

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 22nd October, 2003

The House met at 9.00 a.m.

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

PRAYERS

NOTICES OF MOTIONS

Mr. M. Kariuki: Mr. Temporary Deputy Speaker, Sir, I beg to give notices of the following Motions:-

INTRODUCTION OF SMALL-SCALE ENTERPRISES AND HAWKING BILL

THAT, noting with concern the growth and proliferation of uncontrolled small-scale enterprises and hawking in our streets and road reserves; appreciating that this informal sector is a source of livelihood of the overwhelming majority of our urban population who cannot procure jobs, and who have been retrenched or retired; and aware that this sector of our population needs to be economically empowered and given legal protection and reclination, this House grants leave for introduction of a Bill for an Act of Parliament entitled "The Informal Sector Small Enterprises and Hawking Bill" to establish a regulatory and oversight authority to provide for micro-finance to small business enterprises and to the hawking fraternity.

INTRODUCTION OF HEROES BILL

THAT, whereas Kenya has its heroes and heroines who have contributed in a special way to our liberation and development in various sectors over the years, and aware that these heroes and heroines deserve a place in our history as a nation, this House urges the Government to introduce a legislation to establish a Heroes Act for burial of these heroes and provide for a system of naming of our streets and institutions after the departed heroes.

Prof. Oniang'o: Mr. Temporary Deputy Speaker, Sir, I beg to give notice of the following Motion:-

COMPETITIVE REMUNERATION FOR UNIVERSITY STAFF

THAT, in view of the central role played by universities in the socio-economic development of this country; aware that over 90 per cent of Kenyans who qualify to

join universities do so locally; cognisant of the enormous amounts of money used by Kenyans on overseas tertiary training, this House urges the Government to immediately set the remuneration of university teaching staff and other personnel to a level that is nationally and regionally competitive to ensure adequate annual budgetary allocation.

Mr. Sungu: Mr. Temporary Deputy Speaker, Sir, I beg to give notices of the following Motions:-

INTRODUCTION OF TOBACCO CONTROL BILL

THAT, aware that it is internationally accepted that tobacco and tobacco products are a danger to health; cognisant of the fact that tobacco manufacturing firms reap huge profits which do not benefit ordinary Kenyans, this House do grant leave to introduce a Bill entitled "The Tobacco Control Bill" to provide for litigation and compensation to the victims of tobacco smoking.

INTRODUCTION OF ADVERTISING CONTROL BILL

THAT, aware that the Government does not have a comprehensive policy regarding advertising; cognisant of the fact that the industry has used unethical practices in pushing defective, dangerous and substandard products on the market thereby endangering the lives of consumers, this House do grant leave to introduce a Bill for an Act of Parliament entitled "The Advertising Control Bill" to legislate against such practices and ensure that advertisements are truthful and ethical, and that they recognise the cultural and spiritual values of the Kenyan society.

ORAL ANSWERS TO QUESTIONS

Question No.580

COMPENSATION FOR SECOND WORLD WAR EX-SERVICEMEN

Mr. Obwocha asked the Minister of State, Office of the President, whether he could consider paying compensation to ex-servicemen who served in the British Legion (Kenya), Second World War under the auspices of British Commonwealth Ex-Services League.

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

On attainment of Independence, the Kenya Government did not inherit any compensation liability from the colonial government on discharged World War II veterans. The Government, therefore, has no basis on which to launch compensation claims against the Government of the United Kingdom. The Government, therefore, cannot consider paying compensation to ex-servicemen who served in the British Legion (Kenya), Second World War under the auspices of British Commonwealth Ex-Services League.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, first of all, I want to complain. This House must change the way we are doing things. This Question has been on the Order Paper for the last three weeks. If we are going to dwell on one Question for three weeks, what are we doing here?

Having made that statement, I would like to ask the Assistant Minister the following Question. I was prompted to ask this Question because my late father was a Second World War veteran. He has since died. Is it not true that the British Government sets aside funds for the war veterans, in fact, including funds for the purchase of the British farms in this country and, therefore, the Government has an obligation to pay those who are alive?

The Temporary Deputy Speaker (Mr. Poghisio): What is your question because he has just answered what you are asking? He said there is no money.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, he says that the Government has no obligation. But I am saying that the British Government set aside funds for that purpose. In fact, we know that Settlement Fund Trustee (SFT) in agriculture is funded by the British Government. So, really, the Government has access to those funds.

Mr. Dzoro: Mr. Temporary Deputy Speaker, Sir, I would like to state that, as the hon. Member has said, this Question came up three weeks ago. But I would like him to know that when I was ready to answer the Question about two weeks ago, he was not in the House and it was dropped. It has now come up again and I have given the answer.

With regard to what he has asked, I would like to state that I am not aware of what he is talking about!

(Laughter)

The Temporary Deputy Speaker (Mr. Poghisio): Order! Mr. Assistant Minister, you are actually aware of what he is talking about. He is asking: "Was there no money left"? I wish you had answered the question earlier because you are aware. You read the answer!

Mr. Dzoro: Mr. Temporary Deputy Speaker, Sir, I have said that because I have read the answer and I--

The Temporary Deputy Speaker (Mr. Poghisio): Read the answer for him!

Mr. Dzoro: Mr. Temporary Deputy Speaker, Sir, is it in order for me to say that the hon. Member has the answer? I have already read it to him!

The Temporary Deputy Speaker (Mr. Poghisio): Order, Mr. Assistant Minister! If that is the way we work here, we would not even need you to answer! This is not a contest of who is right or wrong! It is just that he has the answer, but you are still going to read it! That is why we have to record your voice.

Mr. Dzoro: Mr. Temporary Deputy Speaker, Sir, I have read the answer, but I would like to read it for the second time.

Mr. Obwocha: On a point of order, Mr. Temporary Deputy Speaker, Sir. Please, save this House! We do not want him to read the answer for the second time! Let him answer the supplementary question I asked. Is it not true that funds were set aside by the British Government? All he had said is that the Kenyan Government is not responsible, and we have heard that.

The Temporary Deputy Speaker (Mr. Poghisio): Order, Mr. Obwocha! I do not think you were listening and that is why I wanted him to read the answer again. I do not think you listened to the first part. I think he has the answer in the first part.

Mr. Dzoro, why do you not just go ahead and read the first part?

Mr. Dzoro: Thank you, Mr. Temporary Deputy Speaker, Sir. The first part reads:-

On attainment of Independence, the Kenya Government did not inherit any compensation liability from the colonial government on discharged World War II veterans. The Government, therefore, has no basis on which to launch compensation claims against the Government of the United Kingdom (UK).

The Temporary Deputy Speaker (Mr. Poghisio): Mr. Obwocha, I think that is the part that answered your question. Anything else? Are you satisfied?

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, first of all, I would like to refute what he has said. How come this Question is on the Order Paper today, if I was not there?

(Laughter)

The Temporary Deputy Speaker (Mr. Poghisio): Order, Mr. Obwocha! Let us not go back to that!

Mr. Obwocha: No, Mr. Temporary Deputy Speaker, Sir! I was here that day! It was only that the Speaker changed the orders of the Questions. But, be that as it may, let me ask the question!

The Temporary Deputy Speaker (Mr. Poghisio): Mr. Obwocha, let other Members help you out. Mr. Khamasi?

Mr. Khamasi: Mr. Temporary Deputy Speaker, Sir, this Government should behave a little bit different from the Kenyatta and Moi Governments. I think that is what they said. The ills that were committed by the two previous regimes cannot be repeated. If the veterans of the World War II were not compensated then, is it not right for the current Government to consider compensating them?

Mr. Dzoro: Mr. Temporary Deputy Speaker, Sir, Kenyans who were enlisted to serve during the war were engaged by the colonial government under terms and conditions in force then. The same conditions were used during their discharge and demobilisation after the war.

Mr. Muiruri: Mr. Temporary Deputy Speaker, Sir, my father was among those who fought during the World War II and he is dead! So, was the father of Mr. Obwocha. About 90 per cent of those people who fought in that war are dead. But people who fight for a course are very important in the history of this country. Those who fought against colonialism during the *Mau Mau* wars, those who fought in Nandi to remove the colonial government and others like Dedan Kimathi must be recognised. What plans does the Government have to compensate not only those who fought in the World War II, but also for Independence and are still alive, considering that early this year, it spent a sum of Kshs1.3 to entertain a fictitious Mr. Ayanu believing it was General Mathenge?

Mr. Dzoro: Mr. Temporary Deputy Speaker, Sir, Kenyans who fought during the World War II were fighting for the colonial government and not for Kenyans.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, a government that cares for its citizens fights for their rights. Why can the Government not fight for those who are alive to get compensation?

Mr. Dzoro: Mr. Temporary Deputy Speaker, Sir, I have just said that there were terms and conditions that those people signed, and they were paid. They signed for their payments. Therefore, the Government has no basis to fight for their compensation because the war was fought by the colonial government.

Mr. Sungu: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the Assistant Minister in order to insinuate that it is all right to discriminate against Kenyans? Blood, whether it is white, yellow or black is still blood! Is he in order to say that the Government will accept discrimination because it is the British? He should answer the question!

The Temporary Deputy Speaker (Mr. Poghisio): Mr. Sungu, that is not a point of order!

Question No.587

UPGRADING OF MTWAPA POLICE BASE

Mr. Khamisi asked the Minister for State, Office of the President, when the Mtwapa

Police Base will be elevated to a police station.

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

The Mtwapa Police Patrol Base in Kilifi District was elevated to a police station on 19th September, 2003, by Kenya Gazette Notice No.6551.

(Applause)

Mr. Khamisi: Mr. Temporary Deputy Speaker, Sir, the fact that, that base was elevated after I asked this Question shows the power of Questions in Parliament. But while I appreciate the Assistant Minister's response, I wish to draw his attention to the fact that the land on which that base is located is under dispute. The land belongs to an individual and the Government does not have a title deed to it. Could the Assistant Minister tell us specifically where that police station is going to be located? That is because it is squatting at the moment!

Mr. Tarus: Mr. Temporary Deputy Speaker, Sir, I am not aware that that police station belongs to an individual. What I am aware of is that it is Government property.

The Temporary Deputy Speaker (Mr. Poghisio): Order, Mr. Assistant Minister! It is not the police station which is owned by an individual, but it is the land on which the police station is built.

Mr. Tarus: Mr. Temporary Deputy Speaker, Sir, I get the difference. I cannot specifically state the particular piece of land where the police station will be stationed. However, I want to say that having elevated the police patrol base to a police station, the Government is putting in place the necessary structures to ensure that we locate it in the appropriate place.

Mr. Rotino: Mr. Temporary Deputy Speaker, Sir, what criteria does the Ministry follow in elevating police posts to police stations because there are places like in my constituency where a whole division has no police station? What criteria do you follow or do you do it haphazardly?

Mr. Tarus: Mr. Temporary Deputy Speaker, Sir, definitely, we do not do it haphazardly. We do it with a plan. It must have been planned for. It depends on the security requirements of the area.

The Temporary Deputy Speaker (Mr. Poghisio): Mr. Assistant Minister, the question by Mr. Rotino was on the criteria that you use in elevating these police bases to police stations.

Mr. Tarus: Mr. Temporary Deputy Speaker, Sir, I have said that we do not locate police stations haphazardly. That is to say that--

Mr. Rotino: What is the criteria?

Mr. Tarus: Mr. Temporary Deputy Speaker, Sir, protect me from the agitated hon. Member.

The Temporary Deputy Speaker (Mr. Poghisio): Order, Mr. Rotino!

Mr. Tarus: Mr. Temporary Deputy Speaker, Sir, I have said that one of the criteria is, of course, the security requirements of a given area.

Mr. Khamisi: Mr. Temporary Deputy Speaker, Sir, since the police base has now been elevated to a police station, can the Assistant Minister tell this House what changes have taken place in terms of additional personnel, more transport facilities and better security for the area?

Mr. Tarus: Mr. Temporary Deputy Speaker, Sir, the next phase is to provide personnel, the necessary equipment and transport facilities.

The Temporary Deputy Speaker (Mr. Poghisio): Next Question by Mr. Lucas Maitha!

ISSUANCE OF HELB LOANS TO
PARALLEL DEGREE PROGRAMME STUDENTS

The Temporary Deputy Speaker (Mr. Poghiso): Is Mr. Lucas Maitha not here? We will leave his Question until the end. Let us move to the next Question by Mr. Owino Likowa.

Question No.680

HELB FUNDING FOR POOR
UNIVERSITY STUDENTS

Mr. Owino asked the Minister for Education, Science and Technology:-

(a) what his Ministry is doing to streamline the Higher Education Loans Board so that it can benefit poor university students who are unable to get financial assistance from the Board; and,

(b) whether he is aware that most of the poor students at the public universities are falling out because of lack of finances.

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

(a) The Ministry is reviewing the administration of the Higher Education Loans Board to involve a wider range of students, including those under the parallel degree programme.

(b) I am not aware of any students from poor backgrounds dropping out of any of the public universities due to lack of finances. The University Loans System and the Ministry Bursary Fund have been put in place to prevent such eventualities.

Mr. Owino: Mr. Temporary Deputy Speaker, Sir, I wonder whether the Assistant Minister did his research. I have a whole list here and from my own district, 24 students have dropped out of universities this academic year because they were not given the finances they required from the Higher Education Loans Board. Is he aware that the 24 students from Migori District are at home because they were not able to access these loans?

Dr. Mwiria: Mr. Temporary Deputy Speaker, Sir, I am not aware of that, but now that he is saying it, I would like to request the hon. Member to give us the names of the students because sometimes we also go through Members of Parliament to find out if there are cases of needy students from their respective constituencies who have not benefitted from the loans.

Mr. Sasura: Mr. Temporary Deputy Speaker, Sir, it is very surprising that this Assistant Minister is not aware that poor students from the universities are being sent away due to non-payment of fees. It is only yesterday that four university students were sent away from my constituency and they came to this Parliament asking me to assist them pay the money. Could the Assistant Minister tell us what criteria they use to disburse these funds because it is a one-man show? Some of the students who were here yesterday had made applications three months ago and there were no letters written to them to indicate that there are no funds available. What criteria is used to disburse these funds? Is it the quota system or what exact criteria is in place?

Dr. Mwiria: Mr. Temporary Deputy Speaker, Sir, we use a variety of measures to identify those students that are in need. We consult with the schools that students have been to, local administrators and their parents. Basically, the form that is completed by students goes through a number of officials, including the local ones. However, sometimes, the students may not get the loans because they have cheated. So, there are cases like that because if we find that you have cheated, then you are not entitled to any loan. Other students drop out for other reasons that are not financial.

Mr. Muriungi: Mr. Temporary Deputy Speaker, Sir, many of the students who are going

through the university parallel degree programme, especially those doing Bachelor of Education degree programme, are teachers who have salaries and they would like loans and have the payment offset through their salaries. What arrangements is the Ministry making with the Teachers Service Commission (TSC) so that it gives teachers loans and offset them from their salaries, so that they can start paying them even earlier than the completion of their course?

Dr. Mwiria: Mr. Temporary Deputy Speaker, Sir, beginning with the 2003/2004 academic year, even students under the parallel degree programme will be entitled to university loans. So, we are working out modalities to ensure that they are able to benefit from the loans.

Prof. Oniang'o: Mr. Temporary Deputy Speaker, Sir, is the Assistant Minister aware that, in fact, many of the students who have been taken by the Joint Admissions Board (JAB) drop out of university because the funds they are given are not adequate; in fact, they do not always get a full loan? Secondly, the whole issue of the policy of the Higher Education Loans Board needs to be reviewed. Could the Assistant Minister tell us when this HELB policy is going to be reviewed so that all students who qualify for the parallel degree programme and for private universities actually benefit from these loans?

Dr. Mwiria: Mr. Temporary Deputy Speaker, Sir, as for the last question from Prof. Oniang'o, I have already said that the Ministry has, as a matter of fact, reviewed the situation and parallel degree students will benefit from loans beginning from this academic year. Secondly, I would like to say that we also need to realise that the whole policy of university fees and loans is also based on the principle of cost-sharing. So, students do not get a 100 per cent loan. However, I would like to say that 97 per cent of the students who applied for loans actually benefitted from loans last year, including those in private universities.

Mr. Owino: Mr. Temporary Deputy Speaker, Sir, I have seen a categorisation of how much money is given to the students. Some get Kshs52,000, Kshs45,000, Kshs40,000 or Kshs35,000. On what basis are they categorised?

Dr. Mwiria: Mr. Temporary Deputy Speaker, Sir, the categorisation is on the basis of need. Students who have lost both parents are likely to get a full loan, which amounts to about Kshs60,000. Students who have one parent who has no employment or source of income are likely to get around Kshs45,000. So, the categorisation is really on the basis of need. Students who come from families where their parents make more than Kshs500,00 per year are unlikely to benefit from the loans. Also, students who have been to high-cost schools where there is evidence that they were able to pay school fees in expensive schools are unlikely to benefit from the loans.

Mr. Munya: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for the Assistant Minister to mislead us by insisting that the loans are given fairly when we have many poor students who are not receiving loans? Could he consider decentralising the loans programme to the constituencies level and publishing the names of the students who benefit from the loans every year?

The Temporary Deputy Speaker (Mr. Poghiso): Order, Mr. Assistant Minister! You do not have to answer that. Mr. Munya, you wanted to ask a question through the back door.

Next Question by Mr. Wakoli Bifwoli!

*(The Vice-President and Minister
for Home Affairs was applauded as he
entered the Chamber)*

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

The Temporary Deputy Speaker (Mr. Poghiso): Order, Mr. Angwenyi! Hon. Members, it is becoming increasingly disturbing that Members who wish to ask supplementary questions rise on a point of order and then proceed to ask their questions. That is not allowed in this House! During

Question time, hon. Members get answers simply by asking questions. Let us stop raising flimsy points of orders simply to get answers from Ministers.

Mr. Munya: On a point of order, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Poghisio): Order, Mr. Munya! I think you are becoming very difficult to handle. Let me not hear that from you again.

(Dr. Mwiria raised his hand)

Mr. Obwocha: On a point of order, Mr. Temporary Deputy Speaker, Sir. Did you see the Assistant Minister raise his hand to catch your eye?

(Laughter)

The Temporary Deputy Speaker (Mr. Poghisio): Order! Order, Members! I have heard your point.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir---

The Temporary Deputy Speaker (Mr. Poghisio): Why are you standing up again?

Mr. Obwocha: Mr. Temporary Speaker, Sir, it is because you have not made a ruling about that.

The Temporary Deputy Speaker (Mr. Poghisio): But why are you on your feet?

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, I am simply saying that hon. Mwiria raised his hand and yet he is supposed to stand up and look at you to catch your eye!

(Laughter)

The Temporary Deputy Speaker (Mr. Poghisio): Really, the Assistant Minister does not need even to catch my eye because he is the one answering the Question.

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. The rules of the House are made by us to serve us. If a person is frustrated in his efforts to ask an important supplementary question, and then he raises it in the form of a point of order, it is incumbent upon the Speaker to allow that question to be answered for the benefit of Members of Parliament.

(Applause)

The question raised by hon. Munya was a correct question because it would serve our interests and those of Kenyans.

The Temporary Deputy Speaker (Mr. Poghisio): That is a very populist way of doing things and we do not do it that way here. You have to go back to your rules and make the changes.

Next Question!

Question No.664

AMBULANCE FOR BUMULA HEALTH CENTRE

Mr. Bifwoli asked the Minister for Health:-

- (a) why the ambulance for Bumula Health Centre was taken away; and,
- (b) when another ambulance will be sent to the centre.

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

(a) The ambulance for Bumula Health Centre was disposed of by an open tender---

(Loud consultations)

Mr. Boit: On a point of information, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Poghisio): Order! What information?

Mr. Boit: Mr. Temporary Deputy Speaker, Sir, who is the "Minister for Bumula" as indicated on the Order Paper?

(Loud consultations)

(Mr. Boit raised his hand)

The Temporary Deputy Speaker (Mr. Poghisio): Order, Members! Order! Again, the hon. Member for Baringo North was raising his hand!

(Laughter)

Order! It is a typographical error because, definitely, we cannot have a "Minister for Bumula". There is no such thing. It is the Member for Bumula.

Let us proceed!

The Assistant Minister for Health (Mr. Konchella): (a) The ambulance for Bumula Health Centre was disposed of by open tender as a result of having become old and unserviceable.

(b) Bumula Health Centre will be provided with another ambulance this financial year.

Mr. Bifwoli: Mr. Temporary Deputy Speaker, Sir, I thank the Assistant Minister for promising us that he will give us an ambulance this year. However, patients have been paying money while getting treatment in Bumula. At the same time, people were saying that the money would be used to purchase an ambulance. Now, that the Assistant Minister is giving us a new ambulance, is he going to order for the money to be refunded?

Mr. Konchella: Mr. Temporary Deputy Speaker, Sir, I am not aware and if what the hon. Member is saying has been happening, then it is a very serious matter. The hospital is not allowed to collect money to buy a vehicle! Vehicles are bought by the Ministry Headquarters, not the health centre.

Mr. Bifwoli: Mr. Temporary Deputy Speaker, Sir, I am asking whether he is going to order that the money be refunded.

Mr. Konchella: Mr. Temporary Deputy Speaker, Sir, I am not aware of that. However, we will investigate and find out whether, indeed, patients have been paying money, and we will definitely take appropriate action.

Mr. Omamba: Mr. Temporary Deputy Speaker, Sir, could the Assistant Minister tell this House the plans he has in fuelling the ambulances in the health centres instead of demanding money from the patients who are badly off and cannot raise the money?

Mr. Konchella: Can he repeat his question, please?

The Temporary Deputy Speaker (Mr. Poghisio): What was your question, Mr. Omamba?

Mr. Omamba: Mr. Temporary Deputy Speaker, Sir, in some places like Uriri, we have ambulances which serve health centres and dispensaries which run short of fuel. What plans does the

Ministry have to fuel these ambulances to serve the health centres efficiently?

Mr. Konchella: Mr. Temporary Deputy Speaker, Sir, I am not very sure whether I am capable of handling the hon. Member's question because he is talking about fuel. If the health centres run out fuel, it must be because of improper usage of the facility. I would like to get more information on this, perhaps, from the medical officer, before I answer it.

Dr. Khalwale: Mr. Temporary Deputy Speaker, Sir, the problem of shortage of ambulances is a countrywide problem. What criteria does the Ministry use to decide which dispensary or health centre is given an ambulance.

Mr. Konchella: Mr. Temporary Deputy Speaker, Sir, the Ministry clarified that matter earlier this year. We are going to provide an ambulance to every district hospital. We have identified 70 of them. Currently, we have procured 40 ambulances which will be given to very needy health centres in the country. The criteria is based on population and the need of the hospital for use of an ambulance.

Mr. Mwanicha: Mr. Temporary Deputy Speaker, Sir, I would like to know from the Assistant Minister, how much money the Ministry has set aside for the maintenance and fuelling of those ambulances which it gives out to health centres.

Mr. Konchella: Mr. Temporary Deputy Speaker, Sir, if the hon. Member cared to look at the Ministry's budgeted estimates, they show what has been allocated for every health centre in the country.

Mr. Bifwoli: Mr. Temporary Deputy Speaker, Sir, the Assistant Minister said that he is not aware. I want to make him aware that the ambulance belonging to Bumula Health Centre was sold and patients were asked to raise money to add up the difference so that they could be given another ambulance. Now that he is giving us a new ambulance, and I have made him aware, I want him to order for the money we contributed to be refunded.

Mr. Konchella: Mr. Temporary Deputy Speaker, Sir, that is erroneous because the ambulance was sold at Kshs190,000 and the District Commissioner (DC) for Bungoma remitted the money to the Ministry as Appropriations-in-Aid. The issue of people collecting money is something the Ministry is not aware of. However, will find out and take appropriate action.

The Temporary Deputy Speaker (Mr. Poghisio): All right, the Question by Mr. Leshore has been deferred until tomorrow.

Question No.662

CLEAN WATER SUPPLY TO SAMBURU DISTRICT

(Question deferred)

Let us have the next Question by Mr. Mukiri.

Question No.609

RESETTLEMENT OF MOLO
ETHNIC CLASHES VICTIMS

Mr. Mukiri asked the Minister for Lands and Settlement when the Government will resettle the victims of ethnic clashes in Molo.

The Assistant Minister for Lands and Settlement (Mr. Ojode): Mr. Temporary Deputy Speaker, Sir, unfortunately, this Question does not fall under my Ministry. Rather, it is a Question which has to do with security. I only settle the landless; I do not resettle those whom I have settled.

(Applause)

Mr. Mukiri: Mr. Temporary Deputy Speaker, Sir, this Government is not serious. This Question has appeared several times before this House. It is now being tossed from one Ministry to another. I seek direction from the Chair because, last time, there was a Motion before this House, and I think the Government supported it through the Ministry of Regional Development. Now, I am surprised when an Assistant Minister from the same Government comes to this House and says that he does not have the mandate to answer my Question which is talking about land. The other day, the Minister for Regional Development also said that he did not have the mandate to resettle the tribal clash victims. So, where will the people of Molo and Kenya in general, who were affected by the land clashes, go to?

The Temporary Deputy Speaker (Mr. Poghisio): Thank you. I hope the Leader of Government Business is here to assist.

Mr. Vice-President, there is a Question here which has been tossed from the Office of the President to the Ministry of Lands and Settlement. Let us find a way of directing it to the right Ministry.

Mr. Gitau: On a point of order, Mr. Temporary Deputy Speaker, Sir. We can hardly hear you at all!

The Temporary Deputy Speaker (Mr. Poghisio): Order, Members! We have a Question here which is being re-routed from one Ministry to another, and I am asking the Leader of Government Business to answer it.

The Vice-President and Minister for Home Affairs (Mr. Awori): Thank you, Mr. Temporary Deputy Speaker, Sir. I will see that this Question is re-routed to the correct Ministry that deals with resettlement of people like these; that is the Office of the President.

Mr. Mwandawiro: Jambo la nidhamu, Bw. Naibu Spika wa Muda. Swali hili ni muhimu sana, na naomba Serikali ilichukuwe kwa umuhimu wake. Naomba kuwa majibu yatakapoletwa, hatua madhubuti zichukuliwe ili kuwarudisha watu walioathirika katika makao yao.

(Applause)

The Temporary Deputy Speaker (Mr. Poghisio): Order, Members! Can the Question be deferred and referred to the Office of the President?

Mr. Mukiri: The Speaker made this sort of ruling concerning this Question about two weeks ago. Could we have a specific date when the Minister will come to answer this Question?

The Temporary Deputy Speaker (Mr. Poghisio): The Vice-President is here. Do you think we can have the answer next week on a particular day?

The Vice-President and Minister for Home Affairs (Mr. Awori): Mr. Temporary Deputy Speaker, Sir, I have to consult the Minister who will be answering the Question. The answer should come towards the end of next week when, I am sure, the Minister will

have the answer.

The Temporary Deputy Speaker (Mr. Poghisio): Can I put it at Thursday next week?

The Vice-President and Minister for Home Affairs (Mr. Awori): Yes, thank you.

Mr. Mwanicha: On a point of order, Mr. Temporary Deputy Speaker, Sir. In view of the fact that victims of ethnic clashes are in various parts countrywide, and this Question restricts itself to Molo, could we get an answer from the Minister regarding all areas that were affected by ethnic

clashes?

(Applause)

The Temporary Deputy Speaker (Mr. Poghisio): Order! Order, Members! I am restraining myself again from asking some of you never to stand up on points of order because you do not seem to know what a point of order is. You have ended up asking a question. You could actually have stood up immediately after the Minister sat down to ask your question. Yours is not a point of order but another question. If we continue this way, we will not be doing business the way we are supposed to. So, you cannot get an answer because you stood on a point of order.

Mr. Kimeto: On a point of information, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Poghisio): Who are you informing?

Mr. Kimeto: I want to inform this House.

(Laughter)

The Temporary Deputy Speaker (Mr. Poghisio): Order! Let us have the next Question by Mr. J.M. Mutiso. Order, Mr. Kimeto! Sit down!

Question No.503

DISMISSAL OF MR. MAILU FROM KWS

Mr. J.M. Mutiso asked the Minister for Environment, Natural Resources and Wildlife:-

- (a) why Corporal Ranger Philip. M. Mailu, Service No.CP/Est/No.0568, was summarily dismissed from the Kenya Wildlife Service (KWS) on 1st February, 1996, without being accorded a fair hearing;
- (b) why his benefits were not paid; and,
- (c) how many employees have been dismissed from the KWS under similar circumstances since its inception.

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

(a) Corporal Philip Mailu was dismissed from KWS on 1st February, 1996, for committing the following offences in accordance with the KWS Armed Wing Disciplinary Code of 1990.

Count One: On 1st December, 1995, at Konza Outpost in Kajiado District, he made false entries into official documents; Firearm Movement Register and Control Report Book, contrary to Regulation 5 Paragraph 2 of the KWS Armed Wing Disciplinary Code of 1990.

Count Two: On the same date, at Malili Ranch in Machakos District, he killed an animal; a Kongoni, without lawful authority, contrary to Regulation 5, Paragraph EEO of the KWS Armed Wing Disciplinary Code of 1990.

Count Three: On the same date and place as in two above, he was found in improper possession of a game trophy; a carcass of a Kongoni, contrary to Regulation 5, Paragraph 00 of the KWS Armed Wing Disciplinary Code of 1990.

Count Four: On the same date and place, he unlawfully used a firearm and ammunition issued to him, which is contrary to Regulation 5, Paragraph FF of the KWS Armed Wing Disciplinary Code of 1990.

Count Five: On the same date and place, he was found improperly dressed, in that he wore a KWS camouflage jacket with civilian clothes, which is contrary to Regulation 5 Cap.12 of the KWS Standing Orders of 1992.

He was charged with the offences on 5th December, 1995, and pleaded as follows: On Counts One and Two, he pleaded not guilty. On Counts Three to Five, he pleaded guilty. Following these pleas of not guilty on Counts One and Two, full orderly room proceedings were conducted and the presiding officer found him guilty on the strength of evidence which was adduced against him during the proceedings. He was accordingly sentenced to be dismissed from the service with effect from 22nd January, 1996.

(b) Mr. Mailu was dismissed before the current Retirement Benefits Authority (RBA) Act of 1997 came into effect. He, therefore, forfeited all benefits which would have been payable had he left the service under normal circumstances. He was, however, refunded Kshs15,875.05 on 24th December, 1996, being his own contribution towards the KWS Staff Superannuation Scheme as per the scheme rules applicable at the time of his dismissal.

(c) Since the inception of Kenya Wildlife Service (KWS) in 1990, a total of 24 employees have been dismissed under similar circumstances.

Mr. J. M. Mutiso: Mr. Temporary Deputy Speaker, Sir, let me, first of all, thank the Assistant Minister for giving such a good answer. This Question is about dismissal of one corporal ranger who was an employee of KWS. The grounds on which he was dismissed were totally unprocedural in the sense that he was a serviceman and he was authorised to use firearms. He was dismissed because he killed a wounded animal. Section 32 of the Wildlife Act permits an officer or any person to kill a wounded animal. The Director of KWS is also supposed to seek authority from the Attorney-General before he dismisses an employee. Could the Assistant Minister tell the House whether such authority was sought before the ranger was dismissed?

Prof. Maathai: Mr. Temporary Deputy Speaker, Sir, I do not have any supplementary information to inform you whether such an authority was ever sought. However, what I would like to promise is that I will go back and find out what steps were taken and whether that authority was, indeed, sought.

Ms. Abdalla: Mr. Temporary Deputy Speaker, Sir, it is a known fact that 75 per cent of Kenya's wildlife lives outside protected areas, yet the KWS has allocated 80 per cent of its budget to environmental and wildlife policing. What is the Ministry doing to change this policy from wildlife policing to community policing?

Prof. Maathai: Mr. Temporary Deputy Speaker, Sir, as I mentioned before, we are looking into the KWS management. We are trying to overhaul the management and the whole concept of how wildlife should be managed. This is partly because of the frequent human-wildlife conflict that we have had to report about in this House. What I would like to assure the hon. Member is that this is a matter that is under study in our Ministry, and we are trying to see how best we can reduce the conflict and manage our animals better for the benefit of both the industry and our people.

Mr. Sasura: Mr. Temporary Deputy Speaker, Sir, I heard the Assistant Minister say that this officer was dismissed before the Retirement Benefits Authority (RBA) came into being. Could the Assistant Minister tell us what the RBA states about the non-payment of benefits for such an officer?

Prof. Maathai: Mr. Temporary Deputy Speaker, Sir, I said that I will go back and see whether the authority was, indeed, given. The hon. Member wanted to know whether we followed all the procedures or not. I must admit that, some time in the past, some of the actions that were taken against some of these guards needed a little more caution. Therefore, I will be quite satisfied if the hon. Member could give me any background information he may have.

Mr. J.M. Mutiso: Mr. Temporary Deputy Speaker, Sir, since the corporal filed an appeal

which was never determined, could the Assistant Minister see to it that it is redeemed in the name of paying the rightful benefits to the affected person?

Prof. Maathai: Mr. Temporary Deputy Speaker, Sir, as I said, I will be quite willing to go back and look at this case afresh.

The Temporary Deputy Speaker (Mr. Poghisio): Next Question, Mr. Kipchumba!

Question No.384

INDEBTEDNESS OF PROGRESSIVE SOCIETY

Mr. Keter: Mr. Temporary Deputy Speaker, Sir, the Member of Parliament for Eldoret East Constituency is out of the country and he requested that this Question be deferred to next week.

The Temporary Deputy Speaker (Mr. Poghisio): What is your reaction, Mr. Kenneth?

The Assistant Minister for Co-operative Development and Marketing (Mr. Kenneth): Mr. Temporary Deputy Speaker, Sir, although I had my answer ready, I have no objection to that. I would have been more than willing to proceed today, but since he is not here, we will tackle the Question next week.

The Temporary Deputy Speaker (Mr. Poghisio): Very well, the Question is deferred to Thursday, next week.

(Question deferred)

Mr. L. Maitha's Question for the second time!

Question No.464

ISSUANCE OF HELB LOANS TO PARALLEL
DEGREE PROGRAMME STUDENTS

Mr. Kombe, on behalf of **Mr. L. Maitha**, asked the Minister for Education, Science and Technology:-

(a) why there is discrimination in the issuance of loans by the University Higher Education Loans Board (HELB) with regular students in private and public universities being eligible but not students on parallel degree programmes; and,

(b) what steps he is taking to help students under parallel degree programmes acquire HELB loans.

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

(a) There is no discrimination in the issuance of loans by the University Higher Education Loans Board (HELB). Loans are given to needy cases who have attained minimum requirements. The parallel degree programme was started by the public universities as a source of income to the universities. The parallel degree is a self-sponsored programme.

(b) The Ministry is in consultation with the HELB to provide loans to all students - public, private and in the parallel programme - from the academic year, 2003/2004, provided that they meet their minimum university requirements.

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, the Assistant Minister is a bit contradictory. If loans are being given to students in private universities, what would be the problem in giving the same loans to students in private university who have actually undergone the Module II Programme?

Dr. Mwiria: Mr. Temporary Deputy Speaker, Sir, precisely, I agree with the views by Mr. Maore. In fact, we are reviewing the system of allocating loans. From this academic year, students in parallel degree programmes will also be entitled to these loans as long as they are found to be needy.

Mr. Munya: Mr. Temporary Deputy Speaker, Sir, it is only the people at the grassroots who are able to establish the needy students. Could the Assistant Minister consider decentralizing the university loans system to the constituencies in the same way we have decentralized the bursaries? Could he also consider publishing all the names of the recipients of the loans?

(Applause)

Dr. Mwiria: Mr. Temporary Deputy Speaker, Sir, we are open to good and constructive suggestions. I will be quite happy to consider that, and check what kind of modalities may or may not make it possible. Secondly, I also agree with Mr. Munya that in the interest of transparency and to really ensure that the students who get loans are the needy students, it will be a good idea to publish those names. Thirdly, in response to points raised earlier by Mr. Sasura and Mr. Likoa, I would like to suggest that, they could provide us with the names of those students whom they believe are needy and were not entitled to the loans. We will be quite happy to check what happened and ensure that those students are provided with the loans if, indeed, they are needy.

Mr. Salat: Mr. Temporary Deputy Speaker, Sir, could the Assistant Minister tell us why nine students from Moi University, Eldoret, on a parallel degree programme, were awarded loans?

Dr. Mwiria: Mr. Temporary Deputy Speaker, Sir, I am not aware of that. However, I would be quite happy to get the names, then check through the records to find out why the HELB could have done that.

Mr. Owidi: Mr. Temporary Deputy Speaker, Sir, the total number of students that should get loans from the Higher Education Loans Board is 35,000. At Kshs52,000 each, this would be Kshs1.8 billion. Why can the Ministry not give an additional Kshs800 million, so that any student who applies for the loan can get that money instead of letting them flock at hon. Members's offices?

Dr. Mwiria: Mr. Temporary Deputy Speaker, Sir, last year the Ministry disbursed Kshs600 million as loans for university students. In the coming year, the Ministry is going to disburse Kshs800 million. So, it is in the interest of the Ministry to cover as many students as possible but, again, as I said earlier on, fees for university and secondary school students should be seen in the context of the policy of cost-sharing. To the extent possible, we will increase the amount, but that does not mean that all students will get the maximum amount of money that is available for students.

Mr. Kimeto: Mr. Temporary Deputy Speaker, Sir, is the Assistant Minister aware that students in training colleges and polytechnics are discriminated against and they do not get loans from the Ministry?

Dr. Mwiria: Mr. Temporary Deputy Speaker, Sir, I am aware that students in teacher training colleges and polytechnics are not entitled to Higher Education Loans Board money, because they were not part of the equation from the beginning. However, the Ministry is also willing to consider ways of seeing to it that needy students from those institutions benefit from some kind of support.

Mr. Owino: Mr. Temporary Deputy Speaker, Sir, the Assistant Minister has said that he would like to have the names of those students who were not considered for loans from the Higher Education Loans Board. Could he confirm to the House that when those names are presented to him, the students are going to be awarded the loans?

Dr. Mwiria: Mr. Temporary Deputy Speaker, Sir, what I can confirm is that if the students are, in fact, needy then they will get the support.

QUESTIONS BY PRIVATE NOTICE

ABDUCTION OF MR. AGUTA

Mr. Akaranga: Mr. Temporary Deputy Speaker, Sir, I beg to ask the Minister of State, Office of the President the following Question by Private Notice.

(a) Is the Minister aware that on the night of 8th September, 1995, a Mr. Jaxon Muhindi Aguta was forcefully abducted at night from his house in Kikuyu Town by unknown people and that he has not been seen again?

(b) Is he further aware that the outcome of the investigations by the officers at Kikuyu Police Station into the abduction and the subsequent disappearance of Mr. Aguta has not been availed to the next of kin and family of the missing person?

(c) Could the Minister inform the House the whereabouts of Mr. Aguta?

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Temporary Deputy Speaker, Sir, may I seek the indulgence of the House to answer this Question tomorrow, afternoon.

Mr. Akaranga: Mr. Temporary Deputy Speaker, Sir, while I appreciate what the Assistant Minister has said, he has not told us why he wants the Question to be deferred to tomorrow.

The Temporary Deputy Speaker (Poghisio): Mr. Tarus, could you state why you want to defer the Question?

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Temporary Deputy Speaker, Sir, I have not received exhaustive information to answer this Question. I think tomorrow will be appropriate.

The Temporary Deputy Speaker (Mr. Poghisio): Is that okay, Mr. Akaranga?

Mr. Akaranga: It is okay, Sir.

(Question deferred)

The Temporary Deputy Speaker (Mr. Poghisio): Next Question!

UTILIZATION OF KATHIANI ROADS PROGRAMME FUNDS

(Mr. Kaindi) to ask the Minister for Roads, Public Works and Housing:-

(a) Is the Minister aware that part of the money allocated to Kathiani Constituency under the Constituency Roads Programme cannot be accounted for?

(b) Could the Minister explain how the Kshs1.5 million was used?

(c) What action will the Minister take against the officers concerned?

Mr. Kaindi: Mr. Temporary Deputy Speaker, Sir, I asked this Question in 1998, during the last Parliament, and the then Government was unable to answer it. This year, the NARC Government effectively put this money to use and, therefore, I do not wish to ask the Question.

The Minister for Water Resources Management and Development (Ms. Karua): Mr. Temporary Deputy Speaker, Sir, we are surprised that the hon. Member has dropped the Question, while I have the answer ready. I was going to answer the Question on behalf of Eng. Toro who has had to leave on urgent business. The Question belongs to the House and if the Chair rules so, I will answer it. Mr. Temporary Deputy Speaker, Sir, I will proceed to answer.

(a) I am not aware that part of the money allocated to Kathiani Constituency Roads Programme cannot be accounted for.

Mr. Munya: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for the Minister to answer a Question that has not been asked?

The Temporary Deputy Speaker (Mr. Poghisio): Order! There are two parties to a Question even if it belongs to the House. There still has to be someone to ask it and another one to answer it. In this case, the person to ask the Question has withdrawn it, and so there is really no Question which has been asked and, therefore, there is no answer for the Minister to give. In this situation, the Question just "evaporates". Unless an hon. Member asks the Question, it cannot be answered.

The Minister for Water Resources Management and Development (Ms. Karua): Mr. Temporary Deputy Speaker, Sir, I abide by your ruling, but I beg to table the answer.

(Ms. Karua laid the document on the Table)

The Temporary Deputy Speaker (Mr. Poghisio): Order, hon. Members! I am very sorry, Ms. Karua, you cannot table that answer because it is not going to belong to us.

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

Order, hon. Members! At some point in time I am going to sit down and then you can be on your feet.

Mr. Maore: On a point of order, Mr. Temporary Deputy Speaker, Sir. I would totally agree with the Minister in as far as tabling the answer is concerned. If the hon. Member filed this Question as very urgent under Questions by Private Notice, that should have been less than two weeks ago. So, would I be in order to ask the House to adopt this answer and ask the hon. Questioner what motive he had when he filed the Question?

Mr. Kaindi: On a point of order, Mr. Temporary Deputy Speaker, Sir. The answer the Minister has given relates to money which was given barely three months ago and the work is on-going. In fact, I had asked this Question in 1998. I think there must have been something wrong with the Clerk's office. I did not file this Question, because the answer she has given relates to the money which was given in August, 2003, and the work is on-going. I asked this Question in 1998 and it was answered. It related to money that had been misappropriated at that time, and the Paymaster General had refunded the money to the constituency through the District Commissioner. The money was used to grade Road B528.

The Minister for Water Resources Management and Development (Ms. Karua): Mr. Temporary Deputy Speaker, Sir, since the hon. Member has divulged the answer to the House, it is only fair that it be presented to the House so that hon. Members can understand what we are discussing.

Mr. Temporary Deputy Speaker, Sir, I also need your direction. When Ministers are unable to answer Questions, we are always under fire in this House. Now we are ready with the answer and the hon. Member withdraws his Question without any notice. There should be fairness to both sides. I am seeking your guidance and I think this answer should be read out to the House.

Mr. Kimeto: On a point of order, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Poghisio): Order, Mr. Kimeto! Hon. Members, I can see that the mood of the House is to get an answer. There is no Question since it was withdrawn and, therefore, there can be no answer. There is some kind of information I need from Mr. Kaindi. I need to look at the records to ascertain what he has said. You cannot just come out of the blue and withdraw a Question, unless there is something to it. I will defer this Question until tomorrow so that we can look at the record on this particular road and see if it is necessary to bring the Question back. So, let us proceed from there.

(Question deferred)

Mr. Sasura: On a point of order, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Poghismo): Order! We have deferred that Question. Unless it is a procedural point of order, we have deferred that Question. Mr. Sasura, it had better be a point of order.

Mr. Sasura: On a point of order, Mr. Temporary Deputy Speaker, Sir, this is just a matter of guidance on procedure from the Chair. Severally, hon. Members in this House have complained about their Questions being delayed to appear on the Order Paper. It is very unfair for this House to be treated very lightly as Mr. Kaindi is doing. You heard very clearly Mr. Kaindi say that he filed this Question seven years ago. There is no possibility that the clerks can put a Question, that had been filed seven years ago, on the Order Paper. Would I be in order to kindly request you to enable the hon. Member who has his Question on the Order Paper to either have it attended to by hon. Members or have it dropped?

Mr. Kaindi: Mr. Temporary Deputy Speaker, Sir, I would like the Question to be answered. I have given facts. The work she is talking about will certainly raise other questions, maybe not now but later. If they want me to ask the Question again let me ask---

The Temporary Deputy Speaker (Mr. Poghismo): Order, Mr. Kaindi! You are seriously taking this House for a ride. You cannot rise and say that you are asking a Question then you do not.

You cannot also rise up again and decide that you are asking the Question. There are several mistakes and even typographical ones on the Order Paper, including a Question like this appearing as a Question by Private Notice. It appears to be very urgent. You cannot come here and say that you are not going to ask a Question and claim that it is not your fault. If so, I want

[The Temporary Deputy Speaker]

to know under what circumstances so that I can comment on it tomorrow! Let us proceed!

Dr. Galgallo: Mr. Temporary Deputy Speaker, Sir, he says that he filed this Question in 1998. At that time, funds were not being availed to the constituencies for roads construction. How could he have filed this Question in 1998? He is taking us for a ride!

The Temporary Deputy Speaker (Mr. Poghismo): Order Members! Order! There are some Members who had requested for Ministerial Statements and there were for Ministerial Statements to be made today. Let us do that very quickly.

MINISTERIAL STATEMENT

REMOVAL OF PLOT FILES FROM MINISTRY OFFICES

The Assistant Minister for Lands and Settlement (Mr. Ojode): Mr. Temporary Deputy Speaker, Sir, a Ministerial Statement was requested by hon. Mr. Serut in regard to the removal of plot files from offices in the Ministry of Lands and Settlement. I would like to say that hon. Members are aware of the many complaints made against my Ministry by the Members of the public relating to poor service delivery, missing files, and inordinate delays in attending to their land issues. We have so far responded to this challenge through a number of performance and efficiency improvement measures. One such measure involves streamlining the filing system to ensure easy access to information.

On 7th October, 2003, certain plot files were removed from some officers' offices and desk drawers. This was a well-planned administrative exercise which was to establish in part whether certain files that were reported missing were being held by some officers for certain reasons and not

necessarily official.

We have been analysing the files in question and have already isolated the ones that require urgent attention. They have already been returned to the officers for action. The analysis of the said files has showed the following: That some files alleged to have been missing were not actually missing but were being held by officers; that some officers were keeping their own plot files and those of their allies; that some officers were keeping files for selfish reasons for over a year, and in one case, since 1992. Some file folders with file numbers but with no content inside were among those that were being held by the officers.

We have finalised the sorting out of all files and the exercise was completed by last week. There are indications out of the exercise that a number of files are still missing from the Ministry. Further administrative action including disciplinary measures, will be taken to ensure that such unethical practices are curbed so that service delivery to the public is efficient and effective. I regret the inconvenience caused to the members of the public during that period.

Thank you.

Mr. Serut: Thank you, Mr. Temporary Deputy Speaker, Sir. Whereas I appreciate the answer given by the Assistant Minister in respect of the withdrawal of files from officers; offices and those which were in circulation, within the Ministry of Lands and Settlement, I have the following to say: The files held by the Ministry are for public consumption and they do not belong to the Ministry. The moment the files are withdrawn, that means that there are no services to the members of public. Why did the Ministry decide to withdraw the files without giving due notice to the members of public who travel long distances from the Coast, Western and Nairobi Provinces? That is inconveniencing everybody! Why did the Ministry withdraw the files without giving due notice?

Mr. Ojode: Mr. Temporary Deputy Speaker, Sir, I have indicated in this House that there were some files that had been missing for quite a while. If we gave an indication that we were going to inspect the officers' drawers and their offices, then the files that were being hidden would not have been found. That is why we had to do a search and find the files that were missing for quite some time.

Prof. Olweny: Thank you, Mr. Temporary Deputy Speaker, Sir. May I get a clarification from the Assistant Minister on the officers who were there and keeping the files? What action is the Ministry taking against them?

Mr. Ojode: Mr. Temporary Deputy Speaker, Sir, I have indicated that we are going to have disciplinary action taken against these officers who have been hiding files. Some people who were hiding the files used to work for the Ministry of Lands and Settlement. Some of them are the culprits. If any officer is found hiding any file, the Government will take stern action against them.

Mr. Sirma: Mr. Temporary Deputy Speaker, Sir, could the Assistant Minister confirm that, in their endeavour to enrich themselves, the Ministry's top staff, starting with him and the others, are planning to repossess plots and allocate them to themselves?

Mr. Ojode: Mr. Temporary Deputy Speaker, Sir, I am not aware. That is a very serious allegation and if he has any evidence, let him come over to my office and I will take action.

Mr. Sudi: On a point of order Mr. Temporary Deputy Speaker, Sir. You have heard the Assistant Minister say that some of us who were working for the Ministry of Lands and Settlement are the culprits. I am one of them. In fact, I used to be an Assistant Minister in that Ministry. The office he is occupying now, used to be mine. Would I be in order to demand that the Assistant Minister apologise for pointing at those people who have been there, yet he knows the people who have taken the files from those offices?

Mr. Ojode: Mr. Temporary Deputy Speaker, Sir, I did mention that some of the Members of Parliament who were working in the Ministry of Lands and Settlement were some of the people who were hiding the files. I have not mentioned any names. Those officers are aware that files were being

hidden for selfish ends. That, in itself, is corruption. We will take stern action against such officers.

Mr. Serut: On a point of order, Mr. Temporary Deputy Speaker, Sir. Am I in order to ask the Assistant Minister to name those who were hiding files through proxies who are now in Parliament?

Mr. Ojode: Mr. Temporary Deputy Speaker, Sir, it is common knowledge---

Hon. Members: Aahh!

Mr. Ojode: I do not have a Substantive Motion, but it is common knowledge that there are some Members of Parliament who used to work at the Ministry headquarters and they were culprits.

Mr. Midiwo: Mr. Temporary Deputy Speaker, Sir, I would like to seek a clarification from the Assistant Minister since we, in the NARC Government, have said that we will go on overdrive in our quest to curb corruption. We should institute criminal charges against the officers because I believe it is highly criminal for somebody to hide a land file since 1992. I would also like to hear from the Assistant Minister if these officers are still working for him.

Mr. Ojode: That is a good question. We are compiling a list of the offices where files which we have been looking for since 1992 to 1994 were found. Disciplinary action will be taken against those officers.

Mr. Mwandawiro: Mr. Temporary Deputy Speaker, Sir, now that the Assistant Minister has said that he is compiling that list and those people are still working there, they may continue hiding those files. What are you doing to ensure that they are suspended immediately for those actions?

Mr. Ojode: I agree with the hon. Member. We will act speedily in order to discipline the said officers.

Ms. Mbarire: The Ministry of Lands and Settlement is using a very archaic system of filing and that is why files can be hidden and not be found. Could the Assistant Minister tell this House whether they are considering computerising their filing system in that Ministry and when?

Mr. Ojode: That is true, Mr. Temporary Deputy Speaker, Sir. We are looking for funds and we are in the process of computerising. Once we get the funds, we will do it immediately.

POINTS OF ORDER

ACTION TO AVERT CONSTITUTIONAL CRISIS AT THE JUDICIARY

Mr. Ndambuki: Mr. Temporary Deputy Speaker, Sir, last week on Wednesday, I did rise to demand a Ministerial Statement from the Minister for Justice and Constitutional Affairs on what is really happening in the Judiciary. Up to now, we have not been given that Ministerial Statement. You can see the anxiety that is being created by what is going on in the courts. I think it is only fair for the Minister to tell the House exactly what they are doing, the purpose of the exercise and what criteria is being used, for the benefit of the nation.

The Temporary Deputy Speaker (Mr. Poghiso): Where is the Minister in charge? Who is holding the portfolio of the Leader of Government Business?

The Assistant Minister for Lands and Settlement (Mr. Ojode): Mr. Temporary Deputy Speaker, Sir, I will inform the Vice-President and Minister for Home Affairs.

The Temporary Deputy Speaker (Mr. Poghiso): Order, hon. Members! This is really for the Front Bench. This Statement was demanded last week; so, we need a commitment as to when it will come because it will be two weeks and the reason we ask for Ministerial Statements is that they answer some of the anxieties that people have.

The Assistant Minister for Lands and Settlement (Mr. Ojode): Mr. Temporary Deputy Speaker, Sir, I will definitely inform the Leader of Government Business and he will take action from

there. I think the Statement will be ready, say, by next week.

The Temporary Deputy Speaker (Mr. Poghisio): Alright, hon. Members, I think we have run short of time.

DELAY IN APPOINTING CEO OF KACA

Mr. Owidi: Mr. Temporary Deputy Speaker, Sir, I had demanded a Ministerial Statement from the Minister for Justice and Constitutional Affairs last week on the delay in appointing the Chief Executive of the Kenya Anti-Corruption Authority. I have not received the Statement yet.

The Temporary Deputy Speaker (Mr. Poghisio): That goes to the same Ministry. Mr. Salat!

BREAKDOWN OF ARMED FORCES RECRUITMENT COUNTRYWIDE

Mr. Salat: Mr. Temporary Deputy Speaker, Sir, last week, the Chair promised to give a ruling on the issue of the army recruitment. We were promised that this ruling would be given to the House today. We are wondering what has happened to that ruling.

The Temporary Deputy Speaker (Mr. Poghisio): Let us hope it will come in the afternoon. Was it supposed to come from the Chair?

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

The Assistant Minister for Lands and Settlement (Mr. Ojode): Mr. Temporary Deputy Speaker, Sir, I do undertake also to remind the Vice-President and---

Hon. Members: But the Minister is here!

The Assistant Minister for Lands and Settlement (Mr. Ojode): I am sorry! [**The Assistant Minister for Lands and Settlement**]

The Minister is here. He has just come. He can answer that.

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

COMMUNICATION FROM THE CHAIR

HOUSE SHOULD TAKE PRIVATE MEMBERS' MOTIONS SERIOUSLY

The Temporary Deputy Speaker (Mr. Poghisio): Order! We will deal with that one first. I think the ruling will come this afternoon. Just before Mr. Wambora takes the Floor, I have been here most of the Wednesdays when there are private Members' Motions and noticed that hon. Members leave immediately after Question Time and make it very uninteresting for the Private Members Motions. I think hon. Members have taken this to mean that Private Members Motions are not important. So, I would advise that as you withdraw and come back, it is very important that we follow some of these Motions because they are part of what makes the legislation that we are making. They do not necessarily belong to the individuals who bring them. I would like to ask that we do actually keep the Members in the House during the Private Members Motions.

Mr. Mwenje: On a point of order, Mr. Temporary Deputy Speaker, Sir. I want to agree with your sentiments completely but, maybe, the major reason is because even after these Motions have been passed here, up to now, the Ministers do not appear to take interest in their implementation. It appears as if we only pass Motions for the purpose of keeping them in the national archives. They are never implemented. We represent the people and, therefore, the wish of the House must be respected.

It is also important that we emphasise that when a Motion like this is passed, the Ministers in charge should actually see to it that it is implemented to help our people. That is why most hon. Members go out during Private Members' Motions.

The Temporary Deputy Speaker (Mr. Poghisio): That goes both ways. Hon. Members, we also know that some of these Private Members' Motions have gone on to become Bills and laws of this country. So, we cannot actually literally throw out the babies with the bath water. So, let us proceed by giving them the importance that they deserve.

Next Order!

MOTION

ESTABLISHMENT OF COFFEE SUBSIDY FUND

Mr. Wambora: Mr. Temporary Deputy Speaker, Sir, I beg to move the following Motion:- THAT, aware that coffee had for many years been Kenya's top foreign currency earner; aware further that this sector started collapsing in the mid-1990s due to the low international coffee prices, cognizant of the fact that the quality of coffee produced in this country has gone down due to the prohibitive cost of inputs such as fertilizers and pesticides; this House urges the Government to establish a subsidy fund in order to enable farmers access the required inputs at affordable prices.

Mr. Temporary Deputy Speaker, Sir, I want to briefly go back to the historical background of coffee growing in this country; starting with the year 1893 when the first coffee bush was planted at Bura in Taita Hills and later at Kibwezi under irrigation in 1900 and at Kikuyu in 1904. Then, slowly but speedily, there was growth of coffee sector up to 1962. The year 1963 year was the turning point when coffee production took over completely. Between 1963 and 1988, that is the period when coffee was Kenya's "black gold" as a leading export and we have figures to prove that. Between 1975 and 1986, over 40 per cent of Kenya's export revenue was from the coffee sales. This climaxed in 1987/88 when the production was the highest; 130,000 metric tonnes.

Coffee has had more contribution to the national economy beyond the foreign exchange. It has contributed to the farm income in the rural areas, food security of this country and rural employment. This did not last beyond 1988 because there was a problem. Some people think it was the production which went down fast and others think it is the price. My research shows that it was the price. In 1989, the International Coffee Agreement (ICA) collapsed. As a result of the collapse of the ICA, coffee prices completely collapsed and the world prices came down in 1989 from US\$600 per 50-kilogramme bag to US\$100. The production responded to the low prices. It was a question of production becoming the passion of the price.

As a result, in 1993/94, the production dropped almost by half of the year of the highest production of 1987/88 coming down to 73,400 metric tonnes. This did not stop there. Ten years after the highest production of coffee in this country, in 1997/98, the production fell by more than half; to 56,000 metric tonnes. The process did not stop there. In the year 2001/2002, Kenya could only produce 45,000 metric tonnes. This was very serious and the situation has not improved to date.

Quality of coffee fell also because of the reduced coffee farmers' income. They could not afford the cost of inputs. The fallout of all of these has seen the drastic drop of the coffee contribution to Kenya exports revenue. It has gone down from the 40 per cent of the export earnings of 1987/88 to only 9 per cent of the export earnings in 1992.

On the yields by the farmers, especially the small-scale coffee growers, the productivity went down to 464 kilogrammes per hectare compared with large scale plantations whose yield is 1,045 per hectare. It was as a result of the collapse of the prices and the drop in production. As a consequence of

what has happened with the collapse of the coffee sector, there has been more poverty, loss of employment, low food security and lowered use of inputs in form of fertilizer.

I do not want to pretend that these are the only causes of the collapse of the coffee sector. We know very well about the poor and corrupt management of coffee co-operative societies, and the huge debts which have brought the societies to their knees. We are aware of the poor marketing of coffee which does not take into account competitive auction system. We do not have any specialist Kenyan coffee and we do not plant our coffee. We are aware of the poor grading system which only takes into account the quantity and not the taste, which is actually the real determinant of quality in terms of activity, body and flavour. We are also aware of the inadequate extension services which the Minister for Agriculture admitted when he was moving the Vote of his Ministry. We are also aware of the delayed and low payments rates to coffee farmers. Finally, we are aware of the requirement, up to now, that coffee can only be grown in specified coffee zones. At the same time, we know robusta coffee can grow in Coast, Western and even in Nyanza provinces. But they cannot grow it because of this requirement about zoning.

However, today, my focus is not on those factors of management and marketing. May I focus strictly on the production, which has declined both in quality and quantity. This has happened at a time when the world coffee prices are at their lowest. It has happened at a time when the inputs are prohibitively costly and when the small-scale coffee growers are still very critical. They grow 60 per cent of the coffee in this country as opposed to 40 per cent which is grown by the large-scale growers. So, they are still very critical.

Which is the way forward? The way forward or the solution to all these problems, which have affected a very lucrative sector in this country, is what I have mentioned in my Motion; that, in view of the coffee production problems facing our hardworking farmers, who are capable of turning around the coffee sector to its one time "black gold" with its accompanying niceties of increased income and enhanced rural employment, it is opportune time this House urges the Government to establish a subsidy fund to enable the farmers access the required inputs; fertilizers and pesticides at affordable prices.

We are lucky in passing this Motion because it has the legal backing. I am referring to the Coffee Act of 2001 which was passed by this House. I want to refer specifically to Section 34(1) of that Act which says that: "There is established a Fund to be known as the Coffee Development Fund." Section 34(2) of that Act also states that: "The Fund shall consist of the Coffee Development Levy, any funds provided by the bilateral and multi-lateral donors for the purpose of the Fund. Money provided by Parliament specifically for the purpose of the Fund---". I will not read the entire section.

But I wish to refer to Section 34(4) which gives the purpose of that Fund. It is to provide sustainable, affordable credit and advances to the coffee farmers for all or any of the following purposes; the major one being farm inputs. There are others like farm development and farm operations.

Mr. Temporary Deputy Speaker, Sir, there is need to subsidise farm inputs. The prices of farm inputs are prohibitive. Now that we have donors who are willing to assist us--- I wish to refer specifically to the commodity aid, which I referred to during the debate on the Vote of the Ministry of Agriculture. To be specific, we have been getting free fertilizer from Japan year in, year out. Unfortunately, that fertilizer does not reach the farmers who need it most. It is distributed to some traders who sell it very expensively. As a result, it does not achieve any purpose. We have a commodity aid already in place in the Ministry of Agriculture and it should form part of that subsidy fund.

Thirdly, we have grants and soft loans by bilateral and multilateral donors. I wish to mention only four of them. That is where the Ministry of Finance needs to take note that I am not asking for money from nowhere. The funds are there! It is only that they are not consolidated into a fund in

accordance with the Coffee Act of 2001. First, the United States Agency for International Development (USAID) has been assisting coffee farmers. But that assistance has not been well-coordinated. Secondly, we have another source; the Common Fund for Commodities (CFC). That is an inter-governmental financing institution of 104 members and Kenya is one of them. Let us make use of CFC which has both short-term and long-term financing terms in its provisions. Thirdly, we have a fund called European Development Fund (EDF), which has come up with two financial instruments. The EDF arose from the Cotonou Agreement and not the Memorandum of Understanding (MoU), signed in June, 2000. The Cotonou Agreement caters for an instrument for granting subsidies. I am quoting from the agreement. So, we should not fear the word "subsidies". It is specifically for granting subsidies for long-term development support. The second instrument is an investment facility to promote private sector in African, Caribbean and Pacific, (ACP) countries. Kenya is a member of ACP and we should make full use of that critical fund which is available to us. May I go to the fourth fund which the Minister for Finance can apply to form that famous subsidy fund and also to operationalise the Coffee Development Fund, which is already part of the law. That is the STABEX Fund. Those are grants and not loans. Those are grants without payback arrangements. I want to look at it in two portions. One is the STABEX funds held at the Co-operative Bank of Kenya.

Already, according to my research, as of 31st March, 2001, the fund was as big as Kshs890 million, being the initial transfer of Kshs650 million and accrued interest of Kshs240 million up to 31st March, 2001. That fund could form part of the Coffee Development Fund that I am talking about. Secondly, still under the STABEX Fund, we have the revolving STABEX Fund being additional allocation through addendum one to the STABEX funding for the Second Coffee Improvement Project (SCIP) financing agreement. The project commenced in the year 2001 and it will come to an end in the year 2006. It is a five-year project. The project is still on-going and, as I said, that is a grant with no payback arrangements. So, even after the year 2006, that money will remain right here in the Co-operative Bank of Kenya. We should make it part and parcel of what is in the law now; that is the Coffee Development Fund. The implementing agency for the STABEX Fund is the Co-operative Bank of Kenya and the administering Ministry is the Ministry of Agriculture. The scope will be the financing of farm inputs, working capital and sherry advance. Mr. Temporary Deputy Speaker, Sir, I do not want to go beyond that because I want my colleagues to contribute to this very important Motion. I only wish to move this Motion that this House urges the Government to form a subsidy fund which is, in fact, operationalising the Coffee Development Fund as per Section 34, Sub-section I of the current Coffee Act of 2001.

With those few remarks I beg to move, and call upon Mr. Mwanicha, Member of Parliament for Kitutu Masaba, to second the Motion.

Mr. Mwanicha: Mr. Temporary Deputy Speaker, Sir, I stand to support this important Motion in view of the fact that, farmers in this country have to be assisted now. If that is not done, we might as well say that coffee production in this country will decline and Kenya will not be a factor in the international coffee production circles. The importance of the subsidy fund that we are urging the Government to support cannot be overstated. It takes over six months for the farmer to be paid for coffee delivered. The only alternative the farmer has, to be able to sustain his coffee crop, is to ask his co-operative society to go to a commercial bank to ask for credit. The credit is unaffordable and the interest rates are so high that, in the end, whatever is earned by the farmers goes towards the payment of interest rates.

The time to form that fund is now. The reason is that, currently, as you may be aware, there is a coffee crisis. The coffee crisis in the world has been brought about by over-production of coffee worldwide. The "booms" in coffee prices and the returns that Kenyan farmers were getting were as a result of the burst in the major coffee producing countries like Brazil. We did not benefit from coffee because we had put in place systems to assist farmers to produce quality coffee. We managed to get

those "booms" because of the misfortunes and calamities that befell South America; that is, in Brazil and Colombia. There was frost which affected coffee production in those countries. The amount of coffee supplied to the world market reduced. That is how we benefited. This is a very unfortunate situation. The crisis in the coffee market has been brought about by the following developments, for the benefit of the House. There will be no more calamities in South America and other major coffee-producing countries. In Brazil, which was hit by frost, Brazilians can now monitor it with the help of the satellites they have in the atmosphere and warn coffee farmers to take appropriate measures to counter the effects of frost.

Mr. Temporary Deputy Speaker, Sir, a country like Vietnam, which never produced coffee in the past, is now a major coffee-producing country in the world. In fact, Vietnam is now second in position after Brazil in coffee production. This has led to overproduction of coffee in the world. This is the cause of the low prices that coffee farmers have been receiving for the coffee they deliver to coffee factories. Therefore, we must assist coffee farmers by availing them affordable credit facilities through the subsidy fund. If this is done, coffee farmers will stand on their own, and will not wait for frost and other calamities to hit South America in order for them to benefit.

The coffee industry is a major employer all over the world, and especially here in Kenya. The many job opportunities the Government promised to create will not be created if coffee farmers will not be assisted. Because coffee farmers in my constituency have not been paid for the crop they delivered to coffee factories for some time now, they have left their coffee fields unattended. These farmers have left their animals to graze on the grass which has grown in these unattended fields. This is a very unfortunate situation, especially now that the Government is concerned about alleviating poverty in the country.

Coffee farmers all over the world, including those in Kenya, should be assisted to establish a coffee producers' organisation similar to the Organisation of Petroleum Exporting Countries (OPEC), which caters for the interests of oil-producing countries. I am saying this because we have the International Coffee Organisation (ICO) which organises meetings between coffee producers and buyers but no meaningful decisions come out of them. Coffee producers should meet first and discuss the prices of coffee before they meet coffee buyers.

Mr. Temporary Deputy Speaker, Sir, before I end my contribution, I would like to say that there are programmes which have been put in place to assist coffee farmers. Because there is a coffee crisis all over the world, there are programmes on coffee diversification, quality improvement and promotion of consumption of coffee in coffee-producing countries, so that they can consume surplus coffee. These programmes are funded by grants from the Common Fund for Commodities (CFC). I had a chance to meet with the Executive Director of the ICO in London. He told me that Kenya, which was one of the major producers of coffee in the world and was reckoned as a leading producer of Arabica coffee, which is special in the world market, does not occupy its position any more. Coffee production in this country has declined because of squabbles between the Coffee Board of Kenya (CBK) and the Kenya Planters Co-operative Union (KPCU). These organisations have not applied to this Fund for grants and, as a result, Kenyan coffee farmers do not benefit from them. There is need for the Ministry of Agriculture and the Ministry of Co-operative Development and Marketing to end the squabbles between the CBK and the KPCU. If the squabbles between the two institutions are resolved, they will make arrangements for accessing these grants in order to assist coffee farmers. If these grants are made available to coffee farmers alongside funds from the subsidy fund, they will produce their coffee and wait for it to be sold so that they can be paid.

Last but not least, I would like to thank the Minister for Co-operatives Development and Marketing for saying that, for the first time, this country will acquire coffee processing machines through the KPCU, so that we can process our coffee locally. Currently, we export coffee in its raw form abroad, where it is processed and blended with poor quality coffee from Robusta coffee-producing countries. After that, it is sold at premium prices, which benefit coffee buyers from

these countries. If we process and blend our coffee locally and sell the finished product, we will go along way in helping coffee farmers. I support this Ministry in its efforts to ensure that we process our coffee locally and value-add to it. I am sure that if this is done, coffee farmers in this country will benefit.

Mr. Temporary Deputy Speaker, Sir, with those many remarks, I beg to second the Motion.

(Question proposed)

The Assistant Minister for Agriculture (Mr. Khaniri): Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to make my contribution to this very important Motion.

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. I do know that Mr. Mwenje wants to move an amendment to this Motion. Could the Assistant Minister not have waited until the amendment has been moved by Mr. Mwenje before responding?

The Assistant Minister for Agriculture (Mr. Khaniri): Mr. Temporary Deputy Speaker, Sir, if the hon. Member looks at his Order Paper, he will find that this Motion is directed to the Ministry of Finance and not the Ministry of Agriculture. Therefore, I am just making my personal contribution because I am not the Official Responder.

I rise to strongly support this Motion because, being an Assistant Minister for Agriculture, I am fully aware of the predicament of the coffee farmer. I know the problems the coffee farmer faces at this particular time. You can imagine a situation where a coffee farmer goes to his farm, toils very hard but at the end of the day, when he sells his produce, he cannot even realise the cost of inputs. This is what has discouraged the coffee farmer. This is what has also led to the collapse of the coffee subsector, as an hon. Member has said.

I will give some statistics which show the amount of money the coffee subsector used to fetch this country, and to prove that it is collapsing gradually. I have statistics here which show the export of Kenyan coffee for the last ten years, and the trend is pathetic.

In the 1995/96 Financial Year, the country earned Kshs18.3 billion from the sale of coffee. In the following financial year, 1997/98, the country earned Kshs13.2 billion from coffee sales. That was a reduction by about Kshs5 billion. In the 1998/99 Financial Year, earnings from coffee exports dropped further to Kshs11.7 billion. In the 1999/2000 Financial Year, the sales further dropped to Kshs10.5 billion. In 2000/2001 it went down to Kshs8.6 billion while in 2001/2002 it dropped to Kshs6.7 billion. Furthermore, it is estimated that in the 2002/2003 Financial Year, the sales are going to be below Kshs6 billion. This clearly shows that the coffee subsector is collapsing. Therefore, it is high time our Government put some concrete measures in place to reverse this very negative trend.

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

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

Mr. Temporary Deputy Speaker, Sir, what the Mover of this Motion is proposing is just one of the steps that need to be taken in order to save the coffee farmer. I agree with him that establishment of a subsidy fund would go a long way in enabling the farmers access affordable inputs. I also want to state a few measures that my Ministry is taking to try and see that we salvage this sector. Besides the establishment of a subsidy fund, my Ministry has embarked on a serious restructuring of our extension services in order to assure proper crop husbandry practices. This will ensure that we get

high yields of proper quality that can compete very well on the international market.

Furthermore, we are trying to support a network of research centres to give us coffee varieties that are economical to procure, and at the same time fetch premium prices on the international market.

We are also in the process of restructuring the Agricultural Finance Corporation (AFC) to enable it supplement the efforts of the fund giving farmers affordable loans to acquire inputs.

My Ministry, in conjunction with the Ministry of Co-operative Development and Marketing, we are streamlining the management of coffee co-operative societies. We know that in the past we have had very poor management in these societies. This has discouraged farmers and has even led to them going as far as uprooting their coffee trees. We are, therefore, trying to change this trend and ensure that coffee co-operative societies are professionally run.

There is also need to expand coffee production outside the gazetted zones. There are areas where coffee would do very well but are dry. The soils in such areas are very good for coffee production, but then they are dry. In such areas, we are encouraging use of irrigation so that we expand production outside the gazetted zones of coffee production.

Mr. Temporary Deputy Speaker, Sir, before I conclude, I just want to urge the coffee farmer to be patient. We know that in the past farmers have been uprooting their coffee trees and, probably, going for other crops that would earn them better income. We, therefore, want to encourage them to be patient as we know they have suffered for a long time. They have also been patient but we are still asking them to be a little more patient as there is light at the end of the tunnel. Once all I have stated is effected, the farmer will be able to get value for his hard work.

With those few remarks, I beg to support.

The Temporary Deputy Speaker (Mr. Khamasi): Order! I am told that there is an hon. Member who wants to bring an amendment to the Motion and I will give him the chance to do so.

Mr. Mwenje: Mr. Temporary Deputy Speaker, Sir, I wish to move an amendment to this very important Motion. Our coffee farmers have been languishing in poverty and I feel it is important that when we decide to assist them, we do so fully. I want to amend the Motion by deleting all the words after the word 'input' in the second last line and adding the words, "and waive all the existing loans by the Co-operative Bank of Kenya and any other Government, public or farmers' organisations".

Mr. Temporary Deputy Speaker, Sir, the reason I am moving this amendment is because I have been in this House long enough. I am glad that you were also here last year when we approved a waiver of loans advanced to the sugar industry and the pastoralists. All the loans that were borrowed from the AFC were waived. The coffee farmer has been complaining to this Government, and even to the previous one, that they should also enjoy a waiver of loans so that they can start afresh because they continue to be bogged down by loans. Even if they make a lot of money, more than half of it goes to loans as they continue repaying them. There will be no time when the coffee farmer will be able to develop himself as he is always weighed down by big loans. It is time that Kenya, being an agricultural country, assisted the farmer. The President said during the Kenyatta Day celebrations that the economy of this country will not grow until we have assisted the farmer. How do we assist him? The coffee farmer must be assisted by waiving his loans now and giving him all that is asked for in this Motion. That is the only way in which we will be able to help the Kenyan coffee farmer.

What has been happening is that when one borrows a loan - as a banker I know this - it earns compound interest. If you borrowed, say Kshs10,000 ten years ago, today you are required to pay back Kshs300,000. How is a coffee farmer who has only 200 coffee trees expected to pay that kind of a loan? He will never pay it and will continue to languish in problems all his life. His problems are compounded by costs of growing coffee like the price of fertilizers. It is time that all Kenyans of good will considered the plight of the coffee farmer, so that he can go back to the position he was in, in the days when he was able to pay school fees. Some of us went to school because our fathers had coffee.

If it were not so, we would never have had any form of education. I know that this was the case with quite a number of people in this country. I hope my amendment will be acceptable.

The other issue which has been hampering this industry is the question of marketing. We agreed in this House to liberalise the coffee industry by allowing other marketers. Licences were issued to a group of Meru coffee farmers called Mukima, large scale farmers and a Mr. Mwangi. They have licences, but they are not allowed to go to the Coffee Auction House. Somebody has been blocking them for his own interest. The Kenya Planters Co-operative Union (KPCU) has continued to block other marketers just because they are doing marketing. We must insist that all marketers who have been issued with licences be allowed to go to the coffee auction so that they can also auction their coffee. We cannot continue having coffee as a preserve of a few people. It is unfortunate that farmer organisations such as KPCU have been suppressing our farmers and denying other marketers the opportunity to auction their coffee for their own selfish ends. We are told that they now want to start processing coffee. I do not believe them. If they cannot allow competition, how do we expect them to do processing? They do not want competition because they do not want the farmer to have an option. I am a member of KPCU, but why should we force all farmers to sell their coffee to KPCU?

Mr. Temporary Deputy Speaker, Sir, it is time we allowed, not only those three marketers, but many more. Even those hon. Members and individuals who want to sell their coffee should be allowed to do so. I remember we have put a guarantee and security to the tune of US\$12 million. The Coffee Act is very clear, but it has not been followed up to now. Has the fund that the hon. Member was referring to ever been established? How can we claim we are serving the farmer when we do not even do what the Coffee Act itself stipulates? We are yet to do it. The coffee farmer continues suffering because we have not honoured what we passed last year.

Mr. Temporary Deputy Speaker, Sir, one other danger which is happening in the coffee industry is that we have continued to split coffee societies. Every individual factory is now becoming a society. Therefore, the overheads becomes very high and we cannot afford them. I remember organisations like Murang'a Farmers Co-operative Union could even import fertilizers for its own farmers. What is happening today? They are not able to import even a grain of fertilizer. This is happening because we have allowed segmentation of coffee societies. While I agree that, in some areas, it would have been necessary to avoid this infighting, however, I think it is time we also put our coffee societies together again. As I speak now, I know there is one issue of the sort in Kandara where the Minister has gone to try and solve it. However, it is not just a question of solving the problem. We must assist these farmers to be able to survive. Why did farmers refuse to continue looking after coffee? It was because they were not earning anything from it. How can you continue to take care of coffee trees in your shamba when you are not earning any money from it? That is why people have planted maize and beans. However, the moment coffee farmers start earning money from coffee, I am sure they will look after their farms.

Mr. Temporary Deputy Speaker, Sir, we liberalised the coffee mills. We have the Thika Coffee Mill. Recently, a coffee mill was set up at Gatamaiyu in Kiambu District. All these mills are operating. Why do you think marketing cannot take place if those mills are operating? However, I must warn that those owning the mills must not encourage stealing of coffee from the societies. There must be a strict rule that they will not buy any coffee from individuals unless they are registered and known that they have coffee. What is also happening is that these mills are encouraging people to steal coffee from the societies. Some of these mills, like the Thika Coffee Mill accept coffee without knowing exactly where it comes from. I realise that His Excellency the President has a lot of goodwill. I thank him for what he said about the farmers during Kenyatta Day celebrations. I think it is up to this House to reciprocate and encourage farmers. We must also allow them to borrow money against their berries. Sometimes one finds that he has a lot of coffee in his farm, but he cannot harvest because he does not have money to hire people to do so. It is important that we start implementing this and waive all these loans so that our people are able to drive and look after their coffee farms.

Mr. Temporary Deputy Speaker, Sir, with those few remarks, I beg to move the amendment.

The Assistant Minister for Finance (Mr. Katuku): On a point of order, Mr. Temporary Deputy Speaker, Sir. Before we move on to hear whoever is seconding the amendment, I want to draw your attention to Standing Order No.48 which reads as follows:

"Every amendment shall be relevant to the Question which it seeks to amend and shall not raise any questions which in the opinion of Mr. Speaker should be raised by a Substantive Motion after notice is given."

Mr. Temporary Deputy Speaker, Sir, in my view, the issues raised by Mr. Mwenje bring in new dimensions which have to do with loans given to farmers. I would want your ruling on this. Would it not be contrary to the original Motion if we proceed with this kind of amendment? I feel we should deal with the Motion the way it is and, maybe dispose of it. If Mr. Mwenje feels the amendment is very important, then he should come up with a Substantive Motion dealing specifically with loans given to farmers so that we can dispose of it separately.

Mr. Mwenje: On a point of order, Mr. Temporary Deputy Speaker, Sir. You will appreciate that the Assistant Minister is totally wrong and he does not appear even to conform to---

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Mwenje! It is for the Chair to decide, not you!

Mr. Mwenje: Mr. Temporary Deputy Speaker, Sir, I do not intend to take the role of the Chair. It was only my view---

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

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. I do not think the rules of the House allow discussion of a Motion which has not been seconded. So, the contribution by the Assistant Minister goes against the rules of this House. The amendment as moved by Mr. Mwenje should have been seconded first before it could be discussed.

The Temporary Deputy Speaker (Mr. Khamasi): Order! Mr. Angwenyi, you are out of order! Mr. Katuku was in order to bring that to the attention of the Chair. He is quite right and there is nothing wrong he has done. So, it is entirely up to the Chair to decide on the matter. All that Mr. Katuku did was to bring to the attention of the Chair that we are going contrary to the rules of the House.

Mr. G.G. Kariuki: On a point of order, Mr. Temporary Deputy Speaker, Sir. The amendment has already been moved and was about to be seconded. Do you not think that we have been overtaken by events and that we must continue to debate this amendment? The Chair ought not to have allowed it. It was too late for the Assistant Minister to stand up and say contrary to what it is.

The Temporary Deputy Speaker (Mr. Khamasi): I have already made a ruling on that, Mr. G. G. Kariuki, that the Assistant Minister was quite in order to bring to the attention of the Chair, that, indeed, what Mr. Mwenje was moving goes against the Standing Orders. So, it is for the Chair to make the decision. There is nothing wrong in it.

(Mr. Mwenje stood up in his place)

Well, I do not want it to appear as if it is an argument between the Chair and Mr. Mwenje. What is your point of order?

Mr. Mwenje: My amendment does not, in any way, negate the original Motion. Mine is only to put an affirmation---

The Temporary Deputy Speaker (Mr. Khamasi): Order! Order! The Chair has not made any ruling. So, you are completely out of order, Mr. Mwenje!

Mr. Kamama: Mr. Temporary Deputy Speaker, Sir, I rise to support Mr. Wambora's Motion, which is---

Hon. Members: On a point order, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Khamasi): Order! Order! Mr. Kamama, we are dealing with the amendment moved by Mr. Mwenje, which the Assistant Minister said is against the Standing Orders. That is the issue we are now dealing with. So, if you are standing on that matter, I will allow you to proceed. You cannot proceed on the original Motion before we dispose of Mr. Mwenje's amendment.

Mr. Kamama: Mr. Temporary Deputy Speaker, Sir, I wish to support the amendment moved by the Member for Embakasi. In so doing, I want to point out the fact that 25 per cent of this country's GDP is contributed by---

The Temporary Deputy Speaker (Mr. Khamasi): Order! Mr. Kamama, are you within my direction?

Mr. Kamama: Yes, Sir!

The Temporary Deputy Speaker (Mr. Khamasi): Mr. Mwenje has moved an amendment to the Motion. Are you now seconding that amendment or what are you doing?

Mr. Kamama: I am seconding Mr. Mwenje's amendment, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Khamasi): Very well, proceed!

Mr. Kamama: Mr. Temporary Deputy Speaker, Sir, I wish to second the amendment moved by Mr. Mwenje. In so doing, I wish to point out that 25 per cent of this country's Gross Domestic Product (GDP) is derived from agriculture. If we are not going to pay a lot of attention to this sector, this country will not move ahead. I am happy that the Minister for Planning is here. When he was in the Opposition, I used to read most of his articles. At one time, he wrote about what he did in Cote d'Ivoire on coffee. He is well versed, and I think he should come up with the best of policies that will address the issue of subsidising coffee farmers.

Agriculture in this country has gone to the dogs. I do not know of any sub-sector of the agricultural sector that is doing very well. The coffee and sugar sub-sectors are doing badly. The beef sub-sector has been left out to the mercy of *nyama choma* eaters. In this regard, I wish to thank Nairobians, who actually provide the only market for products from pastoral areas. The horticultural sub-sector has been frustrated by the National Rainbow Coalition (NARC) Government by interfering with the operations of Eldoret Airport. The cotton industry is "dead". Tea is not doing well. Rice is now being imported. In effect, we are creating jobs for Egypt and Pakistan. The NARC Government indicates in its manifesto that it intends create 500,000 jobs annually, but we are actually creating these jobs for Egypt and Pakistan.

Mr. Temporary Deputy Speaker, Sir, the coffee sub-sector has been destroyed by those who participate in coffee auctions. We have a cartel of people who control the marketing of coffee. These people sit in Hilton Hotel and fix the prices of coffee as they wish. So, coffee farmers have been affected by this cartel. At the same time, we have what we call Presumptive Income Tax, which farmers have to pay every year. In order for farmers to do well, this tax must be abolished, and they must be given some subsidy.

Mr. Temporary Deputy Speaker, Sir, we have talked about extension services to the coffee farmers. We have so many agricultural research stations in this country dealing with coffee matters but that information does not reach the farmers. It ends within the precincts of the institutes and farmers do not get the ideas. I want to say that when we employ agricultural extension officers, we must post them up to the locational level, so that they can give the information to farmers.

I also want to talk about Agricultural Finance Corporation (AFC) loans given to farmers. We have a new Managing Director (MD) who was appointed by the NARC Government. I think he should be serious in his duties. Coffee farmers in the whole of Central Province, in places like Murang'a, Nyeri and Meru have lost hope. I do not think they will start planting coffee again if you do

not come up with policies and strategies that will encourage them. Most of them have uprooted their coffee trees, apart from a few farmers in Murang'a, Nyeri and Mukurweini, who are still hoping that the NARC Government will come up with better policies. We saw what happened in Mukurweini Constituency during the KANU regime where women were chasing people with arrows. We do not want that to happen again. We want to assist those farmers, so that the coffee sub-sector can be revived and assume its original position in the economy of this country.

Mr. Temporary deputy Speaker, Sir, there is a lot of mismanagement by most of the directors manning coffee factories. The agricultural inputs that are supposed to assist farmers are over-priced and very expensive. Farmers end up incurring losses. Instead of getting Kshs10,000, they get negative Kshs10,000. Therefore, they are not doing anything.

The best way to address that problem is to give them subsidies as pointed out in the Motion and the amendment by Mr. Mwenje. We want this Motion to be implemented within this financial year. I know it will go through but the NARC Government Ministers will not effect it. We want to see that money going to the AFC. We want to see subsidies being given to farmers to encourage them to go back to farming, so that by this time next year, we have high yields. Passing Motions in this House has become a ritual. They are passed here but they are not effected. That trend should end.

With those few remarks, I beg to second.

The Temporary Deputy Speaker (Mr. Khamasi): I think we need to dispose of this matter now. Under Standing Order No.41, it is very clear that the Speaker may permit a Member to move, in an amendment form, a Motion of which notice has been given if, in the opinion of Mr. Speaker, the amendment does not materially alter any principle embodied in the Motion of which notice has been given.

When I took the Chair, Mr. Mwenje had already been given permission to move the amendment. The amendment, in the opinion of the Chair then, was not altering anything in the Motion.

(Applause)

So, he has moved the amendment and it has been seconded. I would like to give two more Members a chance to contribute and then I will put it to the vote.

Prof. Anyang'-Nyong'o!

The Minister for Planning and National Development (Prof. Anyang'-Nyong'o): Mr. Temporary Deputy Speaker, Sir, let me begin by saying that this Motion is a very important Motion and I must thank hon. Nyaga Wambora for bringing it to the House. The agricultural sector is an extremely important sector to this economy and in that sector, coffee plays an extremely important role. In my opinion, I would have thought that these are two substantive Motions in my own reflection.

The Temporary Deputy Speaker (Mr. Khamasi): Order! Prof. Anyang'-Nyong'o, excuse me. I think it is necessary [**The Temporary Deputy Speaker**] that we propose the question after secondment so that we can continue because I was just about to ask you whether you are seconding the amendment or you are contributing to the amendment. Now, I think I want to dispose of the amendment by hon. Mwenje.

(Question of the first part of the amendment, that the words to be left out be left out, proposed)

The amended Motion will read as follows:-

THAT, aware that coffee had for many years been Kenya's top foreign exchange

currency earner; aware further that this sector started collapsing in the mid 1990s due to low international coffee prices; cognisant of the fact that the quality of coffee produced in this country has gone down due to the prohibitive cost of inputs such as fertilisers and pesticides; this House urges the Government to establish a Subsidy Fund in order to enable farmers access inputs and waive the existing loans by Co-operative Bank of Kenya or any other Government, public or farmer's organisation.

Prof. Anyang'-Nyong'o, you can now contribute.

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. I think the word there is not "by" but the words "to Co-operative Bank or any other Government, public or farmer's organisation." I think there is a---

The Temporary Deputy Speaker (Mr. Khamasi): Mr. Angwenyi, if you want to make further amendments, you better do so, and in writing.

The Minister for Planning and National Development (Prof. Anyang'-Nyong'o): Thank you very much, Mr. Temporary Deputy Speaker, Sir. As I was saying, I think this is a very important Motion. My only feeling is that we have two important ideas here. One is the idea in the original Motion which is important on its own right and secondly, the idea that the amendment has brought, which to me is a substantive Motion because I think the issue of waiving loans to farmers is an extremely important issue that requires a substantive Motion on its own, especially when you tie it to the Co-operative Bank, which as I know, had in the past been riddled with corruption.

Mr. Temporary Deputy Speaker, Sir, if you are going to ask the Government to waive loans in this bank, you have got to think of a very long process of looking into the operations of this bank and making sure that things are properly audited before the loans can be waived. That will be doing a big disservice to the farmers who require the money to buy inputs now. They would not like to wait until all the homework is done to clean up the Co-operative Bank to decide who owes what loans and then waive them. If, we had the interests of farmers at heart, we would treat these two things separately. I know they are important, but trying to band them together would be a disservice to the original spirit of the Motion. I would urge my dear friend, hon. Mwenje, knowing his concern about these loans, to separate these two ideas. That would help the farmers.

Secondly, the coffee industry is extremely important. The coffee industry, the world over, has a turnover of over US\$75 billion. That is what the whole industry, globally, deals with. Out of that amount, coffee producers, particularly in third world countries, only get US\$5 billion. So, we are really working for the coffee magnets, houses and merchants in the world.

Mr. Temporary Deputy, Speaker, Sir, what we really need to do is to make sure that we have more value addition in our own economy so that our farmers can get a better deal in the coffee business. That is why establishing a fund that will support farmers to buy inputs cheaply and to begin cottage industries which will be buying shares in the coffee processing plants, is extremely important. The farmers' income must improve if, indeed, they are also going to participate in the value addition in the coffee industry and that is why the Ministry for Planning and National Development has organised an agricultural symposium on the 4th and 5th of November, 2003. This symposium is organised by farmers themselves in collaboration with the Ministry to deal with some of the issues.

Also, in the economic recovery for wealth and employment creation, we have proposed the establishment of micro-finance institutions to deal with this kind of thing. We have also proposed a new extension policy which has been formulated to promote collaboration with other extension providers, enhance corporate extension services, establish a database for extension planning and performance monitoring. We are conscious of the fact that apart from establishing credit facilities and, indeed, supporting the subsidy fund that is being proposed here, it must go hand in hand with strong extension work for farmers; something which in the past was destroyed by the previous regime.

Mr. Temporary Deputy Speaker, Sir, I support this Motion fully, but I caution that bringing

the two ideas together may not do a good service to the farmers. If I were this House, I would urge that the second amendment be brought to the House as a substantive Motion so that the first Motion that was brought can be implemented expeditiously by the Government in the interest of farmers. I still believe that one of the things that should happen is to reduce the cost of inputs through research. For example, there is really no reason why fertilisers should be so expensive in our country. We rely too much on the importation of fertilisers from outside and, therefore, it comes with a lot of foreign exchange component which makes it expensive to farmers. We should start processing fertilisers here and, indeed, this was the idea when, many years ago, the Government tried to establish KenRen factory in Mombasa, but because of corruption it never worked. I do believe now that we have the research capability and knowledge to establish viable fertiliser production factories in our country. Take the example of the hyacinth plant. It is known that the hyacinth plant can be used in making fertilisers, nitrates in particular. It has already been demonstrated that nitrate based fertilisers can be processed from the hyacinth plant.

In conjunction with our research institutions, Kenya Agricultural Research Institute (KARI) and the universities, we can, indeed, fast-track fertilisers in this country and make sure that farmers get cheaper fertilisers for use in their farms. The farming community is already aware of this and a lot of work has been done and is being done by the farmers and research institutions, to make sure that in the next two or three years we have sufficient production of local based fertilisers which will be cheaper to farmers.

The Minister for Planning and National Development is already working on the establishment of a Kenya Social Action Fund. This Fund will be geared towards effective provision of credit and support for small enterprises in rural communities. This will also go along to support cottage industries in the coffee producing areas.

Mr. Temporary Deputy Speaker, Sir, when coffee prices went down substantially some time ago in some places like Murang'a, the farmers started producing macadamia for export. So, it is not just coffee growing itself that is important, but giving the farmers the wherewithal to do other things while growing coffee so that their incomes can increase.

Macadamia production in this country is already earning farmers US\$20 million annually. As you know, it is much easier to look after macadamia than coffee. When we think of this Subsidy Fund, we should begin thinking seriously on how it would be used for a much more integrated agricultural culture in places where coffee and tea are grown. This will put farmers in a position to harvest crops which do not obey the same seasonal sequence as coffee, tea and indeed, sugar too.

This particular Motion on its own is extremely important, and it should be viewed as such. Farmers in this country have put premium on the level of income and the regularity of this income. Without viable financial institutions, the regularity of this income will not be guaranteed. I do believe that this is one of the reasons why the Co-operative Bank ran into problems; because while taking in farmers' money from the farmers co-operatives, they then lent this money to other people who did not pay it back mainly because of mismanagement and corruption. They, therefore, tied down the farmers' funds to a bank which would not pay them back regularly because the deposits were used for other things, other than farmers' purposes. That is why I think that the issue of the Co-operative Bank should be treated separately from this particular issue of establishing a fund for farmers.

We need to look at the issue of financial institutions separately. When the Government is establishing and bringing into this House a Bill to establish micro-financing institutions, it is because of the recognition of the failure of such institutions like the Co-operative Bank on their own to have proper financial support for farmers. We are not saying that we should do away with the Co-operative Bank and other such big banks, but they must exist in an atmosphere where we have other smaller institutions which have what I call a "rapid response mechanism" to farmers. These are institutions which are closer to farmers, are much smaller, much more efficient and lend smaller amounts of money

so that farmers can have effective financing of their businesses. I do think, therefore, that the weight of the first Motion was extremely important and that this House would, perhaps, do much better to concentrate on that and treat the other issues of waiving debts among others as a separate issue.

With these few words I beg to support.

Mr. Muiruri: Thank you, Mr. Temporary Deputy Speaker, Sir. I would equally like to thank the Mover of this Motion, which is no doubt, a very important Motion. I was a Member of the Coffee and Tea Parliamentary Association (COTEPA) in the last Parliament. COTEPA members are now the most senior members of the Government. The first thing that the NARC Government should have done was to bring a Motion like this to this House. But I do not even see them here. I would like to thank Prof. Anyang'-Nyong'o because he is in the House today. His contribution is very important.

Mr. Temporary Deputy Speaker, Sir, I have just arrived from a trip to the International Coffee Organization (ICO) in Capahena, South America. Our country is no longer a coffee producing country. Coffee growing in Kenya will soon be an extinct activity. Countries like Tanzania, Angola and Nigeria produce more coffee than Kenya. Vietnam is now among the largest coffee producing countries in the world. So, today we are discussing a Motion on coffee, but coffee is not there in this country. We are talking about a crop which is not there. The purpose of this Motion is to find ways of reviving the coffee industry. The only way of doing so is by injecting some money into coffee farming.

Mr. Temporary Deputy Speaker, Sir, Mr. Khaniri read some figures here about the coffee earnings which fell from Kshs18 billion ten years back to about Kshs6 billion this year. Why did it happen? This was because of so many reasons. First of all, the Coffee Board of Kenya (CBK) was the only marketing body for coffee in this country. It monopolized this crop for many years. A lot of unscrupulous characters found themselves in the leadership of the CBK and created a cartel among themselves. This cartel went on looting and totally destroying the coffee industry. We talked and even held meetings against it, but nobody was willing to listen to us. This cartel had its own well connected people in State House. When farmers chased them away, they would come back to tell us that theirs was a parastatal, but not a farmers' organisation. When the Government chased them away, they came back and said theirs was a farmers' body. In between this, a lot of things went wrong. As I speak now, the indebtedness of the CBK is over Kshs18 billion. It is just the other day that some coffee was sold and a sum of Ksh641 million was realized, but this money simply disappeared. The CBK, as it is now, has mainly two assets; that is, the Coffee Plaza and Kahawa House. It is sad that it is indebted to the tune of Kshs20 billion. It cannot survive any more because it is highly indebted and it has no assets and it is no longer marketing coffee. The CBK is only issuing licenses. It is a regulating body. You will find that a certain amount of money is being pumped into it again by all the millers. This must be stopped. We have to start from the beginning if we want to revive the coffee industry in this country.

Mr. Temporary Deputy Speaker, Sir, I would like to touch a bit on the amendment moved by Mr. Mwenje. I am a coffee grower. I know most of the co-operative societies are indebted to the Co-operative Bank of Kenya. About 100 per cent of all co-operative societies, especially coffee societies, bank with the Co-operative Bank of Kenya. I know they are indebted through various loans like the Second Coffee Improvement Project (SKIP).

Mr. Temporary Deputy Speaker, the other aspect of a coffee grower is a planter. There is the sector of the co-operatives, and there is also the sector of a planter. Planters do not bank with the Co-operative Bank of Kenya, they bank with various other banks. In their accounts, they do not just only bank proceeds from coffee, but there are proceeds from other activities they engage in. They are rich people who own various assets yet they are being treated the same as the small scale farmers.

Here again lies the danger of duplicating these matters. I think when it comes to the coffee industry, the Ministry of Planning and National Development, probably must come out with a policy paper on the way forward in the coffee industry as a whole. It is a very important industry. Our people depend on it for school fees. People have even fought and killed one another over this crop. I need

not dwell on the wars in Nyeri, Kirinyaga and various other places. In my place, people have even killed one another over this crop which is no longer there. So, I would like to urge the Ministry of Planning and National Development to come up with some practical ideas on how to revive the coffee industry.

Mr. Temporary Deputy Speaker, Sir, about five years ago, every coffee farmer was deducted some money. This money is in an account somewhere in the name of "Coffee Bank". The amount that had been contributed then was Kshs200 million, but now I know for sure that it is over Kshs300 million. Probably the Government should look at this coffee bank, revive it and turn it into something like a bank or a fund because it is money contributed by the farmers. All that is required is good management.

Mr. Temporary Deputy Speaker, Sir, in this year's Budget, the Treasury awarded close to Kshs5 billion to the National Bank of Kenya in order to bail it out from its financial problems which are known. The National Bank of Kenya equally has got debts to the tune of Kshs21 billion which can easily be recovered, but the Government decided to allocate about Kshs5 billion to it, to prevent its total collapse. If it can do this to the National Bank of Kenya, it can also do the same to the coffee farmers, because that is the only way forward.

Mr. Temporary Deputy Speaker, Sir, the only coffee organization which is still alive as I am talking now, is the Kenya Planters Co-operative Union (KPCU). The rest are dead. The unions from Murang'a, Kiambu, Kericho, Kirinyaga and Meru are no longer there. Everything must start afresh. To start afresh, is to bring those big societies back. Those unions must be brought back. There must be a way of doing away with the small co-operative societies that cannot economically sustain themselves. The Government went round destroying the big co-operative unions and created small ones that could not stand on their own.

An hon. Member: The KANU Government!

Mr. Muiruri: Yes, you are right! The Government created somebody called Birgen who was the Commissioner for Co-operatives. He went round breathing fire and telling people to shave their beards. That is the man who created a lot of havoc in the co-operative sector. He went round destroying them, and nobody touched him.

Mr. Temporary Deputy Speaker, Sir, to be able to revive all these sectors, the only way is to revive those collapsed unions. A lot of things went wrong in the sense that some of those societies were being liquidated. I happen to have been the Chairman of one union known as Gatukuyu Coffee Co-operative Union, which was the biggest co-operative society in Kiambu District. This society was destroyed in State House. Moi ordered that it be destroyed because Mr. Muiruri was its chairman. He brought in a liquidator who went round selling all the assets. All the assets were disposed at a throw-away price. A society that was paying over Kshs200 million to the farmers was destroyed in one day and all its assets sold. All those assets sold realized only Kshs7 million out of which the liquidator paid himself Kshs5 million. This is total stealing!

The NARC Government must go back to the audited reports of the Coffee Board of Kenya and the Coffee Research Foundation. All the looters of the coffee industry must be brought to book. For instance, the Chairman of the cartel, Mr. Abraham Mwangi, who was the Chairman of KPCU----

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

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

The Temporary Deputy Speaker (Mr. Khamasi): Hon. Members, the Chair has received another application to make an amendment to Mwenje's amendment to the Motion. I would like to call upon Mr. Angwenyi to propose his amendment to Mwenje's amendment so that we can deal with the whole case together.

Mr. Angwenyi: Mr. Temporary Deputy Speaker, Sir, as you said, we would like to move an amendment to this Motion so that when it is finally passed it will be cost-effective to our farmers and

especially the small scale farmers. I want to move the following amendment to the amended Motion. That the Motion reads as it was amended by Mr. Mwenje, up to "waive all the existing loans." Delete all the words that are after the word "loans" and insert in place thereof the words "owed by coffee co-operative societies."

I am making this amendment because the intention of this Motion is to assist small-scale coffee farmers get back to good farming. We know that the farmers have been made to take loans from various financial institutions and we cannot waive all of them. We should relieve them of the burden of those loans, some of which they never approved. We are urging the Government to come to their rescue and waive the existing loans, so that they can start afresh, with subsidies to assist them in accessing inputs that are required to grow quality and quantity coffee.

With those few remarks, I beg to move. I would like Mr. Muriungi to second the amendment.

Mr. Muriungi: Mr. Temporary Deputy Speaker, Sir, thank you. I wish to second Mr. Angwenyi's amendment to that of Mr. Mwenje, that we delete the words after the words "waive all the existing loans owed by coffee co-operative societies." The reasons for seconding this amendment are, besides asking for a subsidy, to urge the Government to make sure that the cartels involved in the importation of fertilizers are eradicated. In the absence of these cartels, the prices of fertilizers will be reasonably reduced. If we had reduction of taxes, the farmers would still not afford to pay for inputs, as long as the cartels continue to operate.

Some of the people who have taken loans with the banks have been competitors with the small-scale farmers and have controlled the market on their own. There are those farmers who have their own factories and sometimes frustrate the marketing of coffee by the small co-operative societies.

Therefore, we should not protect them at the expense of the societies which are made up of helpless farmers who cannot stand on their own. It is only by waiving the existing loans that we can hope to revive the coffee industry once again. If I could give an example of my own district, sometimes back, the Meru North Co-operative Union took a loan of Kshs3 million and up to now, that loan, through the charging of compound interest, has risen to more than Kshs60 million. There is no way that the payment of that loan can be rescheduled to be affordable to the farmers. It is high time that we gave a great waiver so that we can open a new chapter in the co-operative movement, with the farmers being given hope that they are not having any debts.

It has been known that even elected members of some of these co-operative societies and the existing staff have been compromised by people who have vested interests in the properties belonging to the society. For example, Nyambene House which belongs to the Meru North Co-operative Union has been targeted for sale and the only way we can save that House is by having the loans waived.

With those remarks, I beg to second the amendment.

The Temporary Deputy Speaker (Mr. Khamasi): Order, hon. Members, we still have about 28 minutes to dispose of this Motion. I will give one or two minutes and then we dispose of Mr. Angwenyi's amendment first, so that the Minister can respond.

(Question of the first part of the amendment, that the words to be left out be left out, proposed)

The Assistant Minister for Finance (Mr. Katuku): Mr. Temporary Deputy Speaker, Sir, I would like to briefly respond to the Motion as further amended. As I said earlier when I was rising on a point of order, I have a strong feeling that this aspect being brought in by Messrs. Angwenyi and Mwenje would serve farmers better if it was brought on its own because the original Motion talks about establishing a Fund to assist farmers. When we mix it with the issue of waiving loans given to

individual co-operative societies and such, it confuses the whole system. I would like to see a situation whereby we would dispose of the aspect of establishment of the Fund. If you look at the Coffee Act which we passed here during the last Parliament, it talked of the same establishment of a Fund. As a Ministry, we would have been very comfortable with moving on that line as Mr. Wambora had proposed. We should dispose of that aspect of establishing the Fund. If hon. Members would agree with me, maybe, the hon. Member or the Government could come up with the same because we are looking at the whole issue of loans owed by farmers in the Co-operative Bank and other financial institutions. You will find that we have large scale farmers in these institutions who are able to pay these loans. We cannot give a blanket waiver to all the farmers. Some of them are supposed to pay. We want to isolate and look at the whole list to see whose loan [can be waived like the small scale farmers and other cases worth considering.

I would like the Government to be given time to look at that list of who owes what and where so that we can see whose loan can be waived. We have both large scale and small scale farmers and we would like to assist this industry but we need to look at this issue very carefully. We would even like to talk to the people who have given out these loans to find out if they can waive the loans and then, we will come to this House and ask it to give the Government a way out to assist the farmers.

I would like to urge hon. Members to understand the position of the Government, that we are not opposed to the issue of re-examining the loans owed by farmers. We would like the industry to move forward, but we would like to do it in a different way from the way Messrs. Angwenyi and Mwenje had proposed. We are willing to look at it, but I would like us to dispose of the Motion brought today the way it is.

With those few remarks, I hope hon. Members will understand and oppose the Motion.

Mr. Kaindi: Mr. Temporary Deputy Speaker, Sir, thank you for giving me this chance to contribute to this very important Motion. I thank the Mover of the Motion for looking at the plight of the coffee farmers. I want to begin by saying that my heart bleeds for the coffee farmers. That is such an important sub-sector in our economy, particularly in alleviating rural poverty. Most of our coffee co-operative societies are made up of small-scale farmers. They certainly need assistance. But, today, there are no sufficient institutions to assist those farmers. The reason why I agree with Mr. Mwenje is that, even if you established a Subsidy Fund, without looking at the loans aspect, you will be making nonsense of the whole process. The farmers are heavily indebted to the co-operative societies.

(Loud consultations)

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

Mr. Kaindi: They are indebted to such high magnitudes that, even if you establish a Subsidy Fund, without relieving them of the burden that continues to inhibit them from producing more coffee, you will not be assisting them. Therefore, I fully support the establishment of a Subsidy Fund. Today, tea farmers are also beneficiaries of Subsidy Fund. When you take your tea to a tea factory today, you expect a certain amount of money and later, you can be paid a bonus. Today, when a coffee farmer takes his coffee to the coffee factory, he does it through a lot of pain. He has to borrow money, so that he can be able to buy farm inputs, weed the farm and manage the entire coffee plantation.

Mr. Temporary Deputy Speaker, Sir, therefore, to facilitate those farmers to afford and manage coffee production, we need that Subsidy Fund. I am thinking of a situation where, if a coffee farmer takes 1,000 kilograms to the factory, he is paid a few cents upfront, so that he can be able to harvest the next crop. Finally, once the auction is done, he can be paid the balance. That would be an incentive mechanism. That is what we have been asking the Ministry to establish, so that we can revive coffee farming. Today, if you visit small-scale coffee farms, farmers have inter-mixed and inter-cropped their coffee with beans and other plants. That does not augur well for the quality of our

coffee. We believe strongly that, in order for farmers to concentrate and make maximum utilisation of coffee farming, they need that assistance. As Mr. Mwenje said, even if we did so, we need to walk down memory lane, take stock and ask ourselves---

For example, we know that in Machakos, we used to have the Machakos Co-operative Bank. It was established under the auspices of Machakos Co-operative Union. That bank collapsed and farmers lost a lot of money. Today, we keep on asking: When will the Government do good and assist our farmers to get their money back? But, in the absence of that, that Subsidy Fund will do very well. It will now bridge-over the anxiety of farmers and the problems that they are facing today, to enable them to actively participate in coffee farming. Therefore, I agree that, by assisting our farmers by waiving off their loans,--- We are not talking about individual loans. I think that must be put to rest. We are talking about co-operative loans. The loans that are owed by the co-operative societies themselves and not individuals. The individuals have their own mechanisms, collaterals and securities to redeem their loans. In any case, that is a private arrangement. But where co-operative societies, which were established under the Act through the Ministries, find themselves under enormous debts, we need to intervene. Every time farmers sell their coffee, the Co-operative Bank of Kenya first deducts its money. So, what reaches the farmer on the ground is peanuts. Therefore, he is not able to put maximum utilization to coffee farming. Therefore, I agree that what has been raised today is fundamental and I support the amendments. That is the only way we can assist our farmers.

The Temporary Deputy Speaker (Mr. Khamasi): Order, hon. Members! This Motion has been amended many times. I have again received an application from an Assistant Minister who wants to move a further amendment to this Motion. I would like to give him this chance to move his amendment.

The Assistant Minister for Finance (Mr. Katuku): Thank you, Mr. Temporary Deputy Speaker, Sir. I will be brief because of the time factor.

Mr. Temporary Deputy Speaker, Sir, I beg to move:

That the Motion be amended by deleting the word "subsidy" in the sixth line and inserting in its place the word "stabilisation".

This amendment is in the interests of both the coffee farmers and the industry. I strongly feel that there is need to replace the word "Subsidy" with the word "stabilisation" because if the Motion is passed the way it is, we will have a problem with our trading partners, for example the East African Community and the COMESA. Our trading partners will consider our coffee production as subsidised by the Government. But if the Stabilisation Fund is established, it will assist coffee farmers when their coffee has been affected by severe weather conditions, or has fetched low prices in the international market.

I propose that this Fund should be put under the Coffee Board of Kenya. I also propose that when the weather conditions are favourable and the price of coffee in the international market is high, some money should be set aside from what is due to coffee farmers and put into the Fund. The Government should also pump some money into the Fund to assist in the stabilisation of coffee prices.

So, the amendment I have moved to this Motion is in the interest of the coffee farmer and the industry. I have consulted with the Mover of the Motion and he has no problem with the amendment I have moved to this Motion.

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

The Minister for Planning (Prof. Anyang'-Nyong'o) seconded.

(Question of the first part of the amendment, that the word to be left out be left out, proposed)

Mr. Mwenje: On a point of order, Mr. Temporary Deputy Speaker, Sir. I thought it would be better if you straightaway disposed of the amendment the Assistant Minister has moved to this Motion because of the time factor.

The Temporary Deputy Speaker (Mr. Khamasi): The Assistant Minister has moved his amendment to this Motion and the Minister for Planning has seconded it.

Mr. Mwenje: Mr. Temporary Deputy Speaker, Sir, just dispose of the amendment moved by the Assistant Minister!

The Temporary Deputy Speaker (Mr. Khamasi): No! No! The House has to decide. The Assistant Minister has moved his amendment to this Motion and the Minister for Planning has seconded it. I would like to give Mr. G.G. Kariuki three or four minutes to make his contribution to the proposed amendment before I put the question. I will thereafter call upon Mr. Wambora to reply.

Mr. G.G. Kariuki: Mr. Temporary Deputy Speaker, Sir, while I support the intention of the Assistant Minister, I have one problem with him. This is because he got a Notice of this Motion a month ago and ought to have negotiated with, or talked to, the original Mover so that they could come to an agreement if the Ministry had intentions of helping the farmers. I agree with him that there is going to be a big problem between him and our neighbours, who produce coffee, as the word 'subsidy' is never acceptable in international trade, and that is a fact. However, the Assistant Minister still needs to resolve this matter. We all support the farmer and the Motion is very clear. It is talking about the co-operative societies' debtors, who owe so much money that they can never afford to repay it even if given a 100 years.

I am in a position to accept what the Assistant Minister says, but I have one problem. Are we going to have a committee appointed either by this House or the Ministry to resolve this matter? If he can give that undertaking, then we are going to go by what he wishes us to do. Without that, I think we will be wasting our time in dealing with a Ministry that is not sensitive to our farmers.

(Question of the first part of the amendment, that the words to be left out be left out, put and agreed to)

(Question of the second part of the amendment, that the words to be inserted in place thereof be inserted proposed)

(Question of the second part of the amendment, that the words to be inserted in place thereof be inserted, put and agreed to)

(Question of the Motion as amended proposed)

Mr. Wambora: Mr. Temporary Deputy Speaker, Sir, I take this opportunity to thank all my colleagues for very useful contributions that have yielded useful amendments. I accept the two amendments for good reasons. I appreciate the amendment by the Assistant Minister for Finance as I am also aware that the World Trade Organisation (WTO) does not like the word 'subsidy'. Although countries like the USA and Japan use subsidies, being a third world country, it is in order for us to play

safe by using the word 'stabilization'. I also welcome the amendments by Mr. Mwenje and Mr. Angwenyi as they have added a lot of value to my Motion.

I earlier said that there are many problems facing the coffee farmers in Kenya. However, I did not want to dwell on them even though they are critical. Whereas coffee production in terms of quality and quantity is the key focus of this Motion, we are aware that coffee co-operative societies are bankrupt, heavily indebted, and it will be good news to them to hear that the House has passed this Motion to waive the existing loans owed by them. In fact, they deserve a waiver.

I will also emphasise the importance of the small-holder coffee grower. In spite of all his problems, he produces 60 per cent of the coffee produced in Kenya today. However, the quality and quantity have been going down because of the farmers' inability to buy inputs. With the Fund that will be created - I am sure the NARC Government will definitely implement this Motion. I can see the Kenyan farmer bringing back the coffee sector to what it used to be, "Kenya's Black Gold". That is what we want. We are aware of the importance of coffee in this country in terms of foreign currency earning, rural job creation, farm incomes and, of course, providing food security. Mr.

Temporary Deputy Speaker, Sir, I hope the Minister will now move very fast to form a task force which will look in all these debts in co-operative societies, so that we do what has been done in the sugar sector, where all the debts and loans were completely waived.

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

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

Resolved accordingly:

THAT, aware that coffee had for many years been Kenya's top foreign currency earner; aware further that this sector started collapsing in the mid 1990s due to low international coffee prices; cognizant of the fact that the quality of coffee produced in this country has gone down due to the prohibitive cost of inputs such as fertilizers and pesticides; this House urges the Government to establish a Stabilization Fund to enable farmers access required inputs and waive the existing loans owed by coffee co-operative societies.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Khamasi): Hon. Members, it is now time for the interruption of business. The House is, therefore, adjourned until this afternoon, at 2.30 p.m.

The House rose at 12.30 p.m.