is C3, A01 or 104. I only saw B3 in Kisii and that is why I called it OB3. Could the Assistant Minister tell us how much money has

been allocated for A104, B1, C3 and B3 which he has given me for this financial year and for the following year for repairs and maintenance on this killer road?

Eng. Toro: Mr. Speaker, Sir, I understand hon. Angwenyi's concern because he uses this road every weekend. The Naivasha-Nakuru Road will be rehabilitated and it will soon be advertised under the World Bank funding. Our Resealing Unit No.5, is currently undertaking pothole patching to 136 kilometres from Naivasha through Nakuru to Mau Summit and Kamara Road. That is A104 and it is supposed to cost Kshs18.3 million to avoid further deterioration and then maintain enhanced road safety. The Resealing Unit No.4 is currently attending to pothole patching on the Mau Summit-Kericho Road and that is B1; 29 kilometres from Kericho through Litein to Kaplong, which is C23, is fairly in good condition; 30 kilometres from Netamayu to the Kisii section of B3 was recently resealed under the Rural Emergency Programme by Thikri Construction Company.

Mr. Speaker, Sir, as for the road furniture, when rehabilitation and repairs are going on, road furniture will be addressed.

Mr. Speaker: Next Question by Mr. Sasura!

Question No.364

STREAMLINING OF MARSABIT DISTRICT HOSPITAL MANAGEMENT

Mr. Sasura asked the Minister for Health:-

- (a) what action she is taking to provide drugs to Marsabit District Hospital and ensuring that staff report early on duty as required; and,
- (b) what further action she is taking to streamline the management of the hospital.

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

(a) Marsabit District Hospital is supplied regularly with drugs for the treatment of malaria, pneumonia, bacterial infections, chest conditions, diarrhoea, typhoid and other conditions. The last drug supply was received from Kenya Medical Supplies Agency on 14th August, 2003. Meru regional depot is well stocked to replenish any supplies as shall be required.

(b) The management of the hospital has been overhauled by the posting of a new Medical Officer of Health, Health Administrator, Nursing Officer, Clinical Officer and District Public Health Officer. The District Health Management has been instructed to take disciplinary action against any reported cases of lateness.

Mr. Sasura: Mr. Speaker, Sir, definitely this Question has been overtaken by that particular event of supplying of drugs to this hospital because, when I filed it, there were no drugs in that hospital. However, that notwithstanding, could the Assistant Minister tell us the cause of the shortage of drugs in this hospital? Most of the clinics in Marsabit Town are owned by the same staff working in this hospital. Could the shortage of drugs be occasioned by the prescriptions made by these clinical officers to patients to go and buy drugs from their clinics? Or is it that they are not supplying drugs that are in the store because patients are being told that there are no drugs in the hospital?

Mr. Konchella: Mr. Speaker, Sir, the current regulations do not allow staff in the Ministry of Health to operate their private clinics. If any of them is doing so and taking drugs from the hospital to go and sell, then that is a criminal offence. Those involved should be reported to the police and the culprits dealt with accordingly.

Mr. Bahari: Mr. Speaker, Sir, listening to the answer by the Assistant Minister, he said that drugs have been supplied to Marsabit District Hospital regularly. Could he produce a schedule of that regular supply of drugs so that we can be satisfied that a proper supply has been in place because the Questioner had previously complained and confirmed that there were no drugs in that hospital?

Mr. Konchella: Mr. Speaker, Sir, hospitals are supplied with medical kits which are

supposed to last one hospital a minimum period of three months. They are replenished as they get used by virtue of the prevalence of that particular disease at that time. So, in a matter of tabling it, we have a schedule that is based on the usage rate or on the demand of the hospital based on the usage of that particular drug.

Mr. Sasura: Mr. Speaker, Sir, there are two problems in Marsabit District Hospital. The first one is that since most of the staff who are employed there own their own clinics, they open these clinics first and then come to the hospital at about 10.00 a.m. The second problem is the shortage of drugs and this is because of the deliberate prescription of drugs that are not in the hospital.

Could the Assistant Minister send a team of inspectors from the headquarters to go and find out exactly what is happening on the ground?

Mr. Konchella: Mr. Speaker, Sir, I have directed the Director of Medical Services (DMS) to send an inspection team to go and audit the hospital and also carry out an investigation of clinics around it and should any be found to be selling drugs from the hospital, those concerned will be arrested and their clinics will be closed.

Mr. Speaker: Next Question by Mr. Ndolo!

Question No.488

CAPACITY OF CITY MORTUARY

Mr. Ndolo asked the Minister for Local Government:-

- (a) what the capacity of City Mortuary is; and,
- (b) under what law private funeral homes operate.

The Assistant Minister for Local Government (Mrs. Bett): Mr. Speaker, Sir, I beg to reply.

- (a) The capacity of City Mortuary is 116 bodies per day.
- (b) The Question should be directed to the Ministry of Health since the licensing and regulating of funeral homes fall under them.

Mr. Ndolo: Mr. Speaker, Sir, while thanking the Assistant Minister for that answer, you have heard that the capacity of City Mortuary is 116 bodies per day. However, when you visit that mortuary you will be shocked to find that bodies are piled as if they are in a *matatu*. Could she tell us whether they are going to expand the capacity of City Mortuary? Secondly, when was that mortuary built?

Mrs. Tett: Mr. Speaker, Sir, I did not hear the last question but---

Mr. Speaker: When was the mortuary built?

Mrs. Tett: Mr. Speaker, Sir, the mortuary was constructed in 1959 and the average occupancy at the City Mortuary at the moment is 400 bodies per day. I agree with the hon. Member that the mortuary is congested.

Mr. Speaker: What are you doing about it?

Mrs. Tett: Mr. Speaker, Sir, contractors are on site. With the help of USAID, the mortuary expansion is going to cost Kshs14 million. We are expanding the mortuary to cater for all those dead bodies.

Mr. Sungu: Mr. Speaker, Sir, since death has become the most rapidly expanding business in Kenya, could the Assistant Minister undertake to carry a similar construction of mortuaries in Kisumu, where the Government's mortuary at the New Nyanza General Hospital is too congested, Kakamega and other towns in the Republic?

Mrs. Tett: Mr. Speaker, Sir, we have already started doing that and we are looking at all the mortuaries, not only in Kisumu, but in other parts of the country.

Mr. Ndolo: Mr. Speaker, Sir, there is a special private wing at the City Mortuary. Could she tell us who owns that private wing?

Mrs. Tett: Mr. Speaker, Sir, it is true that we do have a private wing which has a capacity of 20 bodies. It is supposed to have started functioning in May, this year, but it has not been opened. It is owned by the City Council of Nairobi and it is an extension of the private wing.

Question No.336

NATIONAL PARKS BENEFITS
TO LOCAL RESIDENTS

Mr. Ndile asked the Minister for Environment, Natural Resources and Wildlife:

(a) whether he is aware that Kibwezi Constituency borders Tsavo East, Tsavo West and Chyulu National Parks, but the local community is not benefitting from the revenue generated from these parks;

(b) what measures he is taking to ensure that Makueni residents benefit from the parks' income; and,

(c) if he could state the exact boundaries of Chyulu National Park and table the maps of the park.

The Assistant Minister for Environment, Natural Resources and Wildlife (Prof. Maathai): Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware that Kibwezi Constituency in Makueni District borders Tsavo East, Tsavo West and Chyulu National Parks. There is no provision in the current Wildlife Conservation and Management Act of 1989, Cap 376, to share the gate revenue with any stakeholder. However, Kenya Wildlife Service (KWS) through the Wildlife Development Fund has funded various projects including both Tsavo West and Tsavo East and Chyulu National Parks to benefit the local communities.

(b) The communities living adjacent to Tsavo West, Tsavo East and Chyulu National Parks benefit from projects funded by KWS. Through the Wildlife Development Fund, KWS has funded several projects in Makueni, including Ngiluni Dispensary and Yimbuvu Primary School. As of now, two tenders have been floated to have the two institutions completed at a cost of Kshs2,382,405 and Kshs1,027,105 respectively.

(c) The Chyulu Hills are situated 190 kilometres south east of Nairobi and 30 kilometres southwest of Kibwezi. The park boundary runs down the centre of the hill along the line of the peak. The total acreage of the park is 73,427 hectares. The map of the park showing its boundary is hereby tabled.

(Prof. Maathai laid the map on the Table)

Mr. Ndile: Ahsante sana Bw. Spika,---

Mr. Speaker: Order, Mr. Ndile! Your Question is in English. You must proceed in English!

Mr. Ndile: Ahsante sana Bw. Spika kwa--

(Laughter)

Kwa sababu nilikuwa nimeongea kwa Kiswahili, nitaendelea kuongea kwa Kiswahili. Yangu nikusema kwamba najua Waziri Msaidizi anapenda miti sana. Sijui kama pia anapenda miti ya kienyeji au anapenda ile miti mingine kama miembe inayopandwa mashambani.

Bw. Spika, Wakamba wameharibiwa miti yao na ndovu. Sisi Wakamba tumejipatia njia nyingine ya kujipatia riziki kupitia uchongaji wa sanamu. Lakini haturuhusiwi kuingia kwenye mbuga

za wanyama. Ni lini tutanufaika kutokana na mbuga hizi za wanyama wakati ambapo ndovu wanatuharibia mimea yetu? Ni nini Wizara itatufanyia angalau nasi tufaidike hata kama ni kukata miti michache?

(Applause)

Prof. Maathai: Mr. Speaker, Sir, as I said, there is actually no provision in the Act allowing for benefits to go to the communities. However, KWS, in appreciation of what the hon. Member is raising, has formed a fund which is supposed to support the communities. They should apply to KWS.

Mr. Speaker, Sir, with respect to the trees, what we are trying to do is to encourage communities not to use the indigenous trees and vegetation which destroys the habitat, but instead to participate in planting of trees, especially, the exotic ones which can be used for carvings without much loss to the local biodiversity.

Mr. Ndambuki: Mr. Speaker, Sir, Kibwezi has permanently, year in, year out, been terrorised by wild animals especially elephants. For example, the people living in the location that borders Chyulu Hills, are really in a very serious state of famine. Could the Minister assure this House that she is going to put up an electric fence to stop the wild animals from destroying crops?

Prof. Maathai: Mr. Speaker, Sir, the issue of fencing in the animals has been coming up occasionally in this House. What we have said is that while it is possible and desirable in some areas to put up electric fences, it is impractical to put up fences all around our national parks. What the Ministry is trying to do is to ensure that local communities benefit from the wildlife that is in their area. When we were discussing the Vote of this Ministry, we did say that we want an allowance for compensation to ensure that local communities benefit. We believe that if there is enough understanding between the communities and the KWS and if the local communities really benefit from the income from the national parks, there will be an understanding and the local communities will value the wild animals. They will not look at them as enemies.

In the meantime, where it is absolutely necessary, we will have to put up fences.

Mr. Ndile: Bw. Spika, nimemsikia Waziri Msaidizi akieleza hili Bunge kwamba ingefaa tuwaeleze watu wetu wajifunze kutumia miti waliyoipanda wala siyo ile ya kienyeji. Ni nini Waziri Msaidizi atafanya kuwafunza ndovu wasitumie miti ya kienyeji bali watumie ile ambayo watu wamepanda? Utafanya nini ili uongee na hao ndovu?

(Laughter)

Prof. Maathai: Mr. Speaker, Sir, I must confess that I did not get everything hon. Ndile said. Would he, please, repeat?

Mr. Ndile: Bw. Spika, unajua kuna swali hapa lakini kuna wale ambao hawaelewi Kingereza. Kwa mfano, kuna mmoja ambaye alikuwa anafundishwa na Bw. Spika. Vilevile kuna mwingine ambaye hawezi kuelewa Kiswahili.

(Laughter)

Mr. Spika: Unasema nini mhe. Ndile?

Mr. Ndile: Bw. Spika, Waziri Msaidizi amesema kwamba ingefaa tuwafundishe watu wetu kutumia ile miti ambayo wamepanda kwa kuchonga sanamu. Nami ninamwuliza ni nini atafanya kuwafundisha ndovu wasitumie ile miti tumepanda bali watumie ile ya kienyeji? Wameitumia na hali hakuna chochote wanachotusaidia nacho. Atafanyeje kuwafunza ndovu wasitumie miembe, michungwa na miti mingineyo ambayo tumepanda bali watumie ile ambayo iko kwenye msitu?

(Laughter)

Prof. Maathai: Mr. Speaker, Sir, I wish I could talk to the elephants, but on a serious note, I do not think that I have any way of convincing the elephants not to eat the trees the people plant. What we would like to---

Mr. Mwandawiro: Jambo la nidhamu, Bw. Spika.

Mr. Speaker: What is it Mr. Mwandawiro?

Mr. Mwandawiro: Bw. Spika, hili swali ni muhimu sana na tumeambiwa hapa kwamba hakuna sera zozote madhubuti za kuhakikisha kuwa wananchi wanaopakana na mbuga za wanyama pori za Tsavo Mashariki na Tsavo Magharibi wananufaika. Je, ni haki kwamba Serikali ikijua hivyo na wananchi wa Taita-Taveta na Makueni wameumia kwa muda mrefu, kuwa hakuna hatua madhubuti zinazochukuliwa na Serikali?

Mr. Speaker: Hilo ni swali!

Mr. Speaker: Order! Order, Members! Order! When we end Question Time and we call for the next Order and then there is an exodus of Members, actually leading to the disruption of even the next Order, that is not a very good thing.

I am pleading with the Members who wish to leave after Question Time to at least hear what the next Order is. Let it be read, and then once we begin on the proceedings of that Order, please withdraw quietly. I do not stop you from withdrawing, but please do not disrupt the House.

Let us proceed with the next Order.

COMMITTEE OF SUPPLY

*(Order for Committee read
being 17th Allotted Day)*

MOTION

THAT MR. SPEAKER DO NOW
LEAVE THE CHAIR

Vote 22 - Ministry of Co-operative Development and Marketing

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): Thank you, Mr. Speaker, Sir.

I beg to move that Mr. Speaker do now leave the Chair to enable me initiate debate on Vote 22 - Ministry of Co-operative Development and Marketing.

Mr. Speaker, Sir, the co-operative movement plays an important role in the country's economic growth and development in terms of mobilizing savings, availing credit facilities to members and marketing of agricultural goods and other products. This significantly contributes to foreign exchange earnings, employment and wealth creation.

Mr. Speaker, Sir, the co-operative sector represents an important economic channel through which a majority of Kenyans can economically and socially be empowered. This is because co-operative societies thrive on economies of scale and means of mobilization and play a key role towards achievement of poverty reduction in the country.

The Ministry was re-constituted in January, 2003, and it is charged with the following responsibilities: Co-operative policy and implementation, co-operative registration and extension services---

Mr. Mganga: On a point of order, Mr. Speaker, Sir. Every time we discuss such an important matter of the Budget, it is normal that such a Minister presents the Budget of his Ministry when his officers, led by the Permanent Secretary (PS) are present here to take notes. But for the first time, we notice that the officers are not here. Is that in order?

Mr. Speaker: Order! Order! Order! There is really nothing in the Standing Orders that says that the officers should be here, but the practice, good sense and respect of the House demands that the Minister comes together with his bureaucrats so that they can actually understand what the House is saying, weigh the mood of the House, and if necessary, also assist the Minister through consultation. I encourage this to continue. I do not know **[Mr. Speaker]** why they have forsaken you, Mr. Ndwiga. Why have they forsaken you?

(Laughter)

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): Mr. Speaker, Sir, I am sure that the civil servants are somewhere around, but I appreciate the observation by my colleague here because we need the civil servants to take notes and read the mood of the House. I believe that they should be here any time. They must be somewhere within the precincts of Parliament.

Mr. Speaker: Very well, we appreciate your punctuality. What we cannot appreciate is their laziness.

(Laughter)

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): Thank you, Mr. Speaker, Sir. We shall attend to that as soon as we leave the House.

I was elaborating the functions and responsibilities of the Ministry, which include co-operative policy and implementation, co-operative registration and extension services, co-operative education and training, co-operative financing policy, co-operative savings, credit and banking services policy, co-operative governance, co-operative tribunal, co-operative college, co-operative marketing including value addition processes and promotion of co-operative ventures.

Mr. Speaker, Sir, the co-operative movement in Kenya started in 1908 when the first society was registered. By the end of 2002, there were 10,184 registered societies out of which 46 per cent were agricultural societies dealing with various produce such as coffee, dairy, fishery, pyrethrum and cereals. While 38 per cent were Savings and Credit Co-operative Societies (SACCOs) and 15 per cent were made up of other types of co-operatives such as handcrafts, housing, transport services, consumer and multipurpose co-operative societies. Indeed, the Government has supported the growth and development of the co-operative movement through various policies and legislations. The Co-operative Societies Act No.12 of 1997 substantially limits the role of the Government in the day-to-day management of co-operative societies. The role of the Government is largely regulatory and facilitative, and aims at creating a conducive environment for the development of an autonomous and member-driven co-operative movement.

Mr. Speaker, Sir, the co-operative sector has mobilized an estimated Kshs71 billion, which accounts for 34 per cent of the national savings, and contributes significantly to the Gross Domestic Product (GDP). By the end of the year 2002, the membership of the movement was estimated at about 5,700,000 with a turnover of Ksh15 billion per annum. It is estimated that 63 per cent of the Kenyan population derive their livelihood, either directly or indirectly, from co-operative societies. The movement employs 250,000 workers in addition to the gainfully employed farmers.

The major services provided by the co-operative movement include banking, savings mobilization, farm input and supply, credit facilities, transportation, agro-processing and marketing,

educational and training of management committees and staff members. Under the liberalized economic framework, the co-operatives are expected to shoulder their responsibilities, become commercial and autonomous member-controlled organizations. However, recent performance of the co-operatives under the liberalized economy has continued to decline due to loss of market share. To date, the co-operatives are undergoing a turbulent period trying to adjust to the liberalized economy. Consequently, co-operatives have been unable to cope with the contemporary complexities of the emerging global markets. These problems have worsened the poverty of their members.

Nevertheless, over the past few years, the sector has made important strides and major achievements, which include the promotion and registration of additional co-operative societies, a majority of which are SACCOs; promotion of various types of co-operatives and increasing the diversity of their services such as the emergent of Front Office Saving Account Services (FOSAs) and the establishment of a co-operative tribunal that strives to normalize and stabilize the movement through settlements of disputes.

Mr. Speaker, Sir, the excitement brought about by liberalisation and the Co-operative Societies Act No.12 of 1997, occasioned by the repeal of the Co-operative Societies Act, Cap.490, has calmed down. The movement has now realised that with the challenges of liberalisation, societies have to be efficient in order to survive in the market economy. The co-operative sub-sector is faced with the following constraints.

- (a) Lack of an effective and enabling legal environment due to the existing legislation.
- (b) Lack of affordable credit facilities.
- (c) Inadequate education and skills among co-operative societies members.
- (d) Inadequate resources to provide co-operative extension services.
- (e) Mismanagement of co-operative societies.
- (f) Unviable co-operative societies that are unable to meet the members' demands, for example, credit.
- (g) Indebtness of co-operative societies to financial institutions.
- (h) Conflicts among the members of co-operative societies.
- (i) Centralisation of the Co-operative Tribunal.
- (j) Lack of a comprehensive policy on co-operative societies management information systems.
- (k) Poor rural infrastructure.
- (l) Weak marketing systems.
- (m) Inadequate institutional capacity for monitoring and evaluation.

Mr. Speaker, Sir, in order to revitalise the co-operative movement to enhance the societies' performance, my Ministry will focus more attention on the following issues:- Improving and strengthening extension services. Due to the liberalisation of the economy, the co-operative movement has now realised that it needs advisory and extension services from the Ministry more than ever before. Thus, the role of the newly reconstituted Ministry will be of paramount importance in the operations of societies in order to manage their affairs efficiently. My Ministry will further endeavour to build the capacity to manage the co-operative movement through training programmes offered by the Co-operative College of Kenya. The Ministry will also revitalise the co-operative movement by soliciting for technical assistance and facilitating access to affordable credit, farm inputs and effective marketing of co-operative produce and services.

The rapidly changing economic environment, coupled with changes in Government policy have led to the review of the legal and policy framework governing the co-operative societies, with particular focus on governance and economic viability. The review of the Co-operative Societies Act, No.12 of 1997, commenced in the year 2002. That was halted when Parliament was dissolved in October, 2002. However, I am glad to report that my Ministry revived this exercise in January this

year through stakeholder consultations countrywide, culminating in the drafting of the Co-operative Societies (Amendment) Bill, 2003. This stems from the fact that the Ministry requires to urgently address the proliferation of disputes arising out of leadership wrangles, societies' sub-division into uneconomic units, supervising the conduct of liquidations, safeguarding members' savings and improving the general operations of the SACCO societies. Mr. Speaker, Sir, in order to adequately approach the matter of co-operative administration and regulation, my Ministry considers that there ought to be a further review of the co-operative development policy to direct the operations within the co-operative sub-sector. The Ministry has constituted a committee to review Sessional Paper No.6 of 1997 on co-operative societies in a liberalised environment. There is a high demand to establish regional tribunal benches and, therefore, the Ministry has planned that during the year 2003/2004, the Co-operative Tribunal will be decentralised to three regions located at Mombasa, Nakuru and Embu. Further expansion to other regional centres is being contemplated in the subsequent fiscal years. The Co-operative College of Kenya offers diploma programmes in co-operative management among other courses in the co-operative movement. The college needs to modernise its hostels to attract high calibre executives for seminars and workshops to generate revenue for self sustainability. The college plans to increase its current capacity and diversify the courses. Furthermore, plans are at an advanced stage to have the college offer degree programmes in collaboration with one of our national universities. There is an urgent need for the Ministry to renovate and construct offices for its field staff. This is because the Ministry's staff are currently accommodated in congested offices.

The formidable challenges facing the co-operative movement are being addressed, and the Ministry will relentlessly continue to address them in the current financial year. Accordingly, the Ministry intends to redirect its orientation and activities in an effort to achieve the desired goals and objectives. Over the Medium-Term Expenditure Framework (MTEF) period, the Ministry intends to undertake the following activities.

(a) Build the capacity of co-operative societies to improve their managerial skills and strengthen the marketing systems.

(b) Build capacity and provide incentives to co-operative societies to enable them provide farm inputs and credit facilities to the farmers.

(c) Enforce the provisions of the revised Co-operative Societies Act.

(d) Decentralise the Co-operative Tribunal to speed up the process of dispute resolution.

(e) To strengthen extension services, especially to weak co-operative societies to promote production and marketing.

(f) Review the co-operative policy with specific emphasis on good governance and the regulation of the co-operative financial institutions.

(g) Provide more education and training programmes to co-operative society members.

Mr. Speaker, Sir, specific targets to be realized include the following: finalization of the review of the Co-operative Societies Act, mandatory wealth declarations by the society officials, discourage further sub-division of societies into economically unviable levels, promotion of improved leadership in the management of the societies, decentralize a tribunal that is accessible to many co-operators, increase prosecution of offenders under the Act, regular audits of the societies, improved implementation of the enquiry reports, enhanced co-operative education and training, increase support to agro-based co-operatives to market members' produce and developing comprehensive financing policies for co-operatives.

Mr. Speaker, Sir, let me now turn to the purpose of the day. The Ministry of Co-operative Development and Marketing is newly reconstituted and its gross budgetary requirements for the financial year 2003/2004 will take into consideration the need for increased establishments in terms of personal emoluments, administration,

field services in the districts and grants to the Co-operative College of Kenya.

Mr. Speaker, Sir, under the general administration and planning at the headquarters, Head 571, the Ministry is asking for Kshs200,856,510. This amount will be used to finance the administrative and planning functions of the headquarters as a department of the Ministry.

Mr. Speaker, Sir, on planning and feasibility studies, the Ministry is asking for Kshs14,125,973, under Head 705. This money will be used on conducting feasibility studies to establish viability of development programs and projects aimed at reviving the co-operative movement in the country. In addition, parts of the provisions will be utilised on policy formulation and analysis, information management, project development, appraisal, monitoring and evaluation, and economic review of the co-operative sub-sector.

Mr. Speaker, Sir, the Ministry aims to strengthen the co-operative tribunal so as to have speedy rulings and judgements, to avoid situations where cases filed by members take long to be heard, thereby delaying justice for the stakeholders. Plans to establish regional bases to enhance this process have been put in place. To achieve the intended objectives of the tribunal under Head 587, the Ministry requires Kshs10,025,778.

Mr. Speaker, Sir, the Registrar of Co-operatives undertakes registration of co-operative societies. The department also serves as the regulative, investigative and inspectorate arm of the Ministry to ensure respective societies conform to their by-laws and the Co-operative Societies Act. This aims to remove corrupt leadership in societies. Registration services under Head 589 require Kshs14,976,165.

The office of the Commissioner for Co-operative Development is responsible for growth and development of the co-operative movement. Due to the varied activities and the Government's stated objective to revitalise the co-operative movement in the country, to bring it to a level of being a major contributor to the economy, the Ministry requires Kshs26,779,469 under Head 706.

The Ministry aims to enable the field officers, both at district and provincial levels to be able to offer professional extension services to co-operative societies and to enhance their performance and productivity. This will be achieved if the Ministry is provided with Kshs66,471,886, under Head 708. The district co-operative extension services render the requisite services and meet the immediate extension needs of societies in the districts. Under Head 709, the district co-operative extension services require Kshs251,766,772.

Mr. Speaker, Sir, for co-operative societies to perform to the satisfaction of their members, meet the set performance parameters and obligations, the Ministry keeps a close and keen eye on their financial performance through the co-operative audit services department. It is a planned strategy for the Ministry to have continuous audits and registration of accounts for societies carried out to forestall any misuse of member's finances. For this exercise to be undertaken, the Ministry requires Kshs56,769,030, under Head 710.

[Mr. Speaker left the Chair]

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

The Ministry has auditors based in each province and their mandate is to co-ordinate district audit services. Under Head 823, the Ministry requires Kshs11,463,062. Mr. Temporary Deputy Speaker, Sir, the district co-operative auditors carry out periodical audits of co-operative societies to forestall any financial mismanagement and misappropriation of society funds. This serves as a check to corruption, unplanned and unauthorised expenditures as well as effecting financial discipline and cost cutting measures geared towards enhancing performance and productivity of the co-operative

sub-sector. The district co-operative audit services, based at each district throughout the country, requires Kshs15,305,715, under Head 824.

Mr. Temporary Deputy Speaker, Sir, the Co-operative College of Kenya based at Karen under this Ministry has its Act. The Co-operative College Act of 1995 was enacted by this Parliament to create semi-autonomy for the institution. The Act became operational in 1999. To date, however, the college continues to receive grants from the Ministry. During this financial year, the Co-operative College will require Kshs72,771,667.

Mr. Temporary Deputy Speaker, Sir, under the Development Estimates, the Ministry requires a total of Kshs65,026,000, with an Appropriation-In-Aid (A-I-A) of Kshs3,450,000 making a net expenditure of Kshs61,576,000.

Mr. Temporary Deputy Speaker, Sir, before I make my concluding remarks, I wish to bring to the attention of hon. Members, the fact that my Ministry's functions have been expanded to include co-operative marketing, which includes value-addition processing, promotion of co-operative ventures and co-operative governance. This will require additional resources. The additional resources required, however, shall be tabled during the presentation of Supplementary Estimates.

In conclusion, I wish to assure hon. Members that my Ministry will be guided by the mission of facilitating promotion and development of a sustainable co-operative movement through registration of societies, development and implementation of co-operative policy and legislation, provision of quality extension services, settlement of co-operative disputes and provision of co-operative education and training. The positive role of the co-operative movement that I have mentioned requires that we work even harder to strengthen the sub-sector and enhance the performance of co-operative societies.

I beg to move and ask Dr. Kituyi to second the Motion.

The Minister for Trade and Industry (Dr. Kituyi): Thank you very much, Mr. Temporary Deputy Speaker, Sir, for the opportunity. I wish to second the Motion moved by the Minister for Co-operative Development and Marketing.

Mr. Temporary Deputy Speaker, Sir, I was sitting here and wondering how a Ministry so critical to rural enterprise could have its Vote being debated, and most of the hon. Members representing the rural folk have walked out of the Chamber. Under normal circumstances, if we are committed to economic growth in the countryside---

The Temporary Deputy Speaker (Mr. G.G. Kariuki): Order! I did not see hon. Members walking out of the Chamber.

The Minister for Trade and Industry (Dr. Kituyi): Well obviously, Mr. Temporary Deputy Speaker, Sir, you did not see.

If we really care about the growth of rural enterprise, apart from adding value to our economy, we would think about linkages between savings, culture, investible capital in rural areas and the democratization of economic enterprise. These are processes that can only develop in this country on the basis of the revival and strengthening of the co-operative movement in this country.

Mr. Temporary Deputy Speaker, Sir, one of the most interesting books I read from the last Century, is a book written in the 1950s by Marshal Salin called, *Stone Age Economics; the Original Affluent Society*. In this book, the argument is the following: That in societies which have been operating before the arrival of modern money or all time money, the society has the problem of disposing of surpluses. The successful are forced to invest success into prestige things like marrying more wives, throwing very generous drinking parties or making very pompous trips to Mecca for the Hajj. And people start assuming that to be good, you must be generous and give away everything you produce. When such societies transcend to modern society with non-perishable money, any person who wants to save and accumulate surpluses into investible capital is called names; he is a thief, he is greedy, he is not generous, he is even a witch or he is mean. Many have had to leave their geographical locations to go to other areas in order to break the social obligations, in order to save.

Mr. Temporary Deputy Speaker, Sir, the co-operative movement is the most critical institution for disguising thrifts and allowing the successful to accumulate and invest. Left to the vagaries of the normal banking sector, rural enterprise cannot produce success stories from below. The stigma of culture and the ambiguity or evidence of success makes people unpopular in the village. If we want capitalism to grow in the countryside, we must let the co-operative movement to survive in the countryside. If you move away from savings through the co-operative movement, you see the phenomenon that the entire history of the banking sector in this country is a history of collecting all our earnings and putting them at the disposal of the rich. The banking industry is not by design created by the poor. It is not an association to bring people up. It is to take those who we think are trying to get up, collect their surpluses and make them available to the rich to become richer.

Mr. Temporary Deputy Speaker, Sir, if we want the benefits of modern banking to come back - because they were there before and they disappeared - to the countryside, the network of saving SACCOs and the branches of the Co-operative Bank in this country can play a critical role. They can play a critical role even to reduce middle men who are exploiting farmers. Let me give an example. In this country, there is something called the Sugar Outgrowers Association in the sugar-cane growing areas, which schemes off a lot of money from peasants by offering services at way above the market price. But if we had a working co-operative movement, with branches of the Co-operative Bank in every district where sugar-cane is grown, the peasants could have an account with the Co-operative Bank, go to negotiate tractor services and other services at the commercial rates and then give a note for invoicing at the Co-operative Bank. The payment to the farmer would be brought from the sugar company direct into the Co-operative Bank. This way, you exclude the middle men who are called outgrower societies that are making the cost of producing sugar so high in Kenya, that the business of Government is all the time being under pressure to protect the sugar-cane farmer. The co-operative movement can make a difference.

Mr. Temporary Deputy Speaker, Sir, my Ministry has been enjoined to an effort to resuscitate cotton farming in this country. I have negotiated access to more affordable ginneries, for example, with credit lines from the supplier countries of those ginneries. Unless the co-operative movement is strengthened again, the beneficiaries of this opportunity are going to be middle men, who will do like they are doing at Luanda Co-operative Society, where they buy cotton from farmers at Kshs7 when the Nairobi price of one kilo of cotton is Kshs27. If the co-operative movement survives and grows, it will start owning the next generation of ginneries in this country. It will start adding value to Kenyan production and making the programmes like AGOA make more sense to Kenyans than they are making today.

Mr. Temporary Deputy Speaker, Sir, in 1997, the hon. Minister for Co-operative Development was on the fore front - he was always one of our leaders on co-operative matters - of a debate in this House to amend the Co-operative Act. The reasons at the time were that there was too much political interference in the management of co-operatives. They were good reasons. The product we got partly solved that problem, but it saddled us with another problem. The capacity of people to steal through management of co-operative movement was enhanced by liberalization of management in the co-operative movement. If we have to be honest to ourselves, we will not rein in the thieves in the co-operative movement unless we amend some of those amendments we introduced in 1997, in the Co-operative Act. We should look forward to a year where this House can look at this again. There are many Acts where good intentions have been marred by shortsightedness and, belatedly, we see an example in the Co-operative Act. If we are to do anything about reining in irresponsible criminal leadership in the co-operative movement, we have to amend that Act again.

Mr. Temporary Deputy Speaker, Sir, we have an anomaly in the co-operative movement here. If Africans produce very many presidents who are dictators, the world thinks that all African presidents will be dictators. Similarly, if parastatals are all the time led by thieves, people think that

parastatals will always be led by thieves. Bad leadership has given the co-operative movement a bad name. The co-operative movement is a great name. It has a great potential. It is a great institution. It has a role to get genuine Kenyans to participate in any economic boom coming. As we look towards concessioning the construction of public houses and toll roads, the Co-operative Bank can leverage co-operators' savings in that long term institution.

Mr. Temporary Deputy Speaker, Sir, I very much want to congratulate the Ministry for their participation in joint bidding for the third service provider in cell phone telephony, but beyond that, there are so many opportunities. The co-operators have enough resources to leverage investment in infrastructural revolution in this country. Let us not export value from this society, because of our inability to fashion the most important vehicle available to us; to do what is good for the country.

I am a proud member of the Parliamentary Co-operative Society (SACCO), which I know has not been tainted by corruption. I think all the Parliamentarians who are Members of the SACCO have looked at how to do it and we are very satisfied with the way we have done it. It should form our own perceptions on how to advise the retooling of the co-operative movements and particularly the co-operative SACCOs. The hon. Member reminds me that he was the secretary of the Co-operative SACCO, a job that I strongly recommend to hon Mr. Biwott because he has been a man of thrift and can help us in sound judgement on the sound investments of members' savings.

Mr. Temporary Deputy Speaker, Sir, I think it is important that the political leadership across the political divide in this country is faced by the responsibility of how to retool the co-operative movement, how to return it as the centre and engine to revive this economy, and transferring some of the value from its growth to the pockets of the peasants of this country, and to the pastoralists. We cannot forever look for external sources or financial agencies in the private sector, as our basis for capital. In fact, such capital goes to areas which are least need of it.

It is only institutions which are responsive to rural concerns that can help us; institutions which we know have had a history of success.

Many of us went to school because of the successful effort by the co-operative movement. If our much less literate leadership then, could fashion the co-operative movement and manage to create opportunities for some of us, why should there be an inverse relationship between the more educated society and the more incompetent management of the co-operative movement? Why should the greed of individual competitors within the co-operative movement blind our collective responsibility to fashion what vehicle is most democratic in spreading the gains to the society that we belong to?

With those many remarks, I beg to second the Motion.

(Question proposed)

Mr. Muiruri: Thank you, Mr. Temporary Deputy Speaker, Sir. I stand to support this Motion. The Minister for Co-operative Development has a lot to do.

As a Member with a lot of experience in the co-operative movement, I know he has a lot of work to do. At one time in the early 80's, the co-operative movement was something to be proud of. It held more than 40 per cent of the Kenyas economy. It was something to be proud of and especially in the coffee industry whereby in the rural areas, all the people were proud of their production. You would hear somebody boast in a pub: "Do not talk to me. I have 30,000 kilos of coffee. How much do you have?" That meant the person had money.

As we progressed in the 80's somebody called Afric Birgen was appointed the Commissioner for Co-operatives. This man went round breathing fire, firing and hiring. He acted like a semigod and in the process, he totally destroyed the good management of the co-operatives. He was so proud that he acted without any fear. He had political protection, and was everything.

In the process, a lot of political interferences started ruining and politically damaging the

co-operative movement. The members of staff were at his mercy. He would go to a co-operative society, fire and dismantle the entire management committee, and fire all the district co-operative officers. Everybody would be fired. That was the beginning of so many bad things to come.

As we went on, the main bulk of the coffee co-operative movement went down. At that time, we had about 240,000 tonnes of coffee as the annual production. As we talk now, I think it is about 40,000 tonnes. Coffee is going to be extinct. The kind of money that was realised then was about Kshs16 billion. Now, I do not know how much it is because it is almost nothing. People deliver coffee to their society, it is taken to the millers, for marketing and the turn over is nil. That is the position now.

In the process of what Birgen was doing, some very crooked people found themselves in leadership in the co-operative movement, especially the Coffee Board of Kenya. The Coffee Board of Kenya is what again totally destroyed the coffee industry. Sometimes people say that the former President Mr. Moi ruined the economy. I do not believe that because I know the people who were there and some are still there. They then formed a cartel which would ensure that they were not retired. There were five delegates who managed the coffee industry.

One only required 18 people to be a director of the Coffee Board of Kenya. With 18 people, they could be corrupt, after they were given money. The Board had people like Abraham Mwangi who was the Chairman of KPCU, the Director of the Coffee Research Foundation, the Director of Coffee Board of Kenya, the Chairman of Kenya Coffee Marketing Committee, the Chairman of Kenya Coffee Research Committee, the Chairman of almost everything including mild coffee association. He was everything!

This man is reported in both the audit report of the Coffee Research Foundation and in the Coffee Audit Report that he had stolen millions of coffee farmers' money. When the farmer is rotting and cannot even pay his childrens' school fees, that one particular man destroyed the coffee industry.

Mr. Temporary Deputy Speaker, Sir, I have just come from Columbia accompanied by the Assistant Minister for Co-operative Development and Marketing. Kenya now cannot talk about coffee because we have no production whatsoever. Vietnam now is the third world largest coffee grower in the world and there was war in Vietnam the other day. It is with this in mind that I am urging the Minister to revive the coffee industry. We had unions in Murang'a District that everybody was proud of. We also had Kiambu Union which had invested in milling industries. It was something to be proud of and now they are no longer there. Most of the co-operative societies are highly indebted. I wish the Minister would listen to this.

The co-operative societies are highly indebted and especially in various loans like SCIP and other types of loans like building and electricity loans that they cannot afford to pay back. Instead of Treasury allocating about Kshs5 billion to the National Bank of Kenya, instead of the Treasury recovering the Ksh21 billion which is outside there with debtors that I know. The money is outside there with even Members of this House and I do not want to name them. If the Treasury can give Ksh5 billion to the National Bank of Kenya, why not do the same to the Co-operative Bank and write off all the debts which are owed to the poor person who has nothing to do with the present problems and especially in the coffee industry?

So, I would ask the Minister and his colleague in the Treasury to undertake to write off all the debts incurred by coffee farmers everywhere in this country, so that they can be able to move forward. The only way forward is for the Minister to revive the co-operative sector. We had big unions like the Nyeri Co-operative Union, Murang'a Co-operative Union, Kiambu Co-operative Union, Kirinyaga Co-operative Union, Bungoma Co-operative Union and Nandi Co-operative Union which were well managed. We need to revive those giant co-operative societies. They collapsed due to political interference and it started with the previous Government which dismantled all those well managed co-operative societies. They broke them into small units that cannot survive economically.

Mr. Temporary Deputy Speaker, Sir, the current situation is that the societies we have now cannot even pay their own employees. Their property such as office furniture, equipment, machinery and pumps are being attached over small court cases. The Minister has a lot of work to do to sort out this problem. When the new Co-operative Act is in place, the only way out of it is to dismantle all those uneconomic societies and bring in new ones, preferably making it one society per every division. We should bring in very good management consisting of people who are learned and committed christians and then we can pump money into those societies. In the process, anybody who will be elected as a member of a co-operative union must also secure his election by surrendering a security to ensure that if he embezzles farmers' money, then his security will be taken. That is the only way to ensure that we have good people in charge of the co-operative societies. There is no point of people ruining the societies, running away and ordering elections after elections. That will never work. That person will always secure a loan in the bank, in the same way. If a man is entrusted with those millions of shillings that belong to the poor farmer, he must secure it in the manner I have just talked about.

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

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

Mr. Temporary Deputy Speaker, Sir, as we try to put the co-operative movement in place, we must also consider other areas like the Co-operative Bank of Kenya. The Co-operative Bank was established particularly to assist the co-operatives and not any other persons. That is why the bank was established. The bank was established by His Excellency the President, Mwai Kibaki and he knows that it was put in place to assist the co-operative movement. As we are talking now, it has been invaded by corrupt individuals. Some of the board members in the Co-operative Bank now are not people to be trusted at all. They also operate like a cartel in such a manner that if you want to move in and participate in an election, they will never allow you. They will bring in unorthodox obstacles saying that your form is not properly filled. They have a lot of reasons to rig somebody out.

The same Co-operative Bank has also given guarantees to three coffee marketers known as Mukema(?), Large and Small, and Allied Coffee which belongs to that crooked person called Abraham Mwangi. There has been a guarantee of Kshs1 billion over a company established about two years back. The company has no assets. It has no deposit of a similar amount as the Co-operative Bank, yet the Co-operative Bank has shamelessly given a guarantee of Kshs1 billion to these three marketing companies. I am urging the Minister not to allow that. God forbid! Do not allow that kind of thing to happen.

I will ask the Minister to investigate and find out how come those people were given a guarantee of Kshs1 billion. What do they have without security? They came up to say that the security is the coffee out there. Do they own that coffee? That coffee is not theirs. The coffee has owners somewhere. The coffee they will be marketing is their guarantee. The Minister has a lot to do. He is also aware and if he is not I will put it to him, that just about last year, the Coffee Board of Kenya sold coffee worth Kshs641 million that belongs to co-operative societies. They sold the coffee, they were paid for it and the next morning, they said the money was not there. Where did the money go to? Where did they take it? They sell coffee today, the money is paid to them and then they say the money is not there. The Minister will have to tell us where that money is because the farmers want to know. You must tell us where the money is. That is why you are a Minister in the NARC Government.

I would urge the Minister to go through the audited reports for the Coffee Research Foundation and the Coffee Board of Kenya because we would like to know where the Kshs18 billion is. They have embezzled a sum of Kshs18 billion and that is a lot of money for the farmer. As I will keep on reminding the Minister, he has a lot to do. Let us go back to the old days where the District Co-operative Officer was a very powerful person. He had transport, good officers and auditors to

audit the books. On top of his being armed with all that, he had vehicles for transportation. He operated very effectively. As of now, they cannot even operate because they have no means of transport. They are using *matatus* to travel.

In the same token, I do not think that the budget the Ministry is asking for is adequate. If you are going to ensure that all the District Co-operative Officers have transport and qualified members of staff especially auditors, then this money is not enough. Get some more from the Treasury. We hear there is a lot of money there and you can always get it.

On the question of the elections of officers to manage the co-operative societies---

Mr. Kimeto: On a point of order, Mr. Temporary Deputy Speaker, Sir. Mr. Muiruri is giving this nation the way forward on how to develop co-operative societies and I see quite a few number of hon. Members are here. Could you call the rest to come in?

The Temporary Deputy Speaker (Mr. Khamasi): What was your point of order Mr. Kimeto?

QUORUM

Mr. Kimeto: Is there a quorum in the House?

The Temporary Deputy Speaker (Mr. Khamasi): No, we do not have quorum. Ring the Division Bell.

(The Division Bell was rung)

The Temporary Deputy Speaker (Mr. Khamasi): Order! Order, hon. Members! We now have quorum. Mr. Muiruri, you can continue, and you have 10 minutes to go.

Mr. Muiruri: Mr. Temporary Deputy Speaker, Sir, I was touching on election in the co-operative movement. As I said earlier, and I gave an example of the Coffee Board of Kenya (CBK), where the entire election was determined by only 18 people. You can always manipulate 18 people and in between, very many crooked people found themselves into the leadership of the CBK. Perhaps, it is high time that the Minister thought of involving the Electoral Commission of Kenya (ECK) to supervise the elections of giant SACCOs like the Co-operative Bank. That is the only way we are going to have free and fair elections and the rules will be followed to the letter. I do not think the Minister will have any problems with this idea.

Mr. Temporary Deputy Speaker, Sir, the other thing we are not sure of is whether the Minister has taken over marketing. This area is not very clear. The Minister is not very clear about marketing. If I were asked, I would say: When it comes to the marketing of coffee, the best person to be in charge is the Minister for Co-operative Development and Marketing because he comes from where a lot of coffee is grown. We do not know who is marketing coffee and so on. That needs to be cleared up.

The other thing, Mr. Temporary Deputy Speaker, Sir, is about the liquidators. The liquidators have been used to loot. It is only the Commissioner of Co-operatives who makes the decision to appoint a liquidator. For instance, he may appoint Mr. Kego as a liquidator. I have an experience of a coffee society which I used to chair, and Mr. Ligale is aware. He was the then Permanent Secretary for Co-operatives. I used to chair a very powerful co-operative society known as Gatukuyu. When I fell into bad books with the system, a liquidator was appointed by the Commissioner of Co-operatives. The society was paying over Kshs200 million per year to the coffee farmers and it had 13 coffee factories and other assets like land, machinery, buildings and vehicles. When this particular liquidator was appointed, he sold all the assets of that society. I raised that Question here and the Minister for Co-operatives then told this House that all those assets realised a sum of only Kshs7 million, out of which the liquidator paid himself Kshs5 million. It is unbelievable! But the records are there. As of

today, the same farmers are now meeting to know what happened to the assets. I believe the Minister for Co-operative Development and Marketing will be kind enough to sort out that matter. I will also be there.

I also urge all hon. Members including the Agricultural Committee to support the Minister in his efforts to streamline the co-operative sector. I assure him that, as Members of the Agricultural Committee, we will give him the maximum support.

With those few remarks, I beg to support.

The Temporary Deputy Speaker (Mr. Khamasi): Mr. Kajembe!

Hon. Members: Huyu ameingia tu!

Mr. Kajembe: Bw. Naibu Spika wa Muda, kwanza ninakushukuru---

Mr. M. Kariuki: On a point of order, Mr. Temporary Deputy Speaker, Sir. There has been a previous ruling by the substantive Speaker that Members who patiently sit here should have priority when it comes to contributing. We have been patiently sitting here and we cannot catch the Temporary Deputy Speaker's eye. Mr. Kajembe has just come in and you have spotted him. This is not fair.

The Temporary Deputy Speaker (Mr. Khamasi): He has caught my eye. Mr. Kajembe, can you proceed?

Mr. Kajembe: Bw. Naibu Spika wa Muda, ninakushukuru kwa kunipa nafasi kuzungumza juu ya vyama vya ushirika. Bunge hili lina Spika mmoja tu ambaye anaweza kuamua ni nani atazungumza.

Vyama vingi vya ushirika katika nchi ya Kenya viliangamia kwa sababu wakati uliopita hakukuwa na Wizara ya kushughulikia mahitaji ya washirika katika vyama hivyo. Serikali iliyopita haikutilia maanani vyama vya ushirika. Hii ndio sababu vyama vingi vya ushirika kama vile vyama vya kahawa, chai na korosho viliangamia. Katika Mkoa wa Pwani, Chama cha Korosho cha Kilifi kiliharibiwa na wale ambao walikuwa wakiongoza Serikali ya KANU.

Bw. Naibu Spika wa Muda, kwa hivyo inaonekana kwamba Serikali yenyewe ilisaidia kuvunja vyama vya ushirika wakati huo. Moja ilikuwa Kilifi, Bixa na kampuni ya sukari ya Ramisi. Katika sehemu nyingine nyingi, vyama vya ushirika vilikufa. Ukitafuta ni nani waliua, utakuta ni wale waliokuwa wakiendesha Serikali ya wakati huo. Walinunua biashara za vyama vya ushirika kupitia milango ya nyuma. Hiyo ni kusema kwamba wakati huo, hakukuwa na Serikali ya kuangalia vyama vya ushirika.

Tunashukuru Serikali ya NARC, na haswa Waziri anayehusika na vyama vya ushirika. Waziri huyo alitembelea chama cha Akamba Handicraft ambacho kinaajiri wachongaji wa sanamu wapatao elfu kumi katika sehemu yangu ya Changamwe. Ningependa pia kumsihi Waziri kwamba, chama cha Akamba Handicraft, ambacho kimeandika watu elfu kumi, hakina vigogo vya kuchongea sanamu! Ni lengo la Serikali ya NARC kuunda kazi 500,000 kwa mwaka. Tunamwomba Waziri atumie kila njia kuona kwamba Akamba Handicraft imepata vigogo. Washirika hao wanasema kwamba wakipewa ardhi mahali pengine, watapanda miti zaidi ya mara kumi ya ile itakatwa kwa kuchonga vigogo vya sanamu. Chama hicho cha ushirika kilikuwa kinaleta mbao kutoka nchi jirani kama Uganda na Tanzania. Wakati uliyopita, tulipewa kibali kuleta hivyo vigogo. Namwomba Waziri atufanyie mpango tupate kibali cha kuleta mbao na vigogo kutoka nchi jirani ya Tanzania, ili ushirika huo upate nguvu na biashara iweze kuendelea kwa uzuri zaidi.

Bw. Naibu Spika wa Muda, leo tuna taabu na sheria. Katika mahakama zetu, tumeambiwa kwamba majaji wamekuwa wakifanya mambo ya ufisadi. Lakini juzi, chama cha Jitegemee Co-operative Society ambacho kinasimamia wafanyakazi wa Mombasa City Council kilipeleka Mombasa Municipal Council kortini hadi akiba ya manispaa nzima katika benki ikawa *frozen*. Hiyo ni kwa sababu Manispaa ya Mombasa hailipi pesa zinazokatwa kwa wafanyakazi kupelekwa kwa Jitegemee Co-operative Society. Kwa hivyo, sio tu kwamba pesa za wafanyakazi wa Mombasa Municipal Council pekee ndizo haziendi kwa ushirika! Ni kawaida katika Kenya kwamba waajiri

wakikata pesa za ushirika za wafanyikazi, hawapeleki pesa hizo. Jambo hilo linaleta matatizo katika kulipa wafanyikazi wa ushirika na kupeana mikopo. Ningemwomba Waziri atengeneze sheria itakayomshitaki tajiri yeyote ambaye hapeleki pesa kwa chama cha ushirika, ili ahukumiwe na sheria za nchi hii. Mpaka sasa, mambo yamekuwa malegevu. Imekuwa kama National Social Security Fund (NSSF)! Pesa zikikatwa, haziendi huko. Pesa za ushirika zikikatwa haziendi kwa vyama vya ushirika. Hayo yote ni mambo yaliyofanywa na Serikali ya KANU. Hatutaki kuyaona katika Serikali yetu ya NARC. Hata kama wengine wana tamaa, Waswahili husema: "Tamaa ilimuua fisi." Wakiona mkono ukitembea, wanasema: "Utaanguka tuokote?" Hata kama kuna mazungumzo katika NARC ya kuvutana hapa na pale, ni kuimarisha chama chetu. Hakuna siku NARC itavunjika hata ikiwa namna gani! Mimi nataka kuwaomba ndugu zangu wa NARC na vyama vyote vilivyongana kwamba, tuzuie miguu, mikono na vichwa vyetu kufanya ushirikiano na vyama vya upinzani. Hao wako na tamaa tu na tukiandama tamaa hiyo, watatuharibu.

Bw. Naibu Spika wa Muda, mimi naomba vyama vya Ushirika katika nchi hii viendelee kutoa mikopo kwa wafanyikazi. Hao wanaweza kulipa mikopo hiyo. Kwa hivyo, mimi nasema kwamba mtu akichukua mkopo katika chama cha ushirika, mkopo huo ukatwe kila mwisho wa mwezi na kupelekwa katika chama cha ushirika kinachohusika.

Bw. Naibu Spika wa Muda, kupitia kwako, ningependa kuliambia Bunge hili kwamba tuliambiwa kuna Nyayo Tea Zones, tukaletewa London taxi na mambo mengine. Tukaambiwa ni vyama vya ushirika. Pia tuliletewa Nyayo Bus tukaambiwa ni vya ushirika. Lakini--

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Kajembe!

Mr. Kipchumba: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to be irrelevant on this topic? He is talking about Nyayo taxis. How is that relevant to the topic we are discussing?

Mr. Kajembe: Bw. Naibu Spika wa Muda, niko sawa kwa sababu Rais aliyepita alisema kwamba ameletea watu London Taxis ziwe chama cha ushirika. Akasema Nyayo Bus ni chama cha ushirika. Akasema majani ya chai ni chama cha ushirika. Kitu ambacho alikosea kusema ni kwamba KANU pia ni chama cha ushirika.

(Laughter)

Kwa hivyo, mimi naomba hayo kwa sababu tuko na Waziri anayeshirikiana na sisi na anatusaidia wakati tunapozungumza--- Simsifu tu Waziri! Tulikuwa katika Bunge lililopita. Lakini leo tunavyoona kazi yake, tunamsifu. Bila kuona aya, naweza kusema yeye ni mmoja kati ya Mawaziri wanaofanya kazi vizuri katika Baraza la Mawaziri! Hatuonyeshi ukubwa wake. Mawaziri wengine wametuonyesha ukubwa na ufidhuli wao hapa. Tumesikia vile Mawaziri wengine wanavyochota kila mahali. Lakini Waziri huyu anafanya kazi na sisi na tunashirikiana. Haja yetu ni atusimamishie vyama vya ushirika kwa njia nzuri na sisi tutasema: "Pongezi Bw. Waziri!"

Ahsante.

The Assistant Minister for Foreign Affairs (Mr. Wetangula): Mr. Temporary Deputy Speaker, Sir, thank you for giving me this opportunity. The Minister for Co-operative Development and Marketing, Mr. Ndwiwa, is arguably the unsung hero of our Cabinet. I have seen him perform. He has an absolutely clear vision of what he wants the co-operative societies to be. I just hope that all the good ideas the Minister exhibits every time we talk to him, both in the field and here in the House, will be transformed into reality to help the people we represent. Mr. Temporary Deputy Speaker, Sir, every hon. Member in this House, except the dot.coms, like my colleague on the other side of the House, was educated with money from the co-operative movement. Co-operative societies were the source of wealth and social security for every rural family. This is the case whether you talk about coffee, tea or maize. In Bungoma District, we had a co-operative society which marketed eggs

produced from indigenous poultry. Every single household with a surplus of two or three eggs took them to this co-operative society which sold them and paid farmers. Then what happened? Mr. Muiruri has graphically

explained how an avalanche of looters and thieves invaded the co-operative movement, took away everything and left the ordinary man and woman wallowing in poverty.

In Bungoma District, we had a very successful dairy co-operative society called "Kitinda". This co-operative society was started with the support of Finland, the same time another one was started in Meru, but the later is very successful. One day, the local District Commissioner and a Minister from the area just woke up and declared that they had disbanded the management of that co-operative society. They set up a committee, which was chaired by the District Commissioner and which ransacked this co-operative society. To date, Kitinda Dairy Co-operative Society has not been revived. The Minister for Co-operative Development and Marketing visited the area and promised to revive it. I urge him to bring to book the people who ransacked Kitinda Dairy Co-operative Society and took away all its assets. The farmers who delivered milk to that co-operative society have not been paid their money close to ten years down the line.

People in the rural areas in this country work very hard but at the end of the end, as Mr. Muiruri and Dr. Kituyi have said, their sweat ends up on the tables of the rich. Middlemen scheme every day how to swindle the ordinary man and woman. If you visit a co-operative society, you will find a catalogue and litany of how dishonest we can be. Every person who contests to be elected to lead a co-operative movement does so for self-gain and not to help its members. It is imperative that the Minister for Co-operative Development and Marketing brings to this House radical amendments to the Co-operative societies Act now. All of us are ready to constitute ourselves into a Committee of the Whole House to help him draft a water-tight law that will not only bar officials of co-operative societies from embezzling farmers' money but will also enable him to trace the stolen wealth and return it to farmers. That is the only way we can deter the Mwangis that Mr. Muiruri has talked about from embezzling co-operative societies' money. There are so many such Mwangis everywhere in this country.

The Minister has told this House that he is also in charge of marketing. Since he has revived the Kenya Farmers Association (KFA), I urge him now to focus on how to market farm inputs to the farmer. A bag of fertilizer should cost about Kshs600 including insurance and freight (CIF) and Mombasa Port charge. But a maize farmer, or any other farmer, cannot access it without paying Kshs1,300 or Kshs1,400. Tractors, which are imported to this country duty-free, cost an average of Kshs800,000 to Kshs1 million. But if you visit the showroom of Lima Ltd. or any other motor company, you will find that the least you can pay for a secondhand tractor is Kshs2 million. These are exorbitant profits. These "shylocks" must be checked. In a free market economy, we do not have to stop these companies from selling the tractors to farmers at exorbitant prices. We have the KFA, the Agricultural Finance Corporation (AFC), which we have been told will be converted into a farmers' bank, and the Co-operative Bank of Kenya. All these institutions can underwrite letters of credit (LCs) to the KFA to import these inputs, with very clear guidelines from the Ministry that under no circumstances should it be allowed to make any "dirty" profit from the farmer. The KFA should not be allowed to make more than 10 per cent profit from the farmers. We can only jump-start our economy by making available inputs to our farmers.

Many Kenyans are suffering right now because of the conduct of multinational banking institutions in this country. It is criminal for the Barclays Bank of Kenya to charge you for depositing money in it. This is the case, and yet you take your money there to enable it to trade with it. In my humble view, the Co-operative Bank of Kenya should be assisted to open branches in rural areas, for example Chwele, Sirisia Constituency, Malakisi, Vihiga and Mount Elgon District to assist farmers. If this bank opens branches in the rural areas, an old lady in the village can sell her *jogoo* and deposit her

money in a bank account and withdraw it from that bank when she wants it. We are not going anywhere if you deposit Kshs500 in the Kenya Commercial Bank (KCB) or the Barclays Bank of Kenya and the following day the bank tells you that it has charged you Kshs200 for that transaction.

The Minister has said over and over again that he supports the establishment of rural SACCOs. Nothing will help our rural folk more than assisting them save the little income they get. But more importantly, is the issue of marketing farmers' produce. Right now, the Kenyan farmer is at the mercy of shylock middlemen, who dictate the price of a crop after its harvesting. We want a situation where co-operative societies can be given some money to buy maize from farmers at a reasonable price, store and sell it when the prices are high. If the cost of production of a bag of maize is Kshs800, how do you explain it to a farmer who sells the same bag at Kshs300 after harvesting? What does he get out of it? All this can be cushioned against with the assistance of the Marketing Department of the Ministry of Co-operatives and Marketing.

The Minister has talked about establishment of tribunals but he forgot to tell us that he intends to establish one in Western Province. I would like to urge him to establish a tribunal in this province.

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

Mr. Kipchumba: Mr. Temporary Deputy speaker, Sir, I stand to support the Vote for this critical Ministry. I would like to join my colleagues in agreeing that the Minister is a gentleman and is capable. He and his PS have done us proud. We know that they will be able to move forward this Ministry of Co-operative Development and Marketing.

It is important to note that no country has ever developed without a co-operative movement. Even great countries like the USA and Denmark developed basically because of the co-operative movement. Saving is equivalent to investment, as the great economist, Mr. Ginns, said. Without savings our people cannot engage in any tangible investment of whatever kind. The credit facilities offered by the banks and our co-operative societies are what has given our societies and people a means to survive, even in very difficult circumstances.

The only problem I have with this Ministry is that the Minister tells us that the Kenya National Federation of Co-operatives (KNFC) is going to do business with a company of questionable integrity, the Econet Wireless, the proposed third mobile phone operator in this country. We would not like to see the hard-earned savings of our farmers, who are our brothers and fathers, go into this questionable investment. The Minister should rethink his decision and give co-operative societies enough information. The societies should decide for themselves where they would like to put their money. They should not be given directives and unnecessary assistance by this Ministry.

This Ministry needs to be given more financial support. The co-operative movement controls a big portion of the Gross National Product (GNP). This Ministry should also provide employees to the co-operative societies. I do not understand why the Ministry of Health provides nurses in very small health centres and clinics while this Ministry cannot provide employees to the co-operatives in this country. It would not cost the Government and the Ministry a lot of money to provide an employee or two to all the co-operative societies. Many of the management personnel of co-operative societies are illiterate, semi-illiterate or lack the expertise to achieve the objectives of any co-operative society.

In the past, a lot of Government interference and control would have led many members to demand that it should leave co-operative societies alone. However, the Government must exercise some control over societies as we cannot leave co-operative societies to be entirely under certain individuals of questionable integrity, people who do not care about farmers. We know that the legal provisions which exist are not strong enough to ensure that these fellows are taken to court or made to pay the money they steal from co-operative societies.

Mr. Temporary Deputy Speaker, Sir, I would like to join my colleagues in saying that the Co-operative Bank and other financial institutions give loans to farmers at very high interest rates. I have a case in mind and which I have asked about in this House before, where a co-operative society

borrowed money. It repaid part of that money, but still there is a lot of money outstanding. As we know very well, dairy farmers are unable to pay their loans because of the collapse of the Kenya Co-operative Creameries (KCC). I would like this Ministry to assist them in terms of marketing. Simple economics tell us that economies of scale ensure that there is savings. If every farmer was to carry his two bags of maize to the market, it would cost him almost all that he would sell the maize for in town. I would like co-operative societies to assist farmers to market their produce.

Mr. Temporary Deputy Speaker, Sir, the problem we had in the past was the fact that co-operatives expanded too much, for example, KCC, to the extent that they enjoyed what we call "dis-economies of scale". When you ask the dairy farmers to sell their milk to KCC, they would not be sure whether they would be paid or not. This is because many of the KCC plants throughout the country, especially in Eldoret Town, have been vandalised. Some of the equipment was stolen. I am sure it is not difficult to know who stole the equipment. I would urge the Government to retrieve the equipment from wherever it is and give it back to the factory.

Mr. Temporary Deputy Speaker, Sir, I do not believe that the giant KCC will ever be the same as it was. I know, of course, that it is good to have one KCC all over the country, but I think it is important to decentralise its management. Farmers were selling their milk to KCC which was then re-selling it on cash basis. I do not know why they were not paid on cash basis. If this Government is really serious and wants to assist KCC, it should give it an initial grant so that it pays farmers on a cash basis, at least, for the first three months. We should encourage dairy farmers if we want to revive KCC plants. My colleague said that when the National Bank of Kenya (NBK) almost collapsed, the Government quickly gave it Ksh4 billion without any problem. However, when the KCC was collapsing, there was nothing that was done to save it. Nothing was given to KCC. In fact, it was assisted to fall so that its assets could be sold and vandalised to benefit a few people.

An hon. Member: It was the KANU Government!

Mr. Kipchumba: Mr. Temporary Deputy Speaker, Sir, I do not like people talking about KANU. We are talking about serious business. Even people who are more KANU than myself can dare stand here and say that it was the KANU Government that was responsible for the collapse of KCC. We have new KANU hon. Members like me! We would like the co-operative societies to start off. We have a very capable Minister and there is no reason why we should not give him support. Our people are not interested in the little politics that we are talking about. The farmers would like to sell their produce, be paid and get that money to buy farm inputs. If the co-operative societies could import some of these inputs directly, like fertilizers, I am sure farmers will buy from them at not more than Kshs500 per bag. Our farmers, therefore, could reap benefits.

Mr. Temporary Deputy Speaker, Sir, we would like to see a situation where there is money to cushion the farmers during periods when the prices of their produce are very low. When prices get reasonable enough, they can sell their produce.

With those few remarks, I beg to support.

Mr. M. Kariuki: Thank you, Mr. Temporary Deputy Speaker, Sir. I think I am beginning to learn the art of catching the Speaker's eye.

The Temporary Deputy Speaker (Mr. Khamasi): Mr. M. Kariuki, you are out of order now!

Mr. M. Kariuki: Mr. Temporary Deputy Speaker, Sir, I apologise.

I also wish to support the Motion of the Ministry of Co-operative Development and Marketing. I would like to congratulate the Minister on his promise to create additional tribunals in Nakuru and Embu, among other places. The process of resolution of conflicts within the co-operative societies under the repealed Act, Cap.490, was so bureaucratic. It took many years to resolve conflicts. The persons who sat over the matter to arbitrate were legal officers who happened to be employees of the Ministry of Co-operative Development and Marketing. The procedures obtaining at that particular point in time could not be said to be independent and impartial. I would like to believe

that the current magistrate who sits in the tribunal receives his pay directly from the Judicial Service Commission. That would be important in terms of securing their independence as judicial officers. But as long as they continue to draw their salaries from the Ministry, then the important principle in the administration of justice, which is impartiality and independence, is likely to be compromised.

The tribunal on co-operative societies requires to be empowered, given that it has to arbitrate over disputes with finality. The minimum qualification for the chairman should be that of a chief magistrate and not less, since the matters to be decided by an appellate court would be strictly on an issue of law. The tribunal should also be decentralised, so that it could have branches in many parts of the country. It is particularly expensive for members of co-operative societies to file disputes in Nairobi, and to move witnesses from their respective locations to Nairobi.

It is also important for the jurisdiction of that tribunal to be enhanced. For example, when it was created, there was no provision to enable it to interfere with titles deeds that had been issued through the co-operative societies. I have seen many decisions by that tribunal purporting to cancel title deeds issued under the Registered Land Act. Until and unless the Registered Land Act is amended to empower the chairman of the tribunal to assume jurisdiction in terms of cancellation of title deeds, that tribunal is likely to remain toothless for a long time.

I would like to support the concern raised by Mr. Muiruri that liquidators must be brought under the control of the tribunal. If you look at the jurisdiction of the tribunal, it does not have any *locus standi* on the liquidators. It is important to note that the issue of liquidators and receivers is borrowed from the Companies Act, but the provisions have not been moved to the Co-operative Act. I think the co-operative societies college has a duty to make the work of liquidators a specialised area. Today, any person can be picked to be a liquidator. That is why there is a lot of abuse by persons who are disposing of properties belonging to co-operative societies. I will, therefore, strongly recommend that the liquidators be recognised under the Act by bringing proper amendments to the legislation and that the tribunal be empowered to discipline and oversee the work of liquidators. In that way, we shall ensure that the properties of the co-operators are well secured.

Mr. Temporary Deputy Speaker, Sir, may I say something also on the KFA and KCC. I would like to commend the Minister for taking the step to revive the two, but I would like to caution that the revival of KFA and KCC at this point in time is likely to meet very serious and stiff challenges. In a liberalised and globalised world, to revive these entities against competition from the private sector and to make them viable would be a tall order.

Mr. Kipchumba: On a point of order, Mr. Temporary Deputy Speaker, Sir. If we are enjoying the same environment in this room, you will realise that the air conditioning is not functioning very well. Could we get an explanation as to why this is so?

The Temporary Deputy Speaker (Mr. Khamasi): Yes, I share your concern. I am also feeling the same, that there appears to be a problem with the air conditioning in the Chamber. I do order that the Clerk finds out what the problem is.

Meanwhile, proceed, M. Kariuki!

Mr. M. Kariuki: Thank you, Mr. Temporary Deputy Speaker, Sir. The last point was that reviving these co-operatives is going to be a tall order for the Ministry. I know that the Ministry has injected funds. There is an attempt to write off debts, but again, writing off debts *per se* is not enough because we have to re-examine the causes that led to these losses of money in these particular co-operatives. We have to restructure them. We have to ensure that there is a mechanism which will ensure that the co-operators' funds are not unduly stolen without accountability. So, as much as I support the Minister's revival efforts, I would like to caution that in a liberalised and globalised world, these entities are not going to enjoy monopoly any more. I think that you need properly trained managers to be able to revive them because the hope of our farmers is based on the revival of these particular two organisations.

Mr. Temporary Deputy Speaker, Sir, I would like to mention something about the fate of the retrenched workers, both at the KFA and the KCC. Now, it is within the law that withholding an employee's wages for three months is a breach of his constitutional rights because you are subjecting him to inhuman and degrading punishment. Now, the KFA workers were retrenched way back in 1998/1999, and up to now they have not received their dues. It is the same for KCC. I would like to appeal to the Minister that as a matter of priority, as he considers writing off debts and restructuring these organisations, the first priority should be to ensure that the workers' rights are respected and that their dues are paid promptly and with interest because they have been withheld for a long time.

Mr. Temporary Deputy Speaker, Sir, may I say something about marketing. I know that the Minister is making very serious efforts to improve marketing of co-operative products, but it is really amazing today to go to Europe and find the so-called Greek coffee, Italian coffee and English tea on sale and for all we know, the Greeks and Italians do not grow coffee and the English do not grow tea. I think there is a serious problem here. We are still an economy that produces raw materials. We must endeavour to take charge and remove all middlemen in the coffee and tea industry, such that the co-operative movement is able to ensure that the produce from the farmers reaches the final destination in the market. So, these middlemen from England, Greece and Italy should be removed so that the farmer can get worth of his money in terms of what he produces. So, I will encourage the Minister to ensure that the marketing procedures are made easy and we have to remove the middlemen as soon possible.

Mr. Temporary Deputy Speaker, Sir, we know that the strategy for eradication of poverty has to focus on our rural folks and also on the small traders in our urban areas. I am aware that today, the *Mama Mboga* and *Mama Nyanya* is in a form of a co-operative. She is able to pay Kshs10 every day to some co-operative, so that at the end of the day, she can take some credit to be able to expand her business. It is, therefore, very important that if we have to promote co-operatives, we must remain focused. This is the only way we can be able to eradicate poverty. It is the only way we can empower our people to be economically independent. Therefore, it is important that the co-operative officers who manage the day-to-day affairs of the Ministry of Co-operative Development and Marketing be above average. The major problem has been corruption in the co-operative movement and too much bureaucracy. I think the Minister has to put his feet down and weed out those corrupt officers, so that the farmer can get worth for his money.

I beg to support.

Mr. O.K Mwangi: Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this important Vote of the Ministry of Co-operative Development and Marketing. First and foremost, I would like to congratulate the Minister for the manner in which he is managing the Ministry, but even then, there are a number of things that need to be looked into.

Mr. Temporary Deputy Speaker, Sir, one of them is that if the economy of this country has got to be turned around, it has got to depend on the Ministry of Co-operative Development and Marketing and the Ministry of Agriculture. These are the two main Ministries which concern the mainstay of this country, which is agriculture. In this case, as the Minister has said, the Ministry of Co-operative Development and Marketing is responsible for marketing. I feel that there is a lot that needs to be done in the field of marketing if we are going to turn round the economy of this country.

Mr. Temporary Deputy Speaker, Sir, if I may start with the coffee sector, I am very disturbed that for about three years, farmers have not been paid their money and the Minister, sometime back in July, promised to pay them Kshs640 million, which was cess proceeds from the sale of coffee for the year 2001. I know the Minister is honest about this, but I would beg him to act promptly since it is taking a bit too long. Could the farmers be paid this money if it is lying somewhere? Please, could this money be paid together with the interest, because where has it been lying since 2000? They should be paid this money because these farmers have children in secondary schools who are being sent away

due to non-payment of school fees. So, I would plead that the Minister looks into this issue and takes adequate action very fast.

Mr. Temporary Deputy Speaker, Sir, the other issue is that the Co-operative Bank, as my colleague, hon. M. Kariuki said, was established purposely for promotion of the co-operatives, but today it has turned out to be a commercial bank like any other bank. We buy shares and borrow money as individuals from the Co-operative Bank. In fact, some of those people who ran down the coffee industry are now the directors of the Co-operative Bank. I am, therefore, requesting the Minister to see to it that the Farmers' Bank is established because the Co-operative Bank has relented on its original objective. I know that the Farmers' Bank was registered. What it did not get was the trading licence from the Central Bank of Kenya (CBK). Could the Minister see to it that this bank gets a trading licence from the CBK so that the farmers get the necessary finances to revive the coffee sector?

If we are talking about dividing the coffee subsector which used to be the mainstay of this country in as far as earning foreign exchange is concerned, then, we must provide the farmers with facilities that will enable them to revive the industry.

Mr. Temporary Deputy Speaker, you will note that coffee production had gone down from 130,000 tonnes to a mere 40,000 tonnes per annum at a time when Kenyan coffee is on very high demand in the world market. This is ridiculous! So, I would like to appeal to the Minister to help our farmers to obtain inputs. It is not just enough to tell them to go and produce because they will get good prices in the market. We have to help them. Wake up! Our farmers have been devastated and they are helpless.

The Co-operative Act, 1997 was amended and actually created two centres of power like we are trying to create in the Constitution today. We can actually learn from what happened as a result of the Co-operative Act 1997. The Act created two centres of power; the Registrar of Co-operatives and the Commissioner of Co-operatives. While the registrar is busy registering co-operatives and new societies, the commissioner is busy destroying others. So, it becomes a very vicious circle and that is what is likely to happen in our country if we go ahead to establish two centres of power in the Constitution.

Mr. Temporary Deputy Speaker, Sir, the amendment of that Act actually divorced the rural SACCOS from the farming institutions. For example, in Murang'a, we have got Murata Union, which was originally under the Murang'a union, but because of delinking it from the farming institution and making it a commercial institution, it now became a business enterprise which had nothing to do with the farmers. So, the farmers could not get help and continue with production. That is actually why we have underproduction in the coffee sector. I know that the Minister is very busy looking into what will be done to revive the rural SACCOS through the original farming institutions, so that our farmers can utilise their money.

I would like to thank the Minister for reviving the Kenya Co-operative Creameries (KCC). Although the farmers want to come back in the production of milk, they are not able to deliver their milk. They are asking whether the Government can provide machinery. For example, the KCC should acquire vans for collection of milk because farmers are unable to deliver their milk. This is because they were reduced to nothing from the time their money was embezzled. Now that the Ministry is reviving KCC, I think it can help farmers deliver their milk.

Mr. Temporary Deputy Speaker, Sir, I am glad to hear that the Minister is preparing to bring an amendment to the Co-operative Act so that we can enable the Government to supervise and use some authority to reduce the corruption that is prevalent in the co-operative movement. When the Act was amended in 1997, it gave a free hand to the management committee. The committee thinks that it was elected to grab whatever property that belonged to the society. Other co-operative societies went into liquidation and were handed to arbitrary receivers, who actually went ahead to sell property that

belonged to the societies at a throw-away price, as hon. Mirugi was saying. The societies were then left in debt. So, to eliminate this type of corruption, the Minister will have to bring a very strong amendment in the Act so that we pass it as law and give the Ministry authority to supervise the smooth running of these co-operative societies.

I am glad to note that the Minister has said that he is going to bring together the split co-operative societies so that they can transform themselves into viable economic units which can stand on their own and be productive. As we stand now, our co-operative societies are split into non-productive fragments. They are just there, and that is why they are dying out.

Mr. Temporary Deputy Speaker, Sir, I am glad that the Minister has promised that he is going to revive them. Even if you are not going to revive the co-operative societies in a whole division, at least get together those societies that can be economically viable by themselves so that they can now revive the economy of this country. I believe that if we did that, we shall be heading somewhere in this country.

With these few remarks, Mr. Temporary Deputy Speaker, Sir, I beg to support.

Mr. Kimeto: Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this Motion. This is a very important Motion. The Minister has brought about hopes and plans for the revival of the co-operative movement, which died way back in 1978. This was the time when the elites were not allowed to participate in the movement. The President then emphasized that teachers should teach and avoid getting involved in co-operative societies even though people thought that these were the right people to play a key role in the co-operative movement. So, according to me, that marked the beginning of the death of the co-operative movement which the Minister is attempting to revive now.

Mr. Minister, let it be known that the co-operative movement that you are trying to revive is the same one which assisted Kenyans and enabled most of them to go to school. Some years back, farmers used to take their milk to the Kenya Co-operative Creameries and they would get their money at the end of every month. Consequently, they would pay school fees for their children and it is no wonder that people then could speak English. This is not the case today.

So, Mr. Minister, when you have---

(Laughter)

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Kimeto! Order! You know the rules of this House. You do not address the Minister; you address the Chair!

Mr. Kimeto: Thank you, Mr. Temporary Deputy Speaker, Sir. I will not do it again. But I was trying to tell him about the revival of the co-operative movement.

The Temporary Deputy Speaker (Mr. Khamasi): Tell him through the Chair.

Mr. Kimeto: I want to say that during those days when there used to be milk proceeds at the end of the month, people in the villages could speak English. But now, they are not speaking it in the bars because at the moment, they do not visit the bars as they do not receive anything at the end of the month.

Mr. Temporary Deputy Speaker, Sir, reviving the co-operative movement will help the NARC Government rule again for another term. Let the Minister be informed that during those days when the milk co-operative societies existed, the Ministry of Education, Science and Technology used to buy milk and give it to primary school children all over the country. After drinking the milk, the school children would always be heard praising the KANU Government. The NARC Government should revive the programme so that it can become popular with the school children.

Mr. Temporary Deputy Speaker, Sir, if this Government revives the co-operative movement, especially in the milk sector, and also brings back the school feeding programme; that, coupled with

the free and compulsory primary education, will go a long way in helping this country. Revival of farmers' co-operative societies will go a long way in assisting farmers carry out their farming activities without any fear because at the end of the day, there will be return for their produce. If the school feeding programme is revived, the NARC Government will remain in power for a very long time.

Mr. Temporary Deputy Speaker, Sir, I know that the NARC Government is only ten months old. The majority of the people who killed the co-operative movement are in the NARC Government. The Minister should be very careful because the looters are still with him. They are now in the Government of the day, yet they are looters. He should apprehend the people who mismanaged the co-operative movement and take them to court. For example, the Kenya Co-operative Creameries (KCC) was said to have lost about Kshs400 million, and one wonders where the proceeds had gone to. People must have looted. Looters cannot be taken to court because they will bribe their way out. They will give the Minister a lot of problems. People of good morals should be elected directors of co-operative societies. The co-operative societies' books should be audited within the shortest period possible. They should not take as long as two years because within two years, the looters will have died and you will not be able to recover the loot. The books should be audited on a monthly basis and the Ministry should employ people of good morals, so that we can have the movement in its best position. Co-operative societies in the pyrethrum sub-sector are dying out. At the moment, pyrethrum is one of the biggest foreign exchange earners in the world. The Minister for Co-operative Development and Marketing and the Minister for Agriculture should combine efforts and finance co-operative societies in the pyrethrum sub-sector. That will assist the pyrethrum farmer to produce more pyrethrum and earn foreign exchange for the country. The NARC Government is usurping a situation where the majority of its people have become technical in looting. If they have become technical in looting, I want to tell the Minister that these technical looters will spoil this country and this will annoy the members of the public, who will eventually get annoyed with the Government. The NARC Government which was elected by the people, with its head hon. Kibaki, should be left to rule. I want to tell the NARC Government that if it is not careful, the political dustbin is near. Come the year 2007, if the Government will not have fulfilled its promises to the people, it should rest assured that it will be thrown into the political dustbin.

With those few remarks, I beg to support.

Prof. Mango: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to debate on the Vote of this very important Ministry.

In this country, the co-operative movement has helped many of us to buy plots, houses and invest. Therefore, it is very important. But it has had a lot of problems. The laws governing the co-operative movement need to be revised, so that the co-operators can benefit to the maximum. The committees that run most of the co-operative societies become the operators of the movement. Many of them, for example, in SACCOs, take advantage and loan themselves a lot of money which is not supported by their shares. They do not regularly repay the loan and at the end, they are the people who benefit more at the expense of the other co-operators. Instead of giving members loans three times their shares, they give them two-and-half times, and sometimes even one-and-half times their shares. Therefore, the Minister should look into the laws governing the committees running the co-operative movement.

Mr. Temporary Deputy Speaker, Sir, the co-operative movement in this country has a lot of resources. These resources should be mobilised to improve the economy of this country. Instead, the committees have chosen the easy way of making money by building big buildings, for example, Afya Co-operative and Wakulima Co-operative buildings. These buildings tie up a lot of money for a long time, which could be utilised to create jobs through better vision of investment, instead of tying up money in buildings that do not generate any revenue for the members. Again, when a member ceases to be a member of that co-operative society, he never gets dividends. Therefore, the co-operative

movement, as much as it is good, ends up exploiting members whose shares have been used to guarantee loans for putting up those highrise buildings on which only the committee members get their 10 per cent at the expense of the members.

Mr. Temporary Deputy Speaker Sir, the co-operative movement would be very beneficial to this nation if properly restructured.

(Loud consultations)

The Temporary Deputy Speaker (Mr. Khamasi): Order! Hon. Members, could you consult quietly and give Prof. Mango a chance to contribute?

Prof. Mango: Mr. Temporary Deputy Speaker, Sir, we have had the co-operative movement in all sectors of agriculture such as coffee. Initially, farmers were benefiting from co-operative movements. However, there were unscrupulously committee members who benefitted from the funds of these co-operatives. As a result, those co-operatives eventually collapsed. For example, the dairy co-operative in my Butula Constituency collapsed because of corruption. The ginneries have also collapsed because of corruption. When I was growing up, cotton was the major produce in Busia District, but because of corruption, farmers gave up. Even now, when we are talking about AGOA and co-operatives, unless we restructure the cotton co-operative movement, farmers will not be willing to grow cotton.

Today, in the sugar industry, we have the sugar outgrowers' body. This body came into being with the good intention to help farmers. Unfortunately, it has become the burden of the farmer. It is an oppressor, a broker, and it has resorted to all manner of things that do not help the farmers. They eat into the farmers' profits. They buy lorries and tractors that are supposed to help farmers, but, instead, they charge the farmers double the amount the millers were charging. Therefore, the Minister needs to strengthen the regulations governing the co-operative movement so that this movement helps farmers and creates wealth.

It is not good enough to have the committees. These committees must be governed by definite regulations. In many co-operatives, committee members remain there for a long time. Whenever elections are held, they bribe farmers so that they are re-elected. Therefore, you find the same people remaining in the office for a very long time. They continue to exploit farmers until the society collapses. Therefore, the Minister needs to restructure the co-operative movement so that it can benefit all members of a particular co-operative. The Co-operative movement is important and it should be encouraged.

Mr. Temporary Deputy Speaker, Sir, I would like to take this opportunity to ask the Minister to visit Butula Constituency so that we can together set up more co-operative societies for the development of the area.

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

Mr. Samoei: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this chance to support this Motion. I would like to say that the Minister is a very capable person, I must confess, and I wish him well in his Ministry. I also would like to thank him for finding time out of his very busy schedule to come to my constituency, though it was without my [Mr. Samoei] knowledge. I would like to assure the Minister that he is always welcome and the people of Eldoret North will always welcome him.

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): On a point of order, Mr. Temporary Deputy Speaker, Sir. I really appreciate what Mr. Samoei has said. Indeed, I was in his constituency, but my purpose of the visit was to open a seminar in Eldoret Town. Thereafter, there was a function which had been organised for me and I did not even know where it was. So, it was not my intention to go to his constituency without his knowledge.

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Ndwiga! That is not a point of order.

Proceed, Mr. Samoei!

Mr. Samoei: Mr. Temporary Deputy Speaker, Sir, I just wanted the Minister to know that he is always welcome to my constituency. I have been to his constituency, and I went there with his knowledge, and we have done business together.

Mr. Temporary Deputy Speaker, Sir, I would like to say a few things about what I think the Minister should consider in the coming months. While we appreciate the concern the Minister has put in trying to put the Kenya Co-operative Creameries in order, I would like to let him know that the greatest challenge still facing the Kenya Co-operative Creameries and, indeed, the cereals sector for that matter, is marketing of the produce by the farming community. The greatest challenge that is being faced by the farming community is the margin with which the farmers operate, to be able to make ends meet.

Mr. Temporary Deputy Speaker, Sir, the Minister must consider doing something about the Dairy Board with respect to controlling operators that have come into the milk sector. As we talk, milk is sold for as less as Kshs8 per kilogramme. The same milk is processed and sold in the market for up to Kshs40. That kind of margin, between Kshs8 and Kshs40, is unthinkable. I do not know what kind of business the dairies that have been licensed by the Dairy Board are doing. If you are buying a commodity for Kshs8 and selling it at, Kshs40, that really is not even theft, but robbery. I think that the margin should be reasonable. I think the Minister has a duty to the people of Kenya, to make sure that the farming community have a reasonable return for their produce. That falls squarely in the Ministry run by my friend, and I think he has the capacity and the capability to make sure that the farming community gets a reasonable return for their produce.

Mr. Temporary Deputy Speaker, Sir, the price of a 90-kilogramme bag of maize, which costs approximately Kshs800 or Kshs900 to produce, costs Kshs1,010. I do not know whether the Minister is convinced that the Kenyan farmer is getting a reasonable return for his investments in the farming business. As it stands today, farming is not a business; it is a way of life for many people. I think the Minister should look into ways and means of making sure that the cereals farmer, who, for a very long time has made losses in his farming endeavours, gets a reasonable return for his cereals production. I would like the Minister to consider ways and means of reducing the production costs of cereals in this country.

Mr. Temporary Deputy Speaker, Sir, there is a cartel very well known to the Government, of importers of fertilizer. I would like the Minister to consider this issue seriously, because the cost of production in this country is what makes farming either impossible or a losing business. The National Cereals and Produce Board (NCPB) tried last year to tender for the purchase of fertilizer. This cartel which operates in this country made sure that there was no single bid for fertilizer, and as a result, they have the absolute control of the Kenyan market, and they sell fertilizer at prices they determine. I am asking the Minister, through his Ministry, to make sure that imported fertilizer gets into this country at a fairly reasonable price. I am sure that a price of between Kshs500 and Kshs600 is actually possible.

Mr. Temporary Deputy Speaker, Sir, the loans that are available to the co-operators and the farming community, in general, are still at very prohibitive rates. This year, there were loans that were available to the farming community from the Agricultural Finance Corporation (AFC). Unfortunately, in the past, AFC have asked for title deeds as security for these loans. This year, they have changed, and they are now asking for log books of commercial vehicles and tractors. I would like to ask the Minister where a peasant farmer with two or five acres of land can get a log book of a vehicle. The majority of those farmers do not actually have the security they are being asked for. Therefore, these loans become a preserve of the people who have the means. At the bottom line, the real genuine cases

do not get this facility from Government.

Mr. Temporary Deputy Speaker, Sir, loans from the Co-operative Bank are at commercial rates. The Minister should consider a long-term policy on availing funding at rates that are farmer-friendly, so that the farmer can access them. They should have the needs of the farmer at the back of their minds. Commercial loans in this country cannot service the farming industry. It is not possible, because the margins in the farming industry are so small that a commercial loan will actually wind up most of the farming business in this country.

Mr. Temporary Deputy Speaker, Sir, I would have expected my friend, the Minister for Co-operative Development and Marketing, to intervene in the issue of Eldoret Airport which was under siege and is still under siege, because he knows very well that the farming community and the co-operative movement in western Kenya uses that airport for export of their goods. He should have done something to compel the Minister in charge, without undue complication to open that airport so that the co-operative movement in that area can have easy access to transport for their goods to destinations outside this country.

Mr. Temporary Deputy Speaker, Sir, we have talked about controls. I would like to inform the Minister that if they are going to be given authority - I do not think this House has a problem giving authority to the Minister in order to have greater say in the management and the running of the co-operative movement in this country - that authority must be accompanied by an equal measure of responsibility. The Minister must assure this House that he is going to exercise that authority responsibly. A case in point is the National Cereals and Produce Board. I do not think that Board has exercised the authority it has today responsibly. That is why they have not paid for the cereals their worth of money.

In conclusion, while we appreciate that Government needs to create controls, they must know that it should be accompanied by equal measure of responsibility, so that Kenyans can trust them with that authority, so that it is exercised responsibly.

With those few remarks, I beg to support.

Mr. Bifwoli: Mr. Temporary Deputy Speaker, Sir, I want to take this chance to commend the Minister for Co-operative Development and Marketing for the good work he is doing. He is actually the man on the ground and is out to revive the co-operative movement in this country.

I think that the Government should allocate more money to the Ministry because it is the one that will improve the economy of this country. If the co-operative movement can be made strong, and people given the ability to purchase fertiliser and sell it to the members of the co-operative societies who are farmers, at the lowest price possible, then I think people would do proper farming. If the same co-operatives could also market the products on behalf of the farmers, the input would be less, and the output more. Therefore, the farmer would gain more profit.

The co-operative movement in this country is being "killed" by poor management. There is total mismanagement and history has it that the people who made the co-operative societies collapse are the employees of the Ministry of Co-operative Development and Marketing. Unfortunately, we are talking about them while they are not here, yet they are the ones who killed the Ministry.

Look at Kitinda Co-operative Union which Mr. Wetangula has given as an example. Kitinda was doing marvellously well. People were selling their milk on delivery. The Ministry of Co-operative Development and Marketing joined hands with the then district commissioner and a Minister from Bungoma at that time. They went on and looted Kitinda Co-operative Union. I call upon the Minister for Co-operative Development and Marketing to come and solve the problems of Kitinda. After all, the same people who looted money were agents from the Government. Mr. Minister, please, carry the cross because it is your forefathers who destroyed Kitinda.

The Temporary Deputy Speaker (Mr. Khamasi): Order! Order, Mr. Bifwoli. Please, address the Chair and leave the Minister alone.

Mr. Bifwoli: I am sorry. Mr. Temporary Deputy Speaker, Sir, I would like the Minister to carry the cross of the misdeeds of the employees that were there before he took over.

Look at the Malava-Malakisi Union, where farmers came together and were planting cotton and selling it through the Malava-Malakisi Co-operative Union. At its inception, all the managers were seconded from the Ministry of Co-operative Development and Marketing. Malava-Malakisi Union no longer exists. Even the Minister came there recently and repossessed the union. The thieves are now saying that they want to take the Minister to court and that they have court orders. This is the time when you look at the magistrates and the judges and wonder if they are serious when they give court orders to ban the owners of a property from repossessing it. Malava-Malakisi owes the Co-operative Bank of Kenya a lot of money. Those who borrowed it are the employees of the Ministry of Co-operative Development. They are known and we are merely urging the Ministry to send its inspectors to go and audit the Malava-Malakisi, Kitinda, Bungoma Co-operative Union and the other co-operative unions that have been looted. Arrest the looters and charge them with fraud before courts of law. Let them pay for what they did and that is the only way that we shall move forward. That is the only way that people who plant coffee will develop confidence. Coffee farmers are willing to plant coffee as long as they know that their coffee will be marketed and they will be paid.

My brother here is crying because we have milk and people do not know what to do with it. We are sometimes using it as water to cook *ugali*, instead of giving it to people who will sell it and buy themselves vehicles while we languish in poverty. Streamline the Ministry; enact good laws. In days when laws were adhered to, the illiterate would lead the co-operative societies and the co-operative societies would succeed.

The Minister of Co-operative Development and Marketing liberalised the co-operative movement, people came there, they knew the law; that, it was now their property. Those who went to school had the knowledge to steal, loot and mismanage and they knew that at the end of the day, nothing would happen to them. We are urging the Minister for Co-operative Development and Marketing to enact those laws. In our forefathers' time, people would come together, get eggs and sell them to various towns. They would then pay the farmers. The best solution is that the Minister should look for money and give grants to these co-operative societies, so that farmers are paid on the same day they deliver their goods.

The Minister for Co-operative Development and Marketing should actually come up with a solution. It is the only Ministry that can create wealth and employment opportunities in this country. It can create 1 million jobs in a year. If they have been allocated such little money and yet we want to create 500,000 jobs per year, and the Ministry of Co-operative Development and Marketing has not been given money to create jobs; where will we create jobs from? Coffee and dairy farmers will employ boys to take their coffee and milk to the factories, and the jobs will be more than expected. We are merely urging the Government---

The Minister for Labour and Human Resource Development (Mr. Odoyo): On a point of information, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Khamasi): Would you like to be informed, Mr. Bifwoli?

Mr. Bifwoli: I do not know what he wants to inform me about because I do not need that information. Let me lecture to him. He will get to know more about it. I am a teacher and I do not need to be informed.

It costs less than Kshs800,000 to import a good tractor. If we could have a strong co-operative movement which has money and is organised, it could purchase its tractors and farm equipment using their co-operative union.

Mr. Temporary Deputy Speaker, Sir, I want to support the idea that we have just one big

co-operative union in place, instead of having small co-operative societies. For example, cotton farmers in Bungoma, Teso and Busia should have one co-operative society so that we collect our cotton together and sell it, hoping that the Ministry will have enacted good laws to assist us. The co-operative movement has a lot of good stories to tell. People joined hands, purchased land and built big factories in this country. Since people are willing to undertake joint efforts, we are asking the Government to give them the facilities and reinforce the Co-operative Bank. If people can come together and the Co-operative Bank can assist, I am sure our stories of poverty would be long gone. I am sure that one day, our economy will be strong and we shall not need donor aid.

The co-operative movement can make sure that we have enough funds even to lend. Kenya can be one of the donors of this world instead of being the borrowers everyday. I am asking our good Minister---

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Bifwoli. Your time is up.

Mr. Angwenyi: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me a chance to contribute on this important Motion. At one time, specifically 1978, when the leadership of this country was transferred by God from Mr. Kenyatta to Mr. Moi, 45 per cent of our economy was based on the co-operative movement. Those were the days when we had the Kenya Co-operative Creameries (KCC), the KFA and the Cotton Seed and Lint Marketing Board operating throughout the country. Those were the days when the KPCU and the Coffee Board were giants in this part of the world. What has happened over the years? What happened is that corruption crept into the co-operative movement and destroyed, like a cancer, the co-operative movement in this country. The KPCU that we have today cannot be compared to the one we had 20 years ago. We do not have the KCC, as you know. The Minister is trying to revamp it now, but it has not yet become effective.

Those were the days when the Minister spoke and everybody in the country listened. Today, it is as if we do not have the Ministry of Co-operative Development and Marketing. We have got an impotent Ministry which sees transgression of the law, looting of public property, co-operators' assets, and yet---

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for Mr. Angwenyi to refer to the Ministry of Co-operative Development and Marketing as totally incompetent and impotent? Could he, please, verify which time period he has in mind because the current Ministry of Co-operative Development and Marketing is very vibrant and effective?

Mr. Angwenyi: Mr. Temporary Deputy Speaker, Sir, the hon. Assistant Minister does not know how much I know that Ministry. Actually, when he was appointed, I believed that by now, the co-operative movement would have been turned round, but he tells me the Ministry is impotent. It has been stripped of all the powers to be active. Why has the Minister not brought an amendment to the Co-operatives Act in this Parliament by now? It should be here and we should have passed it yesterday.

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): On a point of order, Mr. Temporary Deputy Speaker, Sir. I remember, when I was moving the Vote, I did say that we are bringing the amendment. In fact, it is the Attorney-General who is holding it up. It should be in this House by now. We are ready.

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

The Minister for Co-operative Development (Mr. Ndwiga): Is he in order to keep calling for me to bring here the amendment when I have already said that it is coming?

Mr. Angwenyi: Mr. Temporary Deputy Speaker, Sir, I want to assist that great Minister to be effective. He is the least known Minister in the Government because he is never seen anywhere. He does not have the powers to be anywhere. So, I want to give him powers and I want him to come to Kisii---

The Temporary Deputy Speaker (Mr. Khamasi) Order! Order! Mr. Angwenyi, the Minister has said, probably, you were not here when he was moving his Vote. He said that he did allude that he was going to bring an amendment to the Co-operative Act.

(Mr. Mwenje stood up in his place)

Mr. Angwenyi: Mr. Temporary Deputy Speaker, Sir, if you give him a chance to speak, I will continue.

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Angwenyi!

Mr. Mwenje: On a point of order, Mr. Temporary Deputy Speaker, Sir. It is against our Standing Orders for anybody to anticipate debate. Is the Minister and Mr. Angwenyi in order to anticipate that a Bill will becoming?

The Temporary Deputy Speaker (Mr. Khamasi): That is not a point of order. There is no anticipation of anything here.

Proceed, Mr. Angwenyi!

Mr. Angwenyi: Mr. Temporary Deputy Speaker, Sir, I would like you to protect me. I want to assist this Ministry to do the job.

The Temporary Deputy Speaker (Mr. Khamasi): You are protected.

Mr. Angwenyi: Mr. Temporary Deputy Speaker, Sir, if you travel around the country where coffee used to be grown, you will see that it has been uprooted, not because there is no return on it, but because it has been infected by looters and corrupt people. The Ministry is incapable of ridding that industry of those corrupt people. That is why I am saying we should have passed the Bill yesterday and not today or tomorrow. These are some of the Bills we want to pass in this House, the same way we want to pass legislation relating to us being put on the IMF programme to assist our people.

Mr. Temporary Deputy Speaker, Sir, in your area, I know you used to grow coffee. Do you have coffee any more? Do most people have coffee any more? I have ten acres of coffee and I do not deliver it anywhere because all the machinery and equipment in my society have been vandalised with impunity. We have SACCOS which have been looted with abandon. Co-operative farms which were bought by co-operators have been looted with abandon. For how long are we going to wait before we can take action on those people and send them to jail? There a lot of people who have died in this country because they could not afford medicine. There are a lot of people who cannot go to school until this year because they could not afford school fees. The amount of money which was used to educate me came from coffee. But my brothers and my children were not able to be educated by the proceeds from coffee because it has been looted. The Ministry of Co-operative Development and Marketing should be modernised; like I saw the other day, where they want to get into mobile phone. That is a good idea and that must have come from this Minister because he is very imaginative. We want to process value-added coffee in this country and export it to China, Russia and Japan instead of selling it raw to Germany.

Mr. Temporary Deputy Speaker, Sir, the co-operative movement has been run down and we must revive it. We do not want anybody to stand on our way. This Parliament must revive the co-operative movement. We must have audit inspections and even commissions. Where people are mismanaging a co-operative society, the Minister should appoint a commission to probe that. When President Kibaki took over, people reminisced that we were going to get the type of economy we had during the Kenyatta regime, because he gave Ministers powers to do their work. There are some Ministers who served in the Moi regime and they were complaining that the then President was doing everything in their Ministries. Now, they have been given permission to do whatever they want to do, so long as they bring back the economy. We want them to do that.

Mr. Temporary Deputy Speaker, Sir, the co-operative movement in this country can employ

over 400,000 people, if it is streamlined. The Minister has got a very good person as his Permanent Secretary, somebody who used to control 240,000 teachers in this country. He can control 240,000 workers in the co-operative movement. Let him use some of the brains here to turn round our economy. We cannot turn round the economy of this country unless we streamline the co-operative movement.

Mr. Temporary Deputy Speaker, Sir, the Minister has said that he is soon going to bring an amendment to the Co-operative Act, and he knows how slow the Attorney-General is. If I were him, I would have the Bill drafted elsewhere, take it to the Attorney-General to sign, publish it and then bring it to Parliament. This will make him effective.

With those few remarks, I beg to support.

Mr. Syongoh: Thank you very much for giving me the opportunity to support the Vote of the Ministry of Co-operative Development and Marketing.

Mr. Temporary Deputy Speaker, Sir, the traditional role of this movement; the Rochdale Experiment, to mobilise resources and enable our people to get into modern business and farming cannot be over-emphasized. As young men and women, I am sure we are all conversant with how the co-operative movement enabled our farmers to enter into coffee, dairy commercial cereals and cotton production.

The amount of investment and the transformation of the rural economy that arose as a result of the intervention of the co-operative movement is something that we must all be thinking about with considerable nostalgia. But that is all gone.

Mr. Temporary Deputy Speaker, Sir, in the recent past, the co-operative movement has been the biggest mobiliser of investment capital for our people at a time when we did not believe that they would have the amount of savings and investment capital to get into business, to buy tractors, put up decent houses for themselves and go into commercial property development. But thanks to the SACCOs, our people were able and have been able to enter into modern business in post-independent Kenya.

It remains, as of now, the biggest potential mobilisation tool for savings and investment. It is, therefore, imperative that the Government, through the Ministry, gives it sufficient attention and resources in order to play its key role in the continuation of the modernization and emancipation of our people, so that we can reduce poverty.

The real engine for poverty reduction, in my humble submission, is the co-operative movement. Whatever strategies we are thinking of, whatever papers we develop and put forward in terms of poverty reduction; if they do not include the co-operative movement, in my humble opinion, are really not good enough.

What happened to the co-operative movement? First, I would like to inform the Minister that, retrenchment policy was the true beginning of the decadence, especially in the Savings and Credit Co-operative Societies (SACCOs). Many people were declared jobless by the Government. The Government retrenched them recklessly and many people left employment with loans belonging to their societies.

Secondly, the co-operative societies, especially those dealing with savings, lost their financial base. Therefore, if we are considering the third phase of retrenchment in the public sector reforms, we must ensure that loans owed to societies are taken care of before issuing the last cheques to the retrenched officers.

The next problem was the entry of the co-operative movement into real estate business. Most of those properties were off-loaded to the co-operative societies; properties over-valued and sold off to co-operative societies. Those properties could not yield sufficient returns to justify the kind of investment the societies put in.

I would like to appeal to the Minister to ensure that any capital investment by co-operative

societies should be carefully monitored, particularly the valuation of those investments. They should be considered very carefully, so that the societies are not used as dumping ground for assets and investments which are not profitable.

The other problem was the haphazard liberalization policy which was executed by the Government at the behest of the World Bank and the International Monetary Fund (IMF). Through reckless and haphazard liberalization, we allowed the private sector, which is much more sophisticated and comprises of foreign firms, to kill the business and market base of our co-operative societies. We have allowed companies from South Africa to participate in agriculture, produce processing and so on. The agro business sectors were the specialisation of our co-operative movement. So, we allowed liberalisation as a policy to kill our co-operative societies and unions.

Mr. Temporary Deputy Speaker, Sir, Mr. Muiruri gave very elaborate examples of how the coffee sector and the societies that supported it were killed through reckless liberalisation in the name of appeasing the World Bank and IMF. It is high time we considered what is in the best interest of our people and protected it. No Government can allow its people and institutions to be recklessly destroyed by policies that are imposed on us. If we are going to resuscitate the Co-operative Movement, we must reconsider our liberalisation and privatisation policies.

Mr. Temporary Deputy Speaker, Sir, I gather that there is a Privatisation Bill to be tabled in this House. I would like to suggest that before that Bill is brought before this House, it should be considered by the Ministry of Co-operative Development and Marketing on how it is likely to impact on the viability of co-operative societies and unions. We do not want to pass a Bill in this House that will destroy that wonderful vehicle of transformation further.

Mr. Temporary Deputy Speaker, Sir, I would like to touch on future strategies to improve the performance of the Co-operative Movement. First, as I have already indicated, there is need for policy harmonisation within the Government. Our trade policy, especially in the production sector, should take into account the pivotal role of the co-operative societies and movements.

Secondly, I am glad the Assistant Minister for Finance is here. Capital markets must recognise that co-operative societies have a major role to play in terms of mobilising investment capital. It does not make any logical sense for us to keep on looking for strategic partners to off-load our parastatals to and yet, we have the capacity to mobilise indigenous capital to purchase those parastatals without looking for foreign investors who will take over ownership, repatriate profits from our country, bring in foreign expatriate managers and, in some cases, even bring in foreign raw materials, so that they can further kill our primary production sector. There is a difference between privatisation and liberalisation in this respect.

With those few remarks, I would like to support.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Khamasi): Hon. Members, that concludes the business on the Order Paper. The House is, therefore, adjourned until 16th October, 2003, at 2.30 p.m.

The House rose at 6.30 p.m.