

## NATIONAL ASSEMBLY

### OFFICIAL REPORT

Tuesday, 14th August, 2001

The House met at 2.30 p.m.

[*Mr. Speaker in the Chair*]

### PRAYERS

### PAPER LAID

The following Paper was laid on the Table:-

The 10th Report of the Public Investments Committee on the Accounts of State Corporations

[*By the Chairman (Mr. Ochilo-Ayacko)*]

**Mr. Speaker:** For which year?

**Mr. Ochilo-Ayacko:** It is the 10th Report of the PIC!

### NOTICE OF MOTION

#### ADOPTION OF TENTH PIC REPORT

**Mr. Ochilo-Ayacko:** Mr. Speaker, Sir, I beg to give notice of the following Motion:-

THAT, this House adopts the 10th Report of the Public Investments Committee on the Accounts of State Corporations laid on the Table of the House on 14th August, 2001.

**Mr. Speaker:** Very well!

Next Order!

### ORAL ANSWERS TO QUESTIONS

*Question No.499*

#### REHABILITATION OF MASENO-KOMBEWA WATER PROJECT

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

- (a) whether he is aware that *El Nino* funds which were earmarked for rehabilitation of Maseno-Kombewa Water Project have not been utilized; and,
- (b) when the project will be undertaken.

**The Assistant Minister, Office of the**

**President** (Mr. Kochalle): Mr. Speaker, Sir, I beg to reply.

(a) I am not aware that *El Nino* funds were earmarked for Maseno-Kombewa Water Project.

(b) The project was not included in the priority list by Kisumu and Nyakach District Disaster Committees. Hence, the project cannot be undertaken by *El Nino* Emergency Project. The *El Nino* Emergency Project has a specific mandate to rehabilitate projects which were destroyed by *El Nino* rains. Maintenance of regular water projects falls under the Ministry of Environmental and Natural Resources.

**Mr. Ayoki:** Mr. Speaker, Sir, I do not know what the Assistant Minister is saying about Kisumu and Nyakach Disaster Committees.

**Mr. Speaker:** Could you use the microphone next to you?

**Mr. Ayoki:** Mr. Speaker, Sir, the water project was completely destroyed by the *El Nino* rains. Could the Assistant Minister tell the House why it was not included in the *El Nino* Emergency Project?

**Mr. Kochalle:** Mr. Speaker, Sir, that project has not been prioritised by the District Disaster Committee.

**Mr. Sungu:** Thank you, Mr. Speaker, Sir. I happen to have been a member of the DDC that discussed this matter and I remember very well that this matter was prioritised for *El Nino* funding. Could the Assistant Minister tell us why it was not included in the project?

**Mr. Kochalle:** Mr. Speaker, Sir, as far as I am aware, it has not reached us and, therefore, it was not prioritised.

**Mr. Ayoki:** Mr. Speaker, Sir, now that the Assistant Minister has been made aware that this project was prioritised for *El Nino* funding, what will he do to rehabilitate it since the people are in need of water? Recently, there was cholera outbreak in the area because of lack of water. What will the Assistant Minister do to help the people of that area?

**Mr. Kochalle:** Mr. Speaker, Sir, as soon as they send their priority list, we will look into the matter.

**Mr. Speaker:** Next Question, Mr. Gatabaki!

*Question No.217*

ADMINISTRATION OF CORPORAL  
PUNISHMENT TO SCHOOL CHILDREN

**Mr. Gatabaki** asked the Minister for Education:-

(a) how many school children, from primary to secondary schools, have died as a result of injuries sustained following corporal punishment by teachers;

(b) whether he could table the names of pupils and their schools and for each case indicate the measures which have been taken to punish those teachers responsible for the crimes; and,

(c) why Kenya has not ratified the African Charter on the Rights and Welfare of the Child and the United Nations Convention on the Rights of the Child.

**The Minister for Education** (Mr. Kosgey): Mr. Speaker, Sir, I beg to reply.

(a) Four children from primary and secondary schools have died as a result of injuries sustained due to corporal punishment.

(b) Attached is a list of the cases involved:-

<u>Name of child</u>	<u>School</u>	<u>Action Taken</u>
Josephine Wambui Mwangi	Githunguri Primary	Teachers were interdicted but later acquitted due to lack of evidence.
Kipkosgei Kimutai	Kayoi Primary	The teacher was charged with murder but later the charges were withdrawn after postmortem results showed that there was abnormal intestinal coiling.
Mutua Musa	Muthini Primary	Investigations reveal that the boy had a history of a heart ailment.
Justus Nyakweba	Mobambo Secondary	The student fell sick after canning and stayed for a month. He was treated at Keroka but died and was buried on 11.9.1999. The head teacher was demoted and his deputy was transferred, and an inquest instituted.

**Mr. Gatabaki:** Mr. Speaker, Sir, we must appreciate the credible way in which the Minister has answered this Question. Maybe, it is because His Excellency the President is coming as the Member of Parliament for Baringo Central to defend a losing case. However, could the Minister confirm to the House and the nation whether it is the brutal caning of students by the teachers that forced the withdrawal of corporal punishment in schools and, therefore, precipitated the kind of crisis and protests we are witnessing in our schools?

**Mr. Kosgey:** Mr. Speaker, Sir, the recent ban on caning has absolutely nothing to do with these cases. I

forgot to answer part "c" of the Question on the ratification of the African Charter on the Rights and Welfare of the Child and the United Nations Convention on the Rights of the Child. The Kenya Government ratified the United Nations Convention on the Rights of the Child in July 1997. The ratification of the African Charter on the Rights and Welfare of the Child will be done after this House passes the Children's Bill.

**Mr. Kathangu:** Bw. Spika, mwezi uliopita nilimuuliza Waziri katika Ofisi ya Rais Swali kuhusu Esther, mtoto wa miaka minane wa shule ya msingi ya Ng'araria, Kandara Division. Wakati Waziri wa Elimu alipojibu Swali hili hakutaja kama Esther alikufa baada ya kuchapwa na mwalimu. Je, Waziri huyu anajua kuwa Esther alikufa baada ya kuchapwa na mwalimu na mpaka sasa Serikali bado inaendelea na uchunguzi?

**Mr. Kosgey:** Mr. Speaker, Sir, I am not aware of the case of Esther. Maybe, it has not been reported to us, or the death was not attributed to caning.

**Mr. Kathangu:** Jambo la nidhamu, Bw. Spika. Ninakumbuka kuwa wewe na Waziri katika Ofisi ya Rais mliamua kwamba sahihi iliyokuwa katika karatasi ya Swali ilikuwa halali. Je, ni haki kwa Waziri kusimama hapa na kusema kwamba hana ripoti kuhusu kifo hicho, ilhali mtoto huyo alikufa mwezi wa Februari mwaka huu? Swali kuhusu kifo chake limewahi kujibiwa katika Bunge hili!

**Mr. Kosgey:** Mr. Speaker, Sir, I will investigate the case of Esther in order to find out the actual cause of her death.

**Mr. Gatabaki:** Mr. Speaker, Sir, could the Minister tell this House when the Government will ratify the United Nations Convention on the Rights of the Child which was signed in 1990?

**Mr. Kosgey:** Mr. Speaker, Sir, as I said, we are waiting for the House to pass the Children's Bill.

**Mr. Gatabaki:** On a point of order, Mr. Speaker, Sir. What connection is there between the passing of the Children's Bill with the ratification of that United Nations Convention? This Government must tell the world whether it will ratify the convention or not. I wish His Excellency the President was here to hear the answers being given by his Ministers. I do not know what time he is coming, but I wish he was here to hear the shoddy answers being given by his Ministers!

*(Loud consultations)*

**Mr. Kosgey:** Mr. Speaker, Sir, let me clarify. Maybe the hon. Member did not hear what I said clearly because of the loud consultations in the House. I said the United Nations Convention on the Rights of the Child was ratified in 1990. The African Charter on the Rights and Welfare of the Child will be ratified after this House has passed the Children's Bill.

**Mr. Nyanja:** On a point of order, Mr. Speaker, Sir. Is it in order for the Minister to mislead this House by giving false information? A pupil died in Githongocho in Limuru in Ndeiya Division after being caned by a teacher. Mr. Muite, Mr. Icharia and I, witnessed the death of this pupil. However, this pupil is not listed here. This information is very misleading. Is he in order to mislead this House? Could he be given more time to go and come back with a proper answer to this House because compensation must be paid for this pupil? She must be included in this list along with others.

**Mr. Kosgey:** Mr. Speaker, Sir, it is very difficult to prove the cause of death in the case of a child who is beaten. Normally, the death is not really as a result of caning. In most cases, the child could be having a heart ailment, or some other sickness. The cane usually aggravates the situation. However, I will investigate the reported case in Limuru Division.

*(Mr. Mkalla consulted with Mr. Speaker)*

**Mr. Kitonga:** On a point of order, Mr. Speaker, Sir. Mr. Mkalla knows very well that the Chair will not vote in the forthcoming Bill. Why is he disturbing the Chair?

*(Applause)*

**Mr. Speaker:** Order! The Chair is never disturbed! In fact, the Chair is here for the benefit of all Members. Hon. Members are obviously free to consult with the Chair at any time. But I urge the hon. Members to make those consultations more frequently in my Chamber, and not at the Chair.

*(Applause)*

**An hon. Member:** Tell him to sit down!

**Mr. Speaker:** Order! He will not sit down!

Next Question!

*Question No.240*

## DEDUCTION OF MONEY FROM TEA GROWERS

**Mr. Speaker:** Is Mr. Anyona not here? We will then leave the Question until the end. Let us move on to the next Question.

*Question No.570*INSTALLATION OF TELEPHONE BOOTHS  
IN MARKET CENTRES

**Mr. Opore** asked the Minister for Transport and Communications when the Government will instal telephone booths at Iyabe, Riana, Igonga, Itibo and Nyamira trading centres in Bonchari Constituency.

**The Assistant Minister for Transport and Communications (Mr. Keah):** Mr. Speaker, Sir, I beg to reply. Telkom Kenya Limited has planned to instal telephone booths at Iyabe in the second quarter of this financial year. We expect the exercise to be completed by March 2002.

However, for Riana, Igonga, Itibo and Nyamira, Telkom Kenya Limited will, in two months' time, embark on a survey in order to determine the level of demand before the services can be installed.

**Mr. Opore:** Mr. Speaker, Sir, I am satisfied with the answer given with regard to Iyabe trading centre. However, I wonder why the other centres cannot get early attention because wananchi walk between five and ten kilometres to make urgent telephone calls. **Mr. Keah:** Mr. Speaker, Sir, what I have given is in accordance with the plan to provide services to these particular trading centres. Indeed, we must plan for virtually all the other trading centres. Therefore, the current plan for Riana, Igonga, Itibo and Nyamira will be surveyed in two months's time. After the survey, we will determine when we will provide the services to these trading centres. It is not possible to do so now for various normal operational constraints. We have to plan for each trading centre. We cannot provide the service to all these trading centres at once.

*(Messrs. Wamunyinyi and Opore stood up in their places)*

**Mr. Speaker:** Order hon. Members! How come the two of you have the Floor? Mr. Wamunyinyi, who has given you the Floor?

**Mr. Wamunyinyi:** Mr. Speaker, Sir, it is the Chair!

**Mr. Speaker:** No! Mr. Opore, proceed!

**Mr. Opore:** Mr. Speaker, Sir, the issue of Telkom Kenya making a survey appears to be irrelevant, given that cell phones at the moment are spreading fast into the rural areas, which implies that there is high demand for telephone services. Is it in order that the Assistant Minister should delay this implementation when in fact, they are aware that demand is very high?

**Mr. Keah:** Mr. Speaker, Sir, demand cannot be high until and unless a physical survey has been done. This is the way we do it. I am not in a position to say there is a delay because we have planned for the survey. Until that survey is done in two months time, I am not in a position to tell him whether the services will be provided.

*Question No.510*

## REDUCTION OF ELECTRICITY COSTS

**Mr. Twaha** asked the Minister for Energy:-

(a) whether he is aware that electricity costs in Kenya are four times the world average; and,

(b) what he is doing to bring down the high cost of electricity in Kenya.

**The Minister for Energy (Mr. Raila):** Mr. Speaker, Sir, I beg to reply.

(a) Electricity costs in Kenya are not four times the world average. The average cost of electricity in Kenya is US\$9 cents per kilowatt hour which is equivalent to Kshs7.00. This price is competitive and comparable with the world average cost of US770 cents in 1998 and US716 cents in 1999.

(b) The Government is looking into the possibility---

*(Loud consultations)*

**Mr. Speaker:** Order, hon. Members! I think there is something the matter at the last row over there. You will have to keep order or I will exclude that lot from the proceedings of this afternoon.

Proceed, hon. Raila

**The Minister for Energy** (Mr. Raila): The Government is looking into the possibility of connecting to the South African power pool with the aim of sourcing for cheaper energy. The possibility of increasing our power generation capacity, for both hydro and geothermal, is also being explored because we believe that sufficient local supply may contribute in bringing down the prices.

**Mr. Twaha:** Mr. Speaker, Sir, the problem here is that we are killing the goose that lays the golden egg. The problem with the energy sector is that it is overtaxed. What is at stake is the competitiveness of our factories and tourist hotels.

*(Loud consultations)*

Order! Mr. Speaker---

**Mr. Speaker:** Order hon. Members!

*(Mr. Haji remained standing in his place)*

**Hon. Members:** "Order" means sit down! Sit down Mr. Haji!

**Mr. Speaker:** Order, hon. Members! It is enough that he freezes; and he has frozen. For those who do not know, when the Chair calls the House to order, a Member standing shall freeze and Mr. Haji, to my satisfaction, has "frozen"!

*(Applause)*

Mr. Twaha, since when did you become Speaker? However, I do sympathise with you. There is a lot of consultation. Could we consult quietly so that we can transact business? But do not assume my role!

Proceed!

**Mr. Twaha:** Mr. Speaker, Sir, the issue here is the competitiveness of our industries and tourist hotels. The Government is overtaxing the energy and the telecommunication sectors. Could the Minister assure this House that he will strongly advise the Government to reduce taxation on energy and communication so that our industries and tourist hotels can get some breathing space?

**Mr. Raila:** Mr. Speaker, Sir, the reasons for the current cost of energy is not taxation. It has something to do with our source of energy. The House will remember that over the last two years we had a power crisis as a result of two successive droughts. That made the country over-dependent on thermal energy which is more expensive.

Our current cost stands at US9 cents per kilowatt hour and this compares very favourably with our neighbours like Uganda which is US9 cents; Madagascar, US10 cents and Tanzania, US11 cents. It is even higher in the West African region. It is lower in South Africa which is US2 cents per unit; Zambia, US3 cents per unit and Malawi US3 cents. Mr. Speaker, Sir, power is highly subsidised in the South African region. That is the reason why it is that cheap. We are surveying the possibility of connecting to the South African pool to make power more cheaper to our people. An agreement towards that end was signed last week in Dar-es-Salaam.

**Mr. Sambu:** Mr. Speaker, Sir, the Minister has said it costs US9 cents per kilowatt hour when they sell power to the consumer. But he has not told the House what we know; that Kenya Power and Lighting Company (KPLC) buys from the generators, whether KenGen or the independent power generators at less than US3 cents per kilowatt hour. Could the Minister restrain KPLC from being the contractor and the same time being supplier of the energy? It should only concentrate on the function of selling power. At the moment, they get it at US3 cents per kilowatt hour and they sell it at US9 cents because Mr. Gichuru wants to make money at the expense of Kenyans!

**Mr. Raila:** Mr. Speaker, Sir, KPLC buys power at US3.6 cents from KenGen. But there are other costs associated with transmitting power from the generating source to the consumer.

**Mr. Sambu:** On a point of order, Mr. Speaker, Sir. I respect this Minister but is he in order to mislead the House when we know that people pay for the construction of the lines? Ask any hon. Member here! People pay for the

construction of lines. If they do not pay, it is paid for by the Rural Electrification programme. So, why is Mr. Gichuru allowed to charge US9 cents per kilowatt hour and not US3.6 cents or even US5 cents?

**Mr. Raila:** Mr. Speaker, Sir, I wish the hon. Member would care to listen to what I want to say. There are other costs that are involved. One, is the transmission cost. There are technical and non-technical losses in the process of conveying power from the generation source to the consumer. The technical losses are very substantial and it requires heavy capital investment to reduce. At the moment, they stand at 20 per cent. We will need to set up transformation stations to enhance the capacity and reduce the transmission losses. This is something which we are looking at as a long-term strategy. Secondly, there are non-technical losses where the consumers connect illegally, tamper with the equipment or use defective equipment. Added together, that comes to 21 per cent. But we are trying to deal with these non-technical losses. We have written a policy document which is going to help us address these non-technical losses.

Having said that, we want to remove the Rural Electrification programme which is not economically viable for KPLC and set up a separate entity to deal with the Rural Electrification programme. It is true that KPLC has been inefficient. We are in the process of reforming the entire power sector and we will end up by creating seven different regions to enhance services and make it more answerable to the needs of the people all over the country. So, something is being done about it.

**Mr. Wamae:** Mr. Speaker, Sir, is the Minister aware that the number of electricity consumers per kilowatt-hour in Kenya is one of the highest and, therefore, there is a lot of inefficiency? What is the Minister going to do to make sure that the Kenya Power and Lighting Company (KPLC) is efficient, so that it can provide cheaper power to the consumers?

**Mr. Raila:** Mr. Speaker, Sir, I have just said that the Government is in the process of reforming the KPLC. There is a major retrenchment exercise under way in the KPLC. We are sourcing for funding to pay the extra staff who are over-employed in the KPLC, to trim it down and make it more efficient.

**Mr. Kihoro:** Mr. Speaker, Sir, before Mr. Raila defected to the Government side, the then Minister for Energy, Dr. Masakhalia had told this House that only 8 per cent of Kenyans are connected to electricity. The fact that we are talking about 1.5 million Kenyans at the most consuming electricity, means that power tariffs are very high. Could the Minister consider how he is going to have a project that will put about 50 per cent of Kenyans on the power grid on power that is locally generated as opposed to what you are proposing; to go to the South African power pool? Could he have a proposal that will put 50 per cent of Kenyans on power, so that we can reduce power cost? That is a basic rule in economics!

**Mr. Raila:** Mr. Speaker, Sir, when Dr. Masakhalia talked about 8 per cent, he meant 8 per cent of Kenyans living in the rural countryside. That has to be added to Kenyans who live in the urban areas. But it is the policy of the Government to bring electricity to our rural countryside. But, as I have said before, rural electrification as a project is an infrastructural development. It is not economically viable and we are sourcing for cheap funding to undertake the rural electrification exercise.

Mr. Speaker, Sir, we are also looking comprehensively at our other alternative sources of energy. We are looking at hydro, geothermal, wind, solar, wave and even nuclear! At the beginning of the month of October, my Ministry is going to host a National Energy Conference, at which we are going to invite Members of Parliament and other stakeholders to come and comprehensively talk about a national energy policy. We want to look at petroleum, hydro and other sources of power, to come up with our comprehensive policy that will answer to the Government policy of making the country industrialised by the year, 2020.

*Question No.535*

DISAPPEARANCE OF KIWANZA WATER PUMP

**Mr. Wambua** asked the Minister for Water Development:-

- (a) whether he is aware that a water pumping machine meant for Kiwanza Water Project in Mavoloni disappeared from Kithimani Divisional Headquarters; and,  
 (b) since wananchi have already built a storage tank and have laid down the required pipes, whether he could consider providing another machine.

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

- (a) I am not aware.  
 (b) Mr. Speaker, Sir, due to budgetary constraints, my Ministry is unable to provide a pump set to Kiwanza Water Project. However, the hon. Member is advised to organise and raise funds to make the project operational. My

Ministry appreciates the good work done by the Kiwanza community which is in line with the national water policy of encouraging active participation of project beneficiaries in development and operation of water supplies, and is ready to provide technical advice and support to the community.

**Mr. Wambua:** Mr. Speaker, Sir, when the Assistant Minister was reading the answer, he jumped a certain sentence! He has written and said that he is advising me, as the Member of Parliament for that area, to organise for funds. But in the answer, it is written: "To organise, raise funds through the Harambee or seek donor support---" Is that the mode of doing things? If that is so, the Assistant Minister should know that my constituents are taxpayers and they made a good effort to construct the project that you have appreciated. Could the Assistant Minister undertake to provide a pump to support that water project?

**Mr. Kofa:** Mr. Speaker, Sir, the Kiwanza Water Project was started by a private donor in the 1980s. So, it is difficult for the Ministry---

**Mr. Wambua:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Order, Mr. Wambua! You must give audience to the Assistant Minister to answer you! Proceed, Mr. Assistant Minister!

**Mr. Kofa:** Mr. Speaker, Sir, as I was saying, the Kiwanza Water Project was started by a private donor! The Ministry has never been involved in that project. So, it is not possible for the Ministry to give funds to construct the project.

**Mr. Kathangu:** Jambo la nidhamu, Bw. Spika. Ukikumbuka siku moja miaka miwili iliyopita, kulikuwa na vita nje ya Chumba, wakati watu sita walimfukuza Bw. James Orenge! Saa hii, kuna watu wanasimama hapa ambao hawajulikani! Jambo hilo linaogopesha sana kwa sababu hatujui ni akina nani!

Ni juu yako, Bw. Spika, kuona kwamba sisi tuko hai mpaka mwisho wa siku ya leo!

**Mr. Speaker:** Order! Nakuhakikishia usalama wako!

**Mr. Kathangu:** Lakini, Bw. Spika---

**Mr. Speaker:** Order! First of all, Parliament is a place where members of the public have access. Secondly, you do not expect me sitting here to see outside, which I am sure, you have not!

Let us proceed and if there is disorder, let me know about it!

**Capt. Ntwiga:** Mr. Speaker, Sir, there is nothing as good as a community participating in a development project in an area. Therefore, for that matter, it is very important, for the sustainability of that project, for the Ministry to come in and supplement the efforts by the community!

**Dr. Ochuodho:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** I hope you are serious, Dr. Ochuodho!

**Dr. Ochuodho:** On a point of order, Mr. Speaker, Sir. It is only recently that we lost a Member of Parliament who had reported that he was being accosted by some people. Today as we were coming in---

**Mr. Speaker:** Order! Dr. Ochuodho, you are being frivolous! Would you please let the House proceed?

Proceed!

**Capt. Ntwiga:** Mr. Speaker, Sir, there is nothing as good as the Ministry of Water supplementing the efforts of this community because it has already built the water tank. I think this will be practical because in my community we are building some bridges, while the Ministry of Roads and Public Works is just supplementing the efforts of the community. Since the Assistant Minister says that there are no funds to buy a water pump to supplement this effort by the community, it means that he did some feasibility studies and he knows the cost of this pump. Could he now tell us the cost of this pump which he cannot provide to this community who have built their water tank? Why can the Ministry not allocate some funds for the purchase of this water pump? What is the cost of that water pump?

**Mr. Kofa:** Mr. Speaker, Sir, at no time has the Ministry been involved in the Kiwanza Water Project from the beginning. So, the Ministry would not know the cost of this water pump.

**Mr. Muiruri:** On a point of order, Mr. Speaker, Sir. The Assistant Minister said that the Ministry is unable to buy this pump due to financial constraints. He is now misleading the House by saying that the Ministry was never involved in this project. How did he arrive at the conclusion that the Ministry cannot afford this water pump?

**Mr. Speaker:** Order, Members! Quite frankly, we cannot transact business this way. It is not possible. We are not communicating. Mr. Muiruri, I think you must know the difference between a point of order and a point of argument which is not provided for in the Standing Orders. If you want to participate in asking questions, catch my eye. Do not use shortcuts!

**Mr. Ndicho:** Mr. Speaker, Sir, in 1978 when President Moi took over as the President of Kenya, the then Minister for Water Development, Mr. Maina Wanjigi, promised this country that by 2000, every Kenyan in Turkana, Moyale and elsewhere will have clean drinking water. Now that we are past 2000, what is the position of this Government today in so far as that promise that was made in 1980 is concerned? What are you doing to make sure that

every Kenyan gets free drinking water today as per your promise?

**Mr. Kofa:** Mr. Speaker, Sir, that is a different question.

**Mr. Speaker:** Next Question!

*Question No.556*

DESTRUCTION OF CROPS

**Dr. Murungaru** asked the Minister for Environment:-

- (a) whether he is aware that on 14th November, 2000, forest guards destroyed food crops and dwellings of peasant farmers at Guara area of Gathiuru Forest, though the farmers had paid for the plots and had been allowed to cultivate in the forest by the Forestry Department,
- (b) when the Minister will compensate these farmers for the losses incurred; and,
- (c) what disciplinary action he will take against the officers concerned.

**The Minister for Environment** (Mr. Ngala): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that the Forest Department closed down plots of cultivators who contravened regulations governing the shamba system of plantation establishment. A notice had, however, been given to the cultivators to move out by October, 2000, after harvesting their crops. Most of them complied and moved out except two who defied the notice and went on to plant crops in November, 2000, thus prompting the action taken.

(b) In view of the above the issue of compensation does not arise.

(c) There is no disciplinary action contemplated as no offence has been preferred against the forest guards.

**Dr. Murungaru:** Mr. Speaker, Sir, that is a frivolous answer. I have clearly asked in my Question that the Minister looks into the issue of food crops which had matured and were destroyed by forest guards on 20th November. Anybody living under the sun knows that you do not plant crops in November and expect them to mature during that same month. The Minister is aware of that fact. These crops matured, they were destroyed and indeed, an investigation file was opened at Naro Moru Police Station when the complainant preferred charges there.

Last week the Minister came here with the same answer and said he was not satisfied with it. He said he wanted to go back and bring back a better answer, but he has brought back the same answer. Is he serious or is he being frivolous?

**Mr. Ngala:** Mr. Speaker, Sir, I am being very serious about this Question. I am not being frivolous. That is his own opinion. The answer I had last week was not a proper one. That is why I said I wanted time to get a proper answer. This is the proper answer.

**Mr. Kiunjuri:** Mr. Speaker, Sir, most of these farmers come from my constituency. Is the Minister aware that the forest guards pushed them out of the forest and later on they harvested these farmers' crops?

**Mr. Ngala:** Mr. Speaker, Sir, I am not aware of the hon. Member's allegations.

**Mr. Ndwiga:** Mr. Speaker, Sir, this Ministry is sadistic! Apart from Gathiuru, the people who used to farm in Magasha area of Irangi, Mt. Kenya Forest, were evicted and their crops were left to be destroyed by elephants. We brought the matter to the attention of his predecessor and the Ministry did nothing. Those are farmers who had paid their dues to the Ministry and yet they were evicted and their crops left to be destroyed by wild animals. What will the Ministry do to compensate these farmers?

**Mr. Ngala:** Mr. Speaker, Sir, you will agree that this particular Question is not relevant at this particular time.

**Dr. Murungaru:** Mr. Speaker, Sir, this particular incident was publicised in the print and electronic media. When this incident occurred my constituents were getting famine relief at the chief's camp next door. The forest guards were busy destroying the few crops which had survived the drought in Kieni on the same day that my constituents were getting famine relief. I have it on authority that those peasants had paid their dues to the Forest Department. I have got receipts and photographs of those matured crops which I can table here. I have it on authority that those peasants were driven out of that forest so that some well-connected individuals could move into those cleared areas and plant bhang to be sold to the children of Central Province so that we can be accused of practising *siasa mbaya*.

Could this Minister be serious, go back on the ground to establish the facts and tell this House how my constituents will be compensated for those crops which were destroyed? Taking into account that there is a matter in court ---

**Mr. Speaker:** Order, Dr. Murungaru! I think you are making speeches all the time I give you the Floor. Mr. Minister, would you like to respond?

**Mr. Ngala:** Mr. Speaker, Sir, all of us must agree that there has got to be a system in our forests on how we allow our people to live in there, and the Ministry is observing it. I have said that they were given a notice. They had been allowed to live there for a certain duration, and when the time expired, they were supposed to move out. But they



did move out and two of them remained there. But the rest of the people had moved out. We have got to agree, as hon. Members, that we have got to have a system of how we can manage our forests, so that we do not get into a situation where our forests are depleted by being irresponsible.

**Dr. Ali:** Mr. Speaker, Sir, I have not received a written reply to my Question as yet.

*Question No.436*

PAYMENT OF DUES TO MR. GODANA'S FAMILY

**Dr. Ali** asked the Attorney-General:-

(a) whether he is aware that the late Mr. Huka Godana, P/No.180425, was killed on 5th April, 1979 by a rogue buffalo;

(b) whether he is further aware that terminal benefits of the deceased were granted by the Public Trustee vide letter Ref.ADM/CASE/NO.110 of 1982 but to date, no benefits have been paid to the family of the deceased and,

(c) when the benefits will be paid.

**The Attorney-General** (Mr. Wako): Mr. Speaker, Sir, I do not know why he does not have a written reply because it was signed yesterday and he should have received it. But I have a good answer for him.

(a) The Attorney-General is aware that the deceased died due to the cancer of the liver and there are no records to indicate that he was killed by a buffalo.

(b) The benefits of the deceased have already been paid to the family.

(c) The benefits have already been paid, and the issue of the complainant does not arise.

**Dr. Ali:** Mr. Speaker, Sir, could the Attorney-General tell us when the money was paid out, by which cheque number and what date was it? How much was it?

**Mr. Wako:** Mr. Speaker, Sir, the money was paid out at our Nyeri office on 22nd January, 2001.

**Hon. Members:** How much was it?

**Mr. Wako:** Mr. Speaker, Sir, as to the amount of the money paid out, I have been receiving complaints from the beneficiaries who have said that they are not very happy when their respective amounts are mentioned in the House. But the amount was paid on that day to the widow.

**Mr. Ndicho:** Mr. Speaker, Sir, is the Attorney-General in order to take orders from outsiders? He knows the reason why he is not reading out that figure is because it is too little and everybody will be ashamed. Let him read out the figure.

**Mr. Speaker:** Order! I think hon. Members must follow what has happened in this House: Often times, I have said that it is not desirable to mention the figures given to a certain individual. It is not in their interest.

**Hon. Members:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Order, hon. Members! Yes, Dr. Ali!

**Dr. Ali:** Mr. Speaker, Sir, could the Attorney-General tell us, whether he is afraid to tell us the amount, the cheque number?

**Mr. Wako:** Mr. Speaker, Sir, it was vide cheque No.004425, payable from the Paymaster-General's Account.

**Hon. Members:** How much?

**Mr. Speaker:** Mr. Wako, would you like to tell them how much it was?

**Mr. Wako:** Mr. Speaker, Sir, the amount was Kshs47,117.85.

**Mr. Twaha:** Mr. Speaker, Sir, last year, Mr. Kiunjuri brought a Motion to this House, raising the level of compensation for Kenyans killed by wildlife from Kshs30,000 to Kshs1 million. When will the Government bring a Bill to this House so that we can turn the Motion into a law? This is also in order to start paying Kshs1 million as compensation instead of Kshs30,000 which is totally inadequate.

**Mr. Wako:** Mr. Speaker, Sir, regarding the whole issue of general damages payable, either through an accident, or under the Workmen's Compensation Act, or under any other incident, it is an issue that is being looked into. As the Minister for Finance mentioned in his Budget, before the end of this year, the Bill will have come to this House.

**Mr. Speaker:** It is time for Questions by Private Notice!

**Mr. Anyona:** Mr. Speaker, Sir, I apologise for not being here when my Question was called out, but the normal practice is to call for such Questions again.

**Mr. Speaker:** Order, hon. Members! Indeed, that is my usual practice, but, Mr. Anyona, I tried to locate you in your usual domain, and you were absent. But now that I see you very far, having somehow vacated your place, I will now call you for the second time.

*Question No.240*

## DEDUCTION OF MONEY FROM TEA GROWERS

**Mr. Anyona** asked the Minister for Agriculture:-

- (a) whether he is aware that Nyankoba Tea Factory in collaboration with Nyamira Tea Sacco deducted large sums of money from tea growers during the second payment (Bonus) for September, 2000 without their authority, consent or knowledge;
- (b) how much money was deducted from tea growers in Nyankoba, Nyansiongo and Tombe Tea Factories in favour of Nyamira Tea Sacco; and,
- (c) what action he has taken regarding the complaint by 43 tea growers from Moturumesi buying centre (NYO9O) of Nyankoba Tea Factory concerning the deduction of Kshs82,400 without authority, consent or knowledge of the tea growers?

Mr. Speaker, Sir, the front row was full and I do not fight for seats in this House.

**The Assistant Minister for Agriculture and Rural Development** (Col. Kiluta): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that deductions were made from the second payment bonus for September, 2000 from tea growers in Nyankoba, Nyansiongo and Tombe tea factories. These deductions were made following instructions contained in authorization forms signed by the tea growers and countersigned by the KTDA field manager as required.

(b) Deductions made from tea growers in Nyankoba, Nyansiongo and Tombe tea factories in favour of Nyamira Tea Sacco were as follows:

(a) Nyansiongo tea factory, Kshs1,434,155.10; Nyankoba, Kshs2,336,777.95 and Tombe, Kshs3,422,802.05.

(c) The manager, Nyamira Tea Sacco, has confirmed that 43 growers from Moturumesi Buying Centre have since been refunded a total of Kshs82,400.00 deducted from their proceeds.

**Mr. Anyona:** Mr. Speaker, Sir, regarding the 43 farmers from Moturumesi village of Nyankoba Factory, when their money was deducted, they objected and wrote to the Minister. That is a proof enough that they did not authorise deductions. None of the other farmers in Nyansiongo, Tombe and Nyankoba authorised that. Could the Assistant Minister, first of all, produce evidence here that the money has, indeed, been refunded?

**Col. Kiluta:** Mr. Speaker, Sir, I do not know where the problem is; most likely, the problem is with the hon. Member not being in touch with his people because I have here, duly signed authorization forms which I can either give to him or lay them on the Table.

*(Col. Kiluta laid the document on the Table)*

**Mr. Speaker:** You cannot give it to him. You can only lay it on the Table.

**Col. Kiluta:** Mr. Speaker, Sir, the documents have been signed by those members authorising SACCO to deduct money.

**Mr. Angwenyi:** Mr. Speaker, Sir, these deductions were effected from all members of Tombe Tea Factory including members from buying centres in my constituency. These include Iranda, Nyakoe, Marani, Kegogi, Metembe, Kenyoro and Itibo buying centres. The membership of all these buying centres were deducted these amount without their consent and I can confirm to the Assistant Minister today that these deductions were done fraudulently.

Mr. Speaker, Sir, could the Assistant Minister order the factories to refund the money to the farmers and stop deductions until they go to each of these buying centres and get signatories?

**Col. Kiluta:** Mr. Speaker, Sir, I think the two hon. Members seem to have lost control of what is happening in their place. What happened in this case is that these deductions were made so that the farmers can go back and get loans. Realising that the loans were taking over six months, some--

**Mr. Angwenyi:** On a point of order, Mr. Speaker, Sir. Is the Assistant Minister in order to agitate me to go and tell my farmers to take up arms and destroy those factories because they did not sign for the deductions?

**Mr. Speaker:** Was that a point of order? Concentrate!

**Col. Kiluta:** Mr. Speaker, Sir, I tabled documents here duly signed by the farmers authorising the deductions and the hon. Member has got the right to come and look at the forms. What happened here is that the farmers wanted loans and after they realised the loans were taking over six months, some of them opted not to go for them but to get their money back and that is why they were refunded. Otherwise, the other farmers have already been given loans. If you have lost touch with your people, I am sorry, I cannot help you!

*(Applause)*

**Mr. Mwenje:** On a point of order, Mr. Speaker, Sir. I think we need guidance from the Chair as to whether the Assistant Minister is actually in order to continue insinuating that the two Members of Parliament are not in contact with their people when they themselves have come from there and they know it and they have not even had the chance to inspect the signatures laid? Is he in order to continue repeatedly telling them that they are out of touch with their own people?

**Mr. Speaker:** What do you need of the Chair?

**Mr. Mwenje:** Mr. Speaker, Sir, the Chair should rule him out of order!

**Mr. Speaker:** How do I know that?

**Mr. Obwocha:** Mr. Speaker, Sir, I believe the Assistant Minister is not telling the House the truth about this matter. In Kibirigo Tea Factory, Nyamira Sacco Society is now taking the tea proceeds without the consent of the farmers.

Could the Assistant Minister instruct this factory to pay the farmers according to their wish and not to direct their money to the Nyamira Tea Sacco Society?

**Col. Kiluta:** Mr. Speaker, Sir, the authorisation forms that I have here are duly signed. If the hon. Member has got evidence to the contrary, could he produce it and the necessary action will be taken?

**Mr. Anyona:** Mr. Speaker, Sir, this is not fair! Here is a whole region comprising of three zones of tea farmers whose money has been stolen and we have come to their rescue in this Parliament and then the Assistant Minister tells us those kinds of stories! I have a letter here from the farmers, complaining that they did not authorise the deductions.

Mr. Speaker, Sir, I asked the Assistant Minister to produce evidence that they have been paid and he has not done so. We are in touch with the people, and that is why we get elected. We are demanding, as the leaders of those people that the Assistant Minister goes and cancels all these deductions and members apply afresh. Could he do that? I am tabling this document.

*(Mr. Anyona laid the document on the Table)*

**Col. Kiluta:** Mr. Speaker, Sir, there was a meeting early this year, where the farmers resolved that any member who does not want to contribute to this SACCO can have his money back and those who did not want had their money refunded. If you have members who opted not to contribute, let them go and see the field managers and they will have their money refunded.

## QUESTIONS BY PRIVATE NOTICE

### NUMBER OF HIV/AIDS-INFECTED PEOPLE

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

(a) What was the estimated number of HIV/AIDS-infected people at the time AIDS was declared a national disaster in November 1999, November 2000 and March 2001 and how many have died during this period?

(b) How many Constituency AIDS Control Committees have been launched and how much money has been disbursed by the Government to each Committee?

(c) How much has been set aside for each constituency in the current three years MTEF Budget cycle 2001/2002 - 2003/2004 to fight the HIV/AIDS epidemic?

**The Minister of State, Office of the President (Maj. Madoka):** Mr. Speaker, Sir, I beg to reply.

(a) When the HIV/AIDS was declared a national disaster, it was estimated that 1.8 million Kenyans had the virus. By March 2001, it is estimated that we had a total of 2,050,000 people infected with the virus. Since then, 270,000 people have been infected.

(b) So far, 196 Constituency AIDS Control Committees have been officially launched and a total of Kshs20,505,040 has been spent.

(c) Under the current MTEF Budget cycle, the funds set aside under CADREP for community constituency AIDS control activities for the year 2001/2002 is Kshs240 million; for 2002/2003, Kshs960 million and 2003/2004,

Kshs1.2 billion.

**Mr. Angwenyi:** Mr. Speaker, Sir, thanks for the elaborate answer from the Minister. However, I noticed, in the written answer given by the Minister, that some Constituency AIDS Control Committees received Kshs350,000, others Kshs212,000 while others received only Kshs25,000 each. What was the reason for the discrepancies in the amount released to each of these Constituency AIDS Control Committees?

**Maj. Madoka:** Mr. Speaker, Sir, it will be noted that we over-estimated those Constituency AIDS Control Committees which received Kshs350,000. We thought we had enough funds but then after giving the money, we found out that we did not have enough funds. So, everybody will be paid an equal amount.

**Mr. N. Nyagah:** Mr. Speaker, Sir, we know part of the reason why the US\$50,000 has not been distributed is because the District AIDS Control Committees have not been formed by the Government. Could the Minister explain to this House when an independent financial management agency will be put in place so that the US\$50,000 can then be put into use as opposed to keeping it in the bank?

**Maj. Madoka:** Mr. Speaker, Sir, it took a bit of time in identifying the financial management agency. It has now been identified and it will come on board by 1st November when funds will then be disbursed.

**Mr. Angwenyi:** Mr. Speaker, Sir, since the funds are going to be disbursed in November, could the Minister give a categorical statement informing Kenyans that no amount of money has been released to any of the Constituency Control AIDS Committees so that the public knows the truth about a fallacy that Kshs5 million has been given to each constituency?

*(Applause)*

**Maj. Madoka:** Mr. Speaker, Sir, I did not quite get that question. Could the Member ask it again?

**Mr. Angwenyi:** Mr. Speaker, Sir, Kenyans have been informed that Kshs5 million has been released to each of these Constituency AIDS Control Committees which is not true.

To clear the air, could the Minister issue a categorical statement informing Kenyans that no money has been released to any of the Constituency AIDS Control Committees in the country so that the people know the truth?

**Maj. Madoka:** Mr. Speaker, Sir, certainly, Constituency AIDS Committees (CACs) have not been given the Kshs5 million that people are talking about.

DISBURSEMENT OF KYANGULI  
SCHOOL DISASTER FUND

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

(a) How much money has been collected for the Kyanguli High School Disaster Fund and how has it been used?

(b) When will the parents who lost their sons be compensated and how much will they be paid?

**The Minister of State, Office of the President (Maj. Madoka):** Mr. Speaker, Sir, I beg to reply.

(a) A total of Kshs8,414,833.90 was collected, and has been used. I would like to table the expenditure document of the said Fund.

*(Maj. Madoka laid the document  
on the Table)*

(b) I am not aware of any compensation to parents who lost their sons in the tragedy since the school was not insured. However, each parent was paid Kshs57,000.

**Mr. Kikuyu:** Mr. Speaker, Sir, you can see the dilemma in which I am. In response to part (a) of the Question, the Minister has tabled the expenditure document of the Fund. He should have given details of the information contained in that document, so that I could know whether the Fund has been expended correctly.

**Mr. Speaker:** Mr. Kikuyu, have you not got a copy of the document the Minister has tabled?

**Mr. Kikuyu:** Mr. Speaker, Sir, I have a copy of the written reply to the Question but not that of the document the Minister has tabled. That means the Minister is hiding something from this House.

**Mr. Speaker:** Very well. I will defer the Question until tomorrow to enable you to study the statement of expenditure.

*(Question deferred)*

## AWARD OF CLEANING TENDER BY KENGEN

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

(a) Is the Minister aware that there were irregularities during the awarding of the tender for cleaning services at KENGEN recently?

(b) Which firm won the tender and how much did it quote *vis-a-vis* the second and third lowest tenderers?

(c) Why were the tenderers ordered to identify themselves by printing their names on the envelopes?

(d) How much is KENGEN spending on these cleaning services this financial year?

**The Minister for Energy (Mr. Raila):** Mr. Speaker, Sir, I beg to reply.

(a) I am not aware of any irregularities during the awarding of tenders for cleaning services and garbage collection at KENGEN.

(b) The list of the firms that won the tenders *vis-a-vis* the second and third lowest tenderers is very long. So, I will table it afterwards.

(c) Tenderers were not ordered to identify themselves. They were asked to submit original tenders and copies of the same in two separate envelopes. The same were to be enclosed in an outer envelop and addressed to KENGEN with no indication of the tenderers.

(d) KENGEN will spend about Kshs30,606,259 per annum on cleaning services and garbage collection.

**Mr. Ndicho:** Mr. Speaker, Sir, I have all the necessary documents with me here to prove the Minister's answer wrong. He says that there were no irregularities. I would like to table these documents so that the Minister can peruse them. I would like to point out only four items of irregularities. Clause 13.3 of the document that was issued to tenderers states as follows:-

"The inner envelop shall also indicate the name and address of the tenderer."

Mr. Speaker, Sir, you know that, procedurally, the identity of tenderers should not be known.

Secondly, Clause 12.2, which is the bill of quantities, states as follows:

"The person, or persons, sending the tender shall initial all the pages of the tender except the unamended printed literature."

KENGEN used the bill of quantities to sneak in names of other people who never tendered. Tenderers were required to make mandatory site inspections. This was never done in respect of two of the tendering companies, but they were awarded tenders to work on six of the stations. The third one is Turkwel George---

**Mr. Speaker:** Mr. Ndicho, what are you doing now? Are you asking questions?

**Mr. Ndicho:** Mr. Speaker, Sir, I am only explaining the contents of the documents I am going to table. Although the Minister denies that the tenders were unprocedurally awarded, there is evidence to that effect in these documents, which are from KENGEN. The documents were given to me by employees of the Company, who want to stamp out corruption in that Company. The tenders were awarded on 1st August, 2001, as we debated the constitutional amendment that seeks to entrench the Kenya Anti-Corruption Authority (KACA) in the Constitution.

So, in view of all these irregularities, could the Minister revoke the tenders, so that they can be awarded regularly?

**Mr. Raila:** Mr. Speaker, Sir, a total of 22 projects were tendered for. So, we had several tenders, and not just one tender. I have with me a copy of KENGEN's tender document the hon. Member has referred to. Clause 13.3 states that the inner envelopes shall also indicate the name and address of the tenderer to enable the tender to be returned unopened in case it is declared "late".

The document states clearly as follows:-

"The outer envelope, if not sealed and marked as required by the ITB, Clause--- the employer will assume no responsibility for the tender's misplacement or pre-mature opening."

This document is lifted word-for-word from the standard tender document for procurement of goods by the Public Procurement Directorate, Ministry of Finance, dated March, 2000, which also states as follows:-

"The inner envelopes shall also indicate the name and address of the tenderer to enable the tender to be returned unopened in case it is declared late. The two envelopes shall be inserted in one envelope, which shall not be marked."

Therefore, in as far as this case is concerned, no irregularity was committed by KENGEN. Twenty-one out of the 22 tenders were awarded to the lowest tenderers. Only one tender, in respect of the Turkwel Gorge Project, was given to the third lowest tenderer. That was because of the security situation in Turkwel. I would like hon. Members to appreciate a situation that is very delicate; I was there last week. Because of the remoteness of that area and the delicate balance between the warring communities of that area, it was felt that introducing a new contractor to that area would disturb the existing balance between the communities. Introducing a new contractor to that area would have resulted in employment of new people altogether. That would have complicated the security situation in the area.

**Dr. Kituyi:** Mr. Speaker, Sir, regarding the Turkwel Gorge Project, which the Minister has just spoken about,

if the Government had a pre-conceived position because it had been intimidated by people who pretended that they would cause violence if the tender was given to another company--- Why did the Government undertake to tender for the cleaning services for that Project if it knew that it would deny the lowest bidder, M/s Mason Cleaning Services, who tendered for Kshs290,000, and award the tender to M/s Sigor, who tendered for Kshs488,000?

**Hon. Members:** Shame!

**Dr. Kituyi:** Why did the Government offer the tender at all, if it feared that some warlords would force it to give the tender to the highest bidder?

**Mr. Raila:** Mr. Speaker, Sir, the hon. Member should appreciate that insecurity is real and is not pretended to be there. The hon. Member has stood before this House and decried the insecurity situation between the Pokots and the Turkans. The loss of just one of the members of the community will complicate the situation further. Tenders were sent out and were evaluated. On insecurity consideration, it was felt that the differential in price was not sufficient to justify change of the contractor.

**Dr. Kulundu:** Mr. Speaker, Sir, is the Minister telling us that the Government has surrendered to the warlords in the Turkwel Gorge?

**Mr. Raila:** Mr. Speaker, Sir, I have not said or indicated in my answer that the Government has surrendered to the warlords. I only alluded to the tense security situation in the area. When some members of the local community, who were passing through the power station, feared that the staff who are working in the power house would notice them and inform the General Service Unit (GSU) officers who are stationed in the area about them, they fired. I saw with my own eyes the glasses that were sprayed with bullets. So, I want the hon. Member to appreciate that the insecurity situation there is grave and this particular award of the contract is justified on security grounds.

**Mr. Ndicho:** Mr. Speaker, Sir, we have forgotten about the rule of law in this country. This is the law of contract which has been defied with total impunity. First and foremost, the law provides that one is not supposed to identify himself on the envelop. Secondly, - and this is the other glaring irregularity - Section 17(1) provides that the employer will open and record all tenders. In law, the tenders must be opened in the presence of the tenderers. This is another irregularity. This document is full of these irregularities. Either we have sacrificed the rule of law and want to accept corruption, or we will be guided by it. I have demonstrated and given the Minister all the documents---

**Mr. Speaker:** Order! I have been very patient with this. I think the hon. Member must now know that this is Question Time and ask his question to the Minister. We will not allow the House to be used by hon. Members to practise their law, whether accurately or wrongly. Therefore, please it is Question Time. Just ask your question!

**Mr. Ndicho:** Mr. Speaker, Sir, this is not a matter of practising law. In view of all that, does the Minister have a conscience that tells him that this is a bad tender, and that he should call it off and have the work re-tendered so as to fight against corruption? We will vote here against corruption and the Minister should start now by cancelling this tender.

**Mr. Raila:** Mr. Speaker, Sir, the hon. Member is basically trying to rely on a provision which required that two envelopes be marked, but this relates to the World Bank regulations and the Government tender documents. I wish to draw the hon. Member's attention to this fact: "The tenderer shall seal the original and each copy of the tender in separate envelopes, clearly marking the envelopes as original and copy".

**Mr. Speaker:** Order! This question of you spurring on issues of law should be taken where it properly belongs, and that is the court. Ask factual questions and the Minister should give factual answers!

**Mr. Ndicho:** On a point of order, Mr. Speaker, Sir. My question is very brief. I do not want the Minister to brief me on anything. Will he cancel the tender or not?

**Mr. Raila:** Mr. Speaker, Sir, I have said that I have scrutinised the documents and I am fully satisfied that no irregularity was committed and, therefore, there is nothing I am going to do.

#### ALLOCATION OF LAND TO CIVIL SERVANTS

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

(a) Is the Minister aware that pieces of land L.R.No.3603-3606 measuring 1,000 acres each in Kangundo Division, Machakos District, have been irregularly allocated to some civil servants, among other persons?

(b) Could he undertake thorough investigations and table the names of the allottees?

(c) Could he further revoke the allocations so that the land goes back to the people of the area?

**The Minister for Lands and Settlement** (Mr. J. Nyagah): Mr. Speaker, Sir, I beg to reply.

(a) I am not aware that pieces of land L.R.No.3603-3606 measuring 1,000 acres each in Kangundo Division,

Machakos District, have been irregularly allocated to some civil servants among other people.

(b) I have already initiated investigations into the matter and will inform the House immediately investigations are complete.

(c) The issue of revocation or otherwise, will depend on the outcome of the investigations currently being done.

**Dr. Kituyi:** On a point of order, Mr. Speaker, Sir. If you have listened to the Minister answering the Question, all he has said is that he is not ready with an answer. Why did he come to pretend to answer the Question?

**Mr. Speaker:** Mr. Minister, are you, by that very token, asking for my indulgence to defer the Question?

**Mr. J. Nyagah:** Mr. Speaker, Sir, I have an answer which I have just read out.

**Mr. Munyao:** Mr. Speaker, Sir, you have been following this particular Question by Private Notice. This is the fourth time the Question is being asked. The officers the Minister has pretended to be investigating are all in his office. We gave him the names of the four officers in his office. How long will he take to investigate his colleagues whom he sits with?

**Mr. J. Nyagah:** Mr. Speaker, Sir, until I have found the concerned files, I am in a difficult position. I am not willing to speculate, because the Opposition is known for speculating on this kind of issues.

**Mr. Munyao:** Mr. Speaker, Sir, there is no question of speculating. When the Question was asked here, we gave the Minister the names of the four officers concerned. We even told him that the title deed had been issued for L.R.No.3603 in the names of Messrs Mogaka, Mukovu, Mwaita and all the other names which he has. Could the Minister tell this House when he will be ready to give the right answer? If he does not give the right answer, he will also be implicated in the whole mess.

**Mr. Speaker:** Order! The Chair does not accept threats! But as a matter of curiosity, Mr. Minister, have you missed your own files?

**Mr. J. Nyagah:** Mr. Speaker, Sir, as I stated earlier on, until I have located the files, I am in a very difficult position to confirm the existence of this allocation or not, particularly when the allegation is coming from people who have a habit of creating stories in order to damage the name of the Government.

**Mr. Wamalwa:** Mr. Speaker, Sir, since the Minister has not found the files and he is not likely to find them this afternoon, and the information in the files is important and crucial to the answering of this Question, will I be in order to ask the Chair to defer this Question in order to give the Minister time to actually find those files before he can address this Question?

**Mr. Speaker:** Mr. Minister, will you answer the Question?

**Mr. N. Nyagah:** Mr. Speaker, Sir, I have tried my best under the circumstances.

**Mr. Speaker:** Order! Quite frankly, I think that is a very honest answer from the Minister. I think he is in very difficult circumstances. The Chair will help you, Mr. Minister. I will give you enough time to investigate this case and we will revisit this Question. I will ask the Clerk of the National Assembly to put the Question on the Order Paper during the first week of October, 2001, so that you will have enough time to look for all the files and all the facts surrounding this case.

*(Question deferred)*

Very well, that is the end of Question Time.

Next Order!

## BILL

### *Second Reading*

#### THE CONSTITUTION OF KENYA (AMENDMENT) BILL

*(The Attorney-General on 7.8.2001)*

*(Resumption of Debate interrupted on 8.8.2001)*

**Mr. Speaker:** Order, hon. Members! It is my duty again to explain to the House the procedure. Last week, we proceeded on a Division in terms of the provisions of Section 47 of the Constitution of Kenya as read with Standing Order No.61. As you will recall, at that stage, the Ayes did not master the requisite vote of 65 per cent. At that stage

also, the Noes did not master the requisite number required for me to make a decision one way or the other at that stage. I, therefore, exercised my discretion in terms of the Constitution and Standing Order No.61 and deferred the Division and ordered for a further Division today; that is within seven days. That is within the Constitution and the Standing Orders.

There will, therefore, be no other business before this House in respect of this Standing Order apart from the issue of the Division. Therefore, we will straightaway proceed into a Division, but I will explain the position as follows:

After receiving the names of the Tellers, I will soon order the Division Bell to be rung, and after five minutes, I will order that the Bar be drawn and all the doors be closed. I will thereafter put the Question and direct that those for the Ayes to proceed to my right and those for the Noes to proceed to my left.

I must also explain that you are not obligated to vote either way. You may opt to abstain. In that event, you will proceed to the Clerk-at-the Table and record your abstention.

So, I will now order the Division Bell to be rung for five minutes.

*(The Division Bell was rung)*

**Mr. Speaker:** Order, hon. Members! Tellers of the Noes are: Dr. Murungaru and Mr. Kiminza; and, Tellers for the Ayes are: Messrs. Sajjad and Obwocha.

*(A Stranger displayed a placard from the Public Gallery and uttered the following words:-  
"No amnesty! Wale amba wameiba, washitakiwe!")*

**Mr. Speaker:** Let those disorderly strangers in the Galleries be removed, by order!

*(Cameramen filmed proceedings from the HANSARD BOX and Diplomatic Galleries)*

**Mr. Speaker:** Order! Order! Who are those strangers taking films over there? Could you get all those gadgets out!

## DIVISION

*(Question put and the House divided)*

*(Question negatived by 82 votes to 130)*

**Hon. Members:** No to the Bill! No to the Bill! No to the Bill!

**Mr. Speaker:** Order! Order! You must retain the dignity of this House at all times! So, please, sit or consult quietly in a dignified fashion! It is now time for us to receive the results of the Division.

**Dr. Kituyi:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Order!

*(Applause)*

**Hon. Members:** Shame! Shame!

**Mr. Speaker:** Order! Order, Members!

**AYES:** Messrs. Achola, Achuka, Affey, Dr. Ali, Mr. Amin, Dr. Anangwe, Mr. Anyona, Mr. Arap-Kirui, Dr. Awiti, Messrs. Awori, Ayoki, Badawy, Biwott, Chanzu, Choge, Ekirapa, Ethuro, Dr. Galgalo G.B., Dr. Godana, Messrs. Gumo, Haji, Hashim, Jirongo, Kajembe, Kajwang, Kalulu, Kalweo, Kamotho, Kanyauchi, Karauri, Keah, Keynan, Khaniri, Kiangoi, Kimani, Kiminza, Col. Kiluta, Mr. Kimkung, Eng. Kiptoon, Mrs. Kittony, Messrs. Mr. Kitur, Kochalle, Kofa, Kombe, Kosgey, Koske, Lengees, Leting, Lomada, Lotodo, Maj. Madoka, Mr. Maizs, Eng. Manga, Mr. Marrirmoi, Dr. Masakhalia, Ms. Matano, Messrs. Maundu, Mbela, Mkalla, Mohamed, Mohamud, Moi, Mokku, Morogo. E.T., Morogo W.C., Moroto, Muchilwa, Mudavadi, Mugalla, Mukangu, Musila, Musyoka, Ms. Mwachai, Mr. Mwakalu, Mrs. Mwewa, Messrs. Nassir, Ndambuki, Ngala, Ng'eny, Ngure, Ngutu, Nooru, ole



Ntimama, Ntutu, Capt. Ntwiga, Messrs. J. Nyagah, Nyenze, Obure, Dr. Oburu, Messrs. Ochilo-Ayacko, Odongo, Odoyo, Ojode, Okemo, Oloo-Aringo, Omamba, Dr. Omamo, Mr. Omino, Prof. Onger, Messrs. Onyango, Osundwa, Otita, Dr. Otula, Messrs. Poghio, Raila, Eng. Rotich, Ruto I.K., Prof. Saitoti, Messrs. Sajjad, Sambu, Samoei, Sang, Sankori, Sasura, Shaaban, Shakombo, Shambaro, Shidiye, Shill, Sirma, Sudi, Sumbeiywo, Sungu, Sunkuli, Tarar, Too, Twaha, Dr. Wako, Dr. Wamukoya, and Mr. Weyrah.

Tellers of the Ayes: Messrs. Sajjad and Obwocha.

**NOES:** Mr. Angwenyi, Prof. Anyang'-Nyong'o, Messrs. Donde, Gatabaki, Gitonga, Githiomi, Imanyara, Kamanda, Kariuki, Ms. Karua, Messrs. Karume, Kathangu, Katuku, Keriri, Khamasi, Kibaki, Kibicho, Kihara P.A., Kihoro, Kitonga, Kikuyu, Kimeto, Kirwa, Kiunjuri, Kones, Dr. Kituyi, Dr. Kulundu, Messrs. Kuria, Maitha, Maore, Mbitiru, Mboko, Michuki, Muchiri, Mugeke, Mrs. Mugo, Messrs. Muihia, Muiruri, Muite, Munyao, Munyasia, Munyes, Murathe, Dr. Murungaru, Messrs. Murungi, Eng. Muriuki, Messrs. Mutahi, Muya, Mwakiringo, Mwalulu, Mwangi O.K., Mwangi P.K., Mwenda, Mwenje, Mwiraria, Nderitu, Ndicho, Ndwiga, Mrs. Ngilu, Messrs. Njakwe, Njuki, Nyachae, Nyagah N., Nyanja, Obwocha, Dr. Ochuodho, Messrs. Omingo, Opore, Orenge, Parpai, Mrs. Seii, Mrs. Sinyo, Messrs. Shitanda, Sifuna, Eng. Toro, Messrs. Thirikwa, Waithaka, Wamae, Wamunyinyi, Wanjala, Wamalwa and Dr. Wekesa.

Tellers of the Noes: Dr. Murungaru and Mr. Kiminza.

**Mr. Speaker:** Order! The result of the Division is as follows:- Ayes - 130, Noes - 82; abstention - nil. In accordance with Section 47 of the Constitution of Kenya, and in accordance with Standing Order No.61, the requisite number required for a Constitutional Amendment not having been attained, and this being the Second Division on the same issue, I do hereby announce and do order that the Motion has been negatived.

*(Applause)*

Order! Those of you who have not read the Standing Orders booklet recently, I wish to jog your memory by reading the relevant parts of the requisite Standing Order No.61(b). It says:-

"If the division on that question results in a majority of Ayes, but less than such fixed majority and the Noes have not numbered 35 per cent of all the Members of the House or more" - which does not apply now - "Mr. Speaker may direct one further division on the same question---", which I did last week. "But if he does not so direct any further division, or if on such further division" - which is the case now - "the fixed majority is not obtained, he shall declare that the Motion is negatived."

*(Loud consultations)*

Order! The Motion is, therefore, negatived.

Hon. Members, it is now His Excellency's pleasure to take his leave.

*(Hon. Members rose in their places  
while His Excellency the President  
left the Chamber)*

**Mr. Speaker:** Next Order!

### MOTION

ADOPTION OF SESSIONAL PAPER NO.2 OF 2001

THAT, this House adopts Sessional Paper No.2 on the Liberalization and Restructuring of the Coffee industry laid on the Table of the House on 25th April, 2001.

*(The Minister for Agriculture on 9.8.2001)*

*(Resumption of Debate interrupted on 9.8.2001)*

**Mr. Speaker:** Who was on the Floor?

**Mr. Munyao:** Mr. Speaker, Sir, I had not forgotten that I was on the Floor, but I was waiting for hon. Members to consult in low tones.

Mr. Speaker, Sir, this country is a member of the Commonwealth. According to Commonwealth practices, if a Government is defeated on an important Bill, like today, it resigns honourably. Therefore, I am calling upon this Government---

**Mr. Speaker:** Order! Do you know where we are? We are talking about agriculture. Could you talk about the coffee crop?

**Mr. Munyao:** Mr. Speaker, Sir, I will address myself to the Sessional Paper before the House. But I am fully aware that quite a number of my colleagues on the other side of the House are very disappointed. Under the Commonwealth practice, the truth of the matter is that if a Government is defeated on a crucial Bill, it resigns honourably.

**Mr. Speaker:** Order!

**Mr. Munyao:** Mr. Speaker, Sir, last time, when I was on the Floor, I was saying that the Agriculture, Lands and Natural Resources Committee had looked into this Paper. We incorporated our recommendations. However, there are some grey areas which the Ministry needs to address urgently. Since we have been cordially working with the Minister, I will appeal to him to continue working with us, so that we can go through this Paper again and make the necessary improvements before the relevant Bill is brought to this House. For example, Section IV (3)(i) of this Sessional Paper does not adequately address the issue of how farmers will be financed. The problem with our farmers is lack of finances. We would like the Minister to quickly recommend how best farmers can be financed. When the Minister was moving the Motion on the Sessional Paper, he pleaded with the House to sit for a few more days, so that we could finish our deliberations on this Paper.

I fully agree with him that this House should sit until it is through with this Paper. We should address ourselves to the issues of how to finance farmers because it is very crucial to do so at the moment. However, we seem not to have enough time to do so.

Mr. Speaker, Sir, my recommendation is that we establish a farmers' bank. This bank should be exempted from the provisions of the Banking Act. We could even have a section in the Co-operative Bank which will deal with farmers' money---

*[Mr. Speaker left the Chair]*

*[Mr. Deputy Speaker took the Chair]*

#### QUORUM

**Mr. Badawy:** On a point of order, Mr. Deputy Speaker, Sir. Is there a quorum in the House?

**Mr. Deputy Speaker:** No, we do not have a quorum. Ring the Division Bell.

*(The Division Bell was rung)*

**Mr. Deputy Speaker:** Order, hon. Members! We now have a quorum. Proceed, Mr. Munyao.

**Mr. Munyao:** Mr. Deputy Speaker, Sir, farmers are worried about the provisions of Clause 4(3)(i) on financing. We are, therefore, recommending to the Minister that we have a full-fledged farmers' bank established in one of the divisions of the Co-operative Bank of Kenya, to take care of farmers' interests. This point is very crucial, particularly now that the farmers are ready to prepare their coffee farms. The Committee had recommended that the money be lent at the rate of 5 per cent to the farmers. The Minister has already completed the transfer of about Kshs1.2 billion, but the request of the Committee to the Government is that the STABEX money, which is in excess of Kshs12 billion, should be administered from the country. We know that about Kshs7 billion has already been disbursed to farmers. The Minister should see to it that all the STABEX money should be administered from Kenya. When it is brought here, it is going to improve the strength of our money.

Mr. Deputy Speaker, Sir, Section 4(3)(ix) deals with extension services. The Committee is of the opinion that it would be against Government policy to divest extension services. We are requesting the Ministry to go further and have specific extension officers for particular types of crops. Tea-growing areas should have fully qualified extension officers in that particular field. It is important to have them specialising in particular fields.

Mr. Deputy, Speaker, Sir, on the same paragraph, the Committee recommended that the Kenya Coffee Marketing Agency (KCMA) should adopt the Kenya Tea Development Agency (KTDA) model. We all read the Tea

Act and we are satisfied that it is one of the best. Farmers are very happy now with the progress made. We are, therefore, requesting the Ministry to make sure that by the time we adopt this Sessional Paper, the KCMA adopts the KTDA model.

Mr. Deputy Speaker, Sir, we had a further recommendation on Section 6(3)1A which deals with the creation of the East African Coffee Partners and Traders Association. In this time of the East African Community, we feel that we should have a planters' association for all the countries as opposed to what we have now. That is very clear, and I will tell the Minister that there is no problem with that.

Mr. Deputy Speaker, Sir, under Section 632, the coffee industry should adopt the Kenya Tea Development Agency (KTDA) model and liberalise the coffee sub-sector. Under the same section, we also felt that the KCMA as a farmers' organisation should market its own coffee. The KCMA should also handle coffee belonging to co-operative farmers, get money on their behalf, deduct the statutory deductions and remit them to the co-operative unions.

Mr. Deputy Speaker, Sir, under Section 631 - I am only dealing with sections where we felt the Minister should take action - the marketing agents may also double up as auctioneers and brokers. That was not acceptable to our Committee because it would create conflict of interest. Therefore, we request the Minister to re-examine that section and agree with the Committee on the way forward.

Mr. Deputy Speaker, Sir, under Section 940, we felt that in order to have no conflict of interest, there should be clear guidelines in respect of the qualifications of the Board of Directors of the Coffee Board of Kenya (CBK) and the Coffee Research Foundation (CRF). We do not want the duplication of offices as it is now, where somebody is elected as a director of both CBK and CRF. That is not a good position in future.

Mr. Deputy Speaker, Sir, on the same Section, under 9(a), we felt that in order to overcome the performance risks related to the payment risk that is on both financial operations, there should be a central depository unit. That unit will ensure the receipt of coffee export sales and maintain and lease all coffee warehouse receipts in favour of warehousemen nominated by the CBK. That unit should also maintain and manage stop order collateral register.

Mr. Deputy Speaker, Sir, in our deliberations, we also felt that the coffee problems are very clear and known. I will itemise them. The coffee farmers know the problems. The bigger problems at the moment are: High cost of production; declining coffee prices all over the world; reduced coffee profitability; high transaction costs and a long marketing chain.

We would like it to be fairly clear from the farmers, co-operative societies, consumers and the money comes back through the same chain without any intermediaries. We also felt that there is inefficiency, corruption and non-transparency in institutions like the CBK. These also flow over to the Kenya Planters Co-operative Union (KPCU) and co-operative societies. Therefore, we request the Minister to spend some time--- We met the farmers from all the provinces and their units. We went to Western Kenya, Nyanza, Central Kenya, Eastern Kenya, Coast and other places, and recommendations were made.

Mr. Deputy Speaker, Sir, likewise, because we are aware that the Minister is concerned with streamlining the co-operative societies, we would like him to know, note and understand the problems faced by farmers in those societies. If they could be streamlined, he would have solved 80 per cent of the problems facing our farmers.

Mr. Deputy Speaker, Sir, we also have got the problem of high debt portfolio in co-operative societies. There are some co-operative societies which were given a lot of money some years back. That money has continued to triple as time goes by. In the event that---

*(Mr. Nassir stood up in his place  
and saluted Mr. Muite)*

**Mr. Deputy Speaker:** Order, Mr. Nassir and Mr. Muite! This is the National Assembly and you do not behave as if you are in Gikomba!

Proceed, Mr. Munyao!

*(Mr. Nassir and Mr. Kajembe left the Chamber)*

**Mr. Munyao:** Mr. Deputy Speaker, Sir, thank you for helping me, but you realise that they come from one region! You know what they are likely to do before you tell them what you have told them!

Mr. Deputy Speaker, Sir, high debt portfolio in co-operative societies is a major concern. There are societies which have totally been crippled by the debts that they took five to ten years ago, when interest rates ranged from 30 to 40 per cent. At that time, there was no production and that money has been re-doubling and farmers have been paying. Up to now, some of them have paid five times the capital that was borrowed then. Although they have paid five times more, much more money is still outstanding. To help the farmers and co-operative societies, we are requesting the

Minister to look into possibilities of rescheduling some of those debts. The main function of the Ministry is to help the farmers. We feel that if the Kenyan farmer is helped properly to market whatever he plants, he or she will be able to do much more to reduce the poverty than other Ministries are just taking theoretically! But for the Ministry of Agriculture, my Committee is definitely sure that, that is one sure way of poverty reduction, if we keep the farmers busy and make sure that their products get markets with good prices and timely payments. There is nothing that could be better than that to the farmers at the moment.

Mr. Deputy Speaker, Sir, there is the question of poor stakeholders representation. It is fairly clear that although we give some qualification guidelines, they are never adhered to. Even when they are adhered to, the representation is fairly low. We are in modern Kenya and the world is changing. We are living in the 22nd Century--- Is it the 21st or 22nd Century? It is the 21st Century. I am going so fast! In the 21st Century, we cannot afford to lose some qualifications in leadership at different stages. We also cited the poor regulation of the industry and ethical practices which need no explanation. There is very poor and unpredictable delivery of services to farmers in terms of financial and extension services.

*[Mr. Deputy Speaker left the Chair]*

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

Mr. Temporary Deputy Speaker, Sir, we feel that research is very important in coffee growing. At one time, we were very happy that one Kenyan discovered the Ruiru 11 coffee variety. It is now several years since that discovery was made, and we would have expected to be having Ruiru 12, Ruiru 13, Ruiru 14, and now, we would be nearing Ruiru 30 or somewhere there! But since that patriotic individual discovered the Ruiru 11, Kenya seemed to be satisfied and there was no more research on that. To make matters worse, this Kenyan is no longer in Kenya. I understand he is in other countries where he has managed to improve their coffee crop. We cannot keep on sending away talented Kenyans. Although this criticism is not particularly aimed at the Ministry of Agriculture and Rural Development, it is a general Government policy that when we train people, we do not retain them in service. We must stop that habit of training and throwing away our people. We should retain---

**Mr. Muite:** On a point of information, Mr. Temporary Deputy Speaker, Sir, I wanted to inform Mr. Munyao that this particular Kenyan went to Vietnam, which is now producing extremely high quality coffee of the same brand as Kenya at less than 50 per cent of the cost of producing coffee in Kenya. They are producing very high yielding coffee at 50 per cent of the cost. That is why our coffee is no longer able to compete with the coffee produced in Vietnam, which is the result of the labour from this particular Kenyan.

**Mr. Munyao:** Thank you, very much, Mr. Muite. I am sure---

**The Assistant Minister for Agriculture and Rural Development (Mr. Sumbeiywo):** Mr. Temporary Deputy Speaker, Sir, I am very grateful for the information that Mr. Munyao and Mr. Muite have given to the House. Could they be kind enough as to give us the name of this Kenyan who has gone away, so that we can bring him back?

**Mr. Munyao:** Mr. Temporary Deputy Speaker, Sir, it is really unfortunate that this Assistant Minister has the authority and strength to stand here and deny that he has no information concerning the good Kenyan who came up with the Ruiru 11 Coffee. He should be telling us---

**The Temporary Deputy Speaker (Mr. Imanyara):** Mr. Munyao, he is just asking you to mention the name of this person. Why do you not give him the name?

**Mr. Munyao:** We have already given this name in other forums.

**Mr. Muite:** On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for the hon. Assistant Minister to ask us about the name of this person, when his own Minister actually alluded to that Kenyan who was doing research, when he was introducing this Paper? Does the Minister not know the name?

**The Minister for Agriculture (Dr. Godana):** On a point of order, Mr. Temporary Deputy Speaker, Sir. I did make an allusion to a Kenyan expert who has helped propagate Ruiru 11 while on a consultancy contract with the World Bank in Vietnam. I did not allude to him in any negative sense. I think that shows that Kenyans are experts in everything and, indeed, they are going across the globe to give their services. I do not think that it is an issue of whether that individual should be brought back to live either here or there.

**The Temporary Deputy Speaker (Mr. Imanyara):** Order! Why would your Assistant Minister be asking for the name when you had already alluded to that person?

**Mr. Munyao:** I fully agree. I have got very little time left.

**The Minister for Agriculture (Dr. Godana):** Mr. Temporary Deputy Speaker, Sir, the hon. Member is

presenting the issue as if it is something nasty, which the Government is responsible for. That is not the case.

**Mr. Munyao:** Can you protect me, Mr. Temporary Deputy Speaker, Sir? All I said---

**Dr. Omamo:** On a point of information, Mr. Temporary Deputy Speaker, Sir. This particular officer worked on Ruiru 11 when I was in charge of the Ministry. His name was Dr. Nalianga. He proceeded to the Far East to promote coffee, and he went there because the United Nations had created greener pastures in that area. I gather that he is no longer there. He came back to Kenya, but there was no offer of employment for this bright---

**The Minister for Agriculture (Dr. Godana):** Did he apply?

**Dr. Omamo:** I am giving information about this particular person; I do not know about the application. The then officer is still available within our country.

**Mr. Munyao:** Mr. Temporary Deputy Speaker, Sir, this is the reason why I get annoyed because although we have been supporting the Minister in all his endeavours, nothing much is being done about the plight of such Kenyans. If the Minister were patriotic enough - and I have no doubt that he is - he would have taken some interest and gone to those countries to find out where he is. It seems that Dr. Omamo can even give better hints on where we can get this person. Surely, we need other Dr. Naliangas who can come up with other varieties.

I was talking about research. Recently, the Committee on Agriculture toured some countries and one of them was South Africa. In the small province of Natal in South Africa, we were impressed when we visited a small research centre. This is a research centre in a province; not even a state. The budget on sugar-cane research alone which is allocated to that station per year is 4.2 billion Rands, which is equivalent to Kshs42 billion. There is nothing we can get for free. I would like to request the Minister to support research efforts in this country because it is only through this that we can make progress. The Minister has made commitments to produce Sessional Papers on all agricultural products. I would urge him to make a programme showing all the cash crops for which he intends to produce Sessional Papers. We have already done tea and we are now on coffee. We want other Papers on rice, cotton, sugar-cane, fish and all these products. I have seen some signs of commitment from the Minister and his senior members of staff. If these Papers will be scrutinised and everything done properly, this country will have achieved a lot.

With those remarks, I do support the Paper and encourage the Minister to do much more.

**Prof. Anyang'-Nyong'o:** Thank you, Mr. Temporary Deputy Speaker, Sir. I rise to contribute to this Motion on this Sessional Paper on the Liberalization and Restructuring of the Coffee Industry as laid down on the Table of this House on 25th April. I would like to begin by quoting from the Paper what I consider to be the centrepiece in what the Government is proposing. This is to be found in objectives of the proposed reforms in Section 3, which reads as follows:

"The Government intends to divest from business activities according to the policy of liberalisation and privatisation. The Coffee Board of Kenya (CBK) which is a State Corporation regulates the coffee industry with regard to production, processing, marketing and export of coffee as stipulated in the Coffee Act, Cap.333. It also markets all coffee produced in the country on behalf of the farmers. Initially, the regulatory and marketing functions were carried out by separate institutions. These marketing roles of CBK tended to create conflict of interest and inefficiencies. It is, therefore, necessary to separate the regulatory role of the Government which is done through the CBK from the marketing function which will be conducted by the private sector."

Mr. Temporary Deputy Speaker, Sir, I want to emphasise on the multiple roles of the CBK which have tended to create conflict of interest and inefficiencies.

Mr. Temporary Deputy Speaker, Sir, one of the biggest problems this country has had is the fact that parastatals have consumed a lot of public funds while rendering very questionable, ineffective and inefficient services to the people. The Coffee Board of Kenya (CBK) is one of them. I would like the Government, before implementing these policies, to carry out a special and effective audit of the CBK. Usually, the Auditor-General (Corporations) under the State Corporations Act, has the power to order a special audit of the CBK, to know exactly how much funds it has received; how it has been used, and hence what has been misallocated, misused and misappropriated at the CBK, which have been appropriated from the farmers. That is extremely important because if we are beginning a new chapter, we must make sure that the past is fully accounted for so that we lay a clean basis for the future. This is to ensure that no new organisation put in place, picks up the liabilities of the old CBK and is, therefore, run down, precisely because of those liabilities.

In that same breath, I notice that in this Sessional Paper, the Co-operative Bank of Kenya is brought in to handle certain finances that are coming from the coffee sector. I will tell you that the CBK, as constituted today, has been running a very questionable operation. The coffee bank has been a big liability to co-operators. I know, for example, that I belong to a co-operative, the Duvuville Co-operative Union, which started a housing estate called Duscoville somewhere in Kasarani, in which the Co-operative Bank of Kenya was involved. Between the Co-operative Bank of Kenya, the architects who are also the consultants for the bank, and the co-operative officials, Kshs47 million

was misappropriated from the co-operators. The project which should have been completed in 1992 is still today uncompleted and the Co-operative Bank of Kenya took it over from the co-operators. We, the co-operators, have lost a lot of money and time. Imagine the amount that has been wasted from those houses lying idle from 1992 up to now.

This is what my dear friend from Venezuela, Elnardo Desotho, calls "dead capital." In this country, we have a lot of dead capital lying around; projects not completed, in which a lot of money has been sunk; money invested which has been misused, and capital projects from which no loan or credit can be raised. Before the coffee industry gets linked to the Co-operative Bank of Kenya, these affairs must be cleaned up; that is, the tendency in the Republic of Kenya for dead capital to accumulate over a long period of time and hence weigh down this economy. I can count numerous dead capital projects in this country. When you are going to Thika, you can see for yourself on the left the stalled National Youth Service buildings which have been lying there for years. That is dead capital. If you go to every university in this country, you will see buildings which have been started for years and which have never been completed.

I can also speak of dead capital in the Coffee Research Foundation. I notice that, among other things being dealt with in this Sessional Paper, there is very neat separation of functions, and I like it. These reforms involve the CBK performing a purely regulatory role; the Coffee Research Foundation (CRF) playing a purely research function, which is commendable, and then the privatisation of marketing and services which is also commendable. All the basic manner in which this Sessional Paper has been conceptualised is correct and it should be encouraged.

But having said that, we must realise that if we are going to build a new house, it must, indeed, rest on a firm foundation. That firm foundation means clearing the debris of the past, and making sure that our new house is built not on quick sand, but on solid rock.

In that regard, I want to talk about, and I will come back to other issues, the CRF; one, because of my own personal interest in research and, two, because I believe that research and development are extremely important to the Ministry of Agriculture and Rural Development. Unless the Minister gets the equation right, it will not render good services to producers. In this regard, the CRF is key. Currently, the CRF is managed by a Board of Directors, and composed as named in 9(iii). The Foundation is managed by a Board of directors composed of five nominees of the CBK, and one representative each, from the Ministry of Agriculture and Rural Development, Kenya Agricultural Research Institute and the University of Nairobi, Faculty of Agriculture, as specified in the Memorandum and Articles of Association. We must understand that when the CRF was created many years ago, only the University of Nairobi existed as a university. It was not a fault of the CRF that there was only one university. But now, we have many more universities. I think we have over five public universities; Kenyatta University, Jomo Kenyatta University of Agriculture and Technology, University of Nairobi, Moi University, Maseno University and Egerton University. These are six universities and if you look through them, all of them have agricultural and environmental component and public policy components. It means, therefore, that the new CRF Board will have to embrace minimal experts from minimal public universities in this country. But apart from public universities, we have private universities: Catholic University of Eastern Africa, Daystar University and so on. We must look into how these universities can contribute to the agricultural sector, not just by looking at the agricultural faculties, but by looking at the public policy components of these universities and their business studies components because agriculture is not just an agricultural science; it is also about business and how you run a firm; engineering, soil chemistry and so on.

I would believe that the new look CRF will take into account the current status of science, technology and development in the country and institutions that are available. Further, it has just been alluded to by my friend, Mr. Munyao, and Dr. Omamo, regarding a Kenyan who left this country and went to Vietnam under the United Nations and was the originator of coffee expansion in Vietnam, which is replacing Kenya in the world market. It is not for this individual to offer himself for employment to the Kenya Government. This individual, as he sits anywhere in Kenya, is doing consultancies which reward him much more handsomely than any salary that the Kenya Government can give him. Once he has that kind of international reputation, the Kenya Government should go out on a headhunt, to ensure that they make use of the talents available in this country. Fortunately for the Kenya Government, Kenya as a nation has some of the highest developed institutions of human resources development in Africa, of manpower services in this country. So, the Government has a private sector as well to rely on for this kind of thing.

In this City, we have, for example, the African Academy of Sciences which has a whole roster of African scientists. They have a profile of African scientific institutions and African scientists. This is an African institution, headquartered in Nairobi, from which our Government can get resources without paying for them. I think it is extremely important that like other countries which I have lived in, Cote d'Ivoire and Mexico, which are aggressive in grabbing human resources--- For example, at the moment, Great Britain, the United States of America and Canada are poaching human resources from Kenya. A developing country like Kenya is training manpower, human resources, for developed nations.

Great Britain, over the last ten years, has recruited so many nurses from Kenya to go and serve in Britain.

This is because the British public health system is so good that people are living longer and requiring nursing attention, and the British can no longer rely on their own personnel. They have to come to developing countries to get nurses. We are using our meagre resources to train nurses for Great Britain. We are using our meagre resources to train agriculturalists, technologists and so on for Canada and the United States of America. We are using our meagre resources to train doctors for South Africa. In the agricultural sector, we do realise that unless we reinforce and give sufficient resources to our research institutions like the Coffee Research Foundation, "bleeding" of resources like it happened in the case of Vietnam will continue to the detriment of research and development in this country.

Mr. Temporary Deputy Speaker, Sir, it is stated in Paragraph 912 that:-

"The principal objective of the Coffee Research Foundation is to promote research and investigate all problems relating to coffee and such other crops and systems of husbandry as are associated with coffee throughout Kenya including productivity, quality and suitability of land in relation to coffee planting and on matters ancillary thereto."

That is an extremely important public policy pronouncement in this Sessional Paper.

Mr. Temporary Deputy Speaker, Sir, I want to speak about three major cash crops in this country which can provide the basis for agro-industrialisation in this country. By agro-industrialisation, I mean value addition. This country is not going to go anywhere unless the issue of value addition is taken up seriously. It is very beautiful the way they describe everything about coffee here, but nowhere in this document, unless I have under-read it, is the issue of value addition dealt with.

Mr. Temporary Deputy Speaker, Sir, in other words, we must realise that it is not enough to export raw materials. You can roast the coffee, send it to Britain, get it well-paid for but you must calculate what value you have added to that coffee since it came from the plantation, and see how that value addition leads to two things. One, to more revenue earned by the farmer and the country. Those two things must be taken into account. The farmer must be the first person to get something from that revenue and, secondly, the country. In other words, all these levies and taxes I was seeing here help the Government to get revenue to invest in infrastructure, research and so on. Now, if your value addition is very narrow; if let us say from the raw material, you only increase your value by about 5 per cent, the extra earning by the Government (economy) will be that less. However, if your value addition is bigger, the more likely it is that you will raise revenue to finance other things.

It is said in this Sessional Paper that the consumption of Kenya domestically is very small; that Kenyans have not really developed a taste for consuming coffee. That could be true! That however does not mean that we should not add more value to coffee and then export it for consumption elsewhere; that we should not rely on London Bridge(?) like we used to be told when I was in primary school, that the best coffee and tea comes from London Bridge. We should not rely on London Bridge to add value to it. We should find a way by which there is value addition to our three major cash crops in this country, and by that I mean coffee, tea and sugar-cane.

Hence Paragraph 912, which I think is extremely important, that states:-

"The principal objective of the Coffee Research Foundation is to promote research and investigate all problems relating to coffee and such other crops and systems of husbandry as are associated with coffee throughout Kenya including productivity, quality and suitability of land in relation to coffee planting and on matters ancillary thereto."

Now, supposing that statement was really thought off in its holistic terms and stated:- "All matters ancillary thereto mean crops that are kindred to coffee like tea and sugar-cane." They are kindred because they are beverages. You know that you have an option whether you are drinking tea or coffee. Some of us prefer tea while others coffee, but there is a character that is common to both, and that is sugar. If you are really going to promote through research and have value addition to these three crops, one of the cardinal responsibilities of the Coffee Research Foundation is to liaise with the Tea Research Foundation and Sugar Foundation in Kibos and say: "We are three elephants, like the Ivorians would say, in the Kenyan economy. How can we have value addition by really synchronising research for these crops?"

Mr. Temporary Deputy Speaker, Sir, if you go to Kibos for example, the land that has been preserved for sugar research is pitiful. Hon. Omamo, unfortunately, he has gone - will support me in this. There is such little land for sugar research in Kibos that it makes me ashamed. Secondly, ever since the Kibos Sugar Research Station was established, the varieties of cane that it has produced over time is rather limited and we do tend to rely on information on cane varieties from elsewhere for our own needs. I do believe that if enough money was put into the Sugar Research Foundation so that we have sugar research stations in Kibos, South Nyanza, the Coast, Kwanza and in North Eastern Province, where you can grow sugar through irrigation, it will prove to Kenyans under what conditions sugar can be grown best.

Now, we know, for certain, that one of the reasons that Sudan is producing sugar less costly than Kenya, and it is actually under the COMESA rules, threatening to sell sugar here much cheaper than our sugar is because the

Sudanese sugar is produced under irrigation schemes and plantation agriculture and it is also highly rich in varieties. Now, one of the things that we have to understand and this is what the KTDA proved, by the way, is that plantation agriculture does not simply mean that an individual owns 1,000 acres. Plantation agriculture also means that 1,000 acres can be sub-divided into ten-acre blocks and those ten acres, within the framework of 1,000 ploughed, planted, fertilised and "herbicides", if there is any such word, together, so that economies of scale are preserved. Now, that kind of block agriculture is practised in Cote d'Ivoire with regard to coffee, palm oil, cocoa and so on, and even bananas, very successfully.

Mr. Temporary Deputy Speaker, Sir, in Kenya, we did that under KTDA and it was very successful until all these marketing problems cropped up and until the Government really messed up with the infrastructure in the tea industry.

Mr. Temporary Deputy Speaker, Sir, what I am saying is that we must put in a lot of effort. When we write these statements, they should be meaningful. Let them not appear on Sessional Papers simply as a process of doing things (routine). Let us put these statements in the Sessional Papers and know the meaning of them; what it is going to mean in praxis and not just in practice. It is extremely important what these statements are going to mean in praxis so that the results of research are translated into production, productivity and value addition.

Mr. Temporary Deputy Speaker, Sir, another thing is that when we were in the Select Committee on Anti-corruption, we went to Kitale where there is a coffee research foundation and found that the land had been grabbed by the "big shots". This is research land that has been taken. We also went to Mombasa and we also found that some land which had been preserved for some research somewhere in the Coast had also been grabbed. When you are going to do agricultural research, you need land; land that scientists have properly chosen for a specific purpose. If you grab this land and convert it into another purpose, you are ruining many years of intellectual investment. You, yourself, who is grabbing the land may not realise what you are ruining because, for you, it is just a piece of land where you are going to build a house, another dead capital. However, people have thought over the years, done soil chemistry, planted there and they know, within the next 50 to 60 years, what the results might be, if they continue with that research.

However, in this country, we have such a backward ruling class which cannot think beyond its nose, which just sees land for the most primitive form of accumulation that is real estate. This happened in feudal times. Capitalism does not treat land that way; capitalism treats land in terms of its valuation; in terms of what it can produce for capital and not for the person who squats on it in terms of a house. This is what research is all about. Research is about using raw materials and resources to create knowledge that can be the basis of productivity and value addition. That is what struck me about this paragraph 912. I wondered what the Government realised; what they were putting on paper, and what it meant in this whole restructuring of the whole coffee industry, which I think is very important.

Mr. Temporary Deputy Speaker, Sir, let me now come to the issue of setting up the Coffee Board of Kenya (CBK) to regulate the industry. One of the most important things that the Kenyan Government should internalise is regulation; regulation is not equivalent to control. The problem that all regulatory agencies in this country have suffered in the past is that they think that regulation is equivalent to control. Control stifles regulation. "Regulation" means bringing all parties to an enterprise to accept and internalise certain rules of a game and play by those rules. If all parties to an enterprise do not accept and internalise the rules of the game, and play by those rules, regulation will fail. That is one cardinal principle that we must establish in regulation.

Let us not see regulation as control. What we are running away from is a CBK which was a control mechanism; we are trying to create a CBK which will be a regulatory mechanism. So, it must be an institution that is regarded by all parties to the enterprise as legitimate. It also must be an institution that is regarded by all parties to the enterprise as players. This is nowadays called "the question of ownership". We must regard it as such.

In this regard, one of the key players in this enterprise are the farmers themselves. The other key player is the Government. Let us not, for one moment, ever think that agriculture anywhere in the world will ever run successfully without the Government's involvement. Under capitalism, agriculture is one of the most difficult sectors to capitalise. Thinking that the private sector will prevail in a kind of free market situation in agriculture, is day-dreaming. But for the Government to be effective in this process of regulation, as I have described it, it must be open to input by the farmers, who are the most critical element.

In this regard, coffee farmers have been asking for a farmers' bank, and genuinely so. Why have they been asking for a farmers' bank? They have been asking for a farmers' bank because the Agricultural Finance Corporation (AFC), which was established in the 1960s to advance credit to farmers, has failed. If the AFC was functioning, as it was established to do, farmers would not have asked for a farmers' bank. They started by asking for a coffee bank. They, later, became liberal and said: "Let us ask for a farmers' bank."

In France, one of the most powerful banks, as my friend, Dr. Godana, will confirm, is *La Banque De Credit Agricole De France*, which means "The Agricultural Credit Bank of France". In Cote d'Ivoire, when I was doing research there in the 1970s, there was "*La Banque Nationale De Prodrie Agricole*". This was "The National Bank of



Agricultural Produce", which was one of the biggest banks in that country. Also, there was *La Cate Nationale De Stabilisation De Prodie Agricole*, which was a kind of a bank in which the proceeds from all agricultural produce were put. If in 1999, you sold coffee to Great Britain at US\$25 per ton, and for US\$22 in 2000, that bank would meet the difference for the farmers. So, farmers in that country did not feel the fluctuation in agricultural pricing mechanisms. That is partly why I said that, in agricultural production, you cannot avoid the involvement of the Government.

Mr. Temporary Deputy Speaker, Sir, agriculture is extremely difficult to capitalise because farmers sell their produce to the international market. For example, currently, Kenya has been allocated a quota of sugar to sell to the European Union market. We have not used our quota, not because sugar-cane farmers cannot produce, but because of the manner in which the Government has interfered with sugar production in this country. The same is true for the coffee sector. The Government, through some lousy parastatals, borrowed money and used it for things other agricultural production. When the loans matured for repayment, the Government did not have the money. So, the Government charges farmers to service the loans. The farmer gets less for his produce, so that the Government can raise money to service the loans. That is one of the things that must be stopped.

If the Government goes into this regulatory mechanisms, the CBK will not avoid dealing with the financial aspect of this issue. I am very unhappy that the financial aspect in the coffee industry has been associated with the Co-operative Bank of Kenya. I am extremely disturbed that, that is the case, unless, of course, there has been serious reforms in the Co-operative Bank of Kenya. It has been said that proposals are going to be made for reforming the Act that established the Co-operative Bank of Kenya and the Banking Act to accommodate this proposal. I think these proposals should be very clear to the farmers, so that we do not enter into something that will mess up credit availability in the coffee industry and lending for research and other functions that are cardinal to the coffee industry.

Mr. Temporary Deputy Speaker, Sir, I would like to, finally, say something about the STABEX funds; I am quite sure my friends, Messrs. Muite and Kihoro, will most likely speak a lot more about it than I can. If you look at Paragraph 4.17, which indicates all kinds of allocations that have been made to the coffee sub-sector following the money that was advanced by the European Union in form of STABEX funds, you will be surprised. I would like to be very frank with the Minister for Agriculture, his Assistant and my friend, Mr. Mudavadi, who also held the agricultural portfolio for some time. We have done a great deal of disservice to the agricultural sector, first, by relying on external funds to finance the sector when we know that the sector has been producing so much money for this country since Independence.

When it comes to inputs for the agricultural sector, we look for funds from outside, and yet we are talking about the cash cow of this country. How come we do not also direct some of our domestic revenue, in a big way, to the sector? We charge farmers cess and all kinds of other levies, but when it comes to inputs in the agricultural sector, we look for external financing and if that money does not come, we come to Parliament and cry that our economy is going to be ruined. Let us take the Sugar Levy Fund (SLF), for example. From my calculations, which I presented to this House since 1992, the SLF has realised, at least, Kshs12.9 billion; the Ministry insists that the figure is slightly above Kshs6 billion. I would like the Ministry to ensure that money that comes from the agricultural sector is ploughed back to the sector. The example is the Kenya Sugar Authority (KSA), which has misused that money and which must, indeed, be called upon to account for it.

I beg to support.

**The Assistant Minister for Finance and Planning** (Mr. Lomada): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute to this Motion. I will take only a few minutes so that my colleagues can also have a chance to contribute.

Mr. Temporary Deputy Speaker, Sir, as we all know, coffee is a very important for this country. For a long time, coffee has been this country's best foreign exchange earner. But I wonder what has happened to the sector; it no longer produces much. So, I would like us to take care of this particular crop so that its earnings for this country can pick up again, as we also support other crops earning farmers substantial amounts of money. I am quite sure that coffee farmers believe that something should be done to improve production of the crop. I am also worried by the fact that land which has been set aside for research is being sold. This is actually killing the coffee industry because coffee buyers are losing their interest.

Mr. Temporary Deputy Speaker, Sir, marketing of coffee in this country is a problem. People who have been charged with the responsibility of selling coffee, for example, the Coffee Board of Kenya, are not doing their work of selling coffee and bringing back the money to the farmers properly. Something ought to be done in this particular area. We need to trust the officials of the Coffee Board of Kenya, so that when they are given the product, they should sell it and pay the farmers.

I would also like to ask agricultural officers, especially the coffee technicians, to visit coffee farms in various places, especially in West Pokot. Coffee is not doing well because the technical officers do not visit the coffee farms to give farmers technical advice on how to take care of this particular crop. Coffee really needs a lot of care and if you do

not care for it, you will not get good yields. We have quite a number of farmers in West Pokot who are trying to grow coffee, and I would like to request that they be helped to increase their produce.

Mr. Temporary Deputy Speaker, Sir, I am also not happy with the co-operative societies that handle coffee. When they receive coffee and hand it over to the Coffee Board of Kenya, what they pay back to the farmers is really not pleasing. Whatever the farmers put in, they do not receive its equivalent. I do not know whether the officials steal the farmers' money. I do not want to use that word because it is not Parliamentary, but it is thought that these officials' mismanagement is causing a big loss to the farmers. Farmers do not receive their due amount of money.

I would also like to say that more research foundations should be established in various districts, so that farmers can also get improved breeds of coffee and try them on their farms. I would like to say that we need to encourage our people to grow coffee. Actually, in West Pokot, we are now growing pyrethrum and it is doing very well. It is earning a lot of money for the people and I thank the agricultural officers in that district for emphasising on this particular crop. I would like them also to do the same with coffee, tea and cotton.

With those few remarks, I beg to support.

**Mr. Kihoro:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute to debate on this very important Sessional Paper. We hope it will be possible to revamp the coffee industry, which has been ailing, at least for the last 10 years. That is very clearly demonstrated by what coffee was and what it is not now. In 1987/88, coffee production in this country was 128,926 metric tonnes of clean coffee. In 1997, its production had gone down to 56,159 metric tonnes. Here is a story about a tragedy that has occurred in this country. Coffee has declined from being number one foreign exchange earner, to number four. Paragraph 2.3 of the Sessional Paper indicates that coffee was a leading exports crop since Independence, and that between 1975 and 1986, it contributed over 40 per cent of the total value of Kenya's export.

Mr. Temporary Deputy Speaker, Sir, if you want to understand part of the reason why this Parliament sat from 3.30 p.m. up to about 4.00 p.m., taking a very important vote in this House about changing the Constitution, you have to address the decline in the Kenyan economy. The economy of this country has now to be funded from outside and foreign donors have become very important. This is mainly because of the decline in the coffee industry. Sometime ago, this country could as well have done without that very big foreign aid component in its Budget, but now, foreign donations have become very important because of the decline in the coffee sector. The decline in coffee production also indicates what is happening to the countryside.

According to the Sessional Paper, there are between 500,000 and 700,000 members of co-operative societies in the country. That means, therefore, that the incomes of the co-operators and their families, which include children, have declined by between 70 and 80 per cent. In some areas, as I will clearly proceed to demonstrate, some farmers have been receiving negative incomes from their coffee after going through the process of production, delivery and marketing. For example, last year, Kamuyu Farmers Co-operative Society in my constituency produced 1,600, 50-kilogramme bags of coffee. After that coffee was sold, they received negative receipts.

When we had a meeting in the Old Chamber about three weeks ago, that point was raised by Mr. Andrew Githinji, the Chairman of Kamuyu Coffee Farmers Co-operative Society. When he said that they had received a negative income after the sale of 1,600, 50-kilogramme bags of coffee, nobody believed it until he produced a receipt from the CBK, showing that, indeed, they had received a negative income. When you have a negative income, you have a debt because, indeed, you are being told that if you proceed on that line and produce more coffee next year, it is possible that there will be a deduction arising from your activities in the previous year.

Some hon. Members suspected that Kamuyu Farmers Co-operative Society had actually realised more income, but that income had been used to pay certain debts. That was not the case. There were no deductions and it was only the production which had given a negative income at the end of the season. There were no debts which had been paid; no fertilizers had been paid for; it was just the process of production that, at the end, gave farmers a negative income.

Mr. Temporary Deputy Speaker, Sir, that is what should be addressed. I can see that the Sessional Paper which has been tabled in the House, on the whole, is looking at this issue. It is looking at the issues about production, marketing, partly the question of financing the coffee sector. On the whole, it has failed to address the question of the enormous coffee debt in this country, which clearly demonstrates that farmers cannot resurrect if they are to continue meeting the various instalments at the end of the season towards the coffee debts. That is a huge debt. The Co-operative Bank of Kenya admitted that it had more than KShs5 billion owed by coffee farmers. That is a very hefty debt, indeed.

Whatever we do, if we do not address the debt question among the coffee farmers in this country, we will not get anywhere at all; if the farmers will continue meeting the so-called debt obligations arising from various monies they have been able to collect previously to buy fertilizers, chemicals, transport and the cost of production. If they are put in a position where they will continue servicing this debt, there is no way they are going to generate income for the

next ten years. It is, therefore, very important to look at the issue of coffee production from the angle of what has happened in the last ten years, and accumulated debts to the tune of over Kshs5 billion, only in respect of the Co-operative Bank. I am proposing that the Minister, in due course, comes up with a Sessional Paper on that issue so that we can be able to liquidate the enormous debts that are a "pest" on the 430 co-operative societies in the country.

Mr. Temporary Deputy Speaker, Sir, there are about 18 to 19 coffee growing districts in the country. In those districts, we have got 430 coffee co-operative societies. So, it is important that we look at this issue of the coffee debt from a national angle, so that it can be tackled as early as possible, in order for the farmers to appreciate coffee as a crop that can be rehabilitated; worth investing in, and that can be grown on their farms again. Many coffee farmers have cut down the coffee crop and are only waiting for that appropriate time in the future. I hope that this Sessional Paper will be able to answer the question of how we can be able to finance the coffee sector again, in order to regain its former status as the number one export crop from this country, generating 40 per cent of the export earnings.

Mr. Temporary Deputy Speaker, Sir, the question of STABEX funds is one that also needs to be addressed. It is addressed in this Sessional Paper. I had looked at the Sessional Paper on the proposals of the Minister and also what I have written about it before, and basically, they are in agreement. The STABEX funds were given by the European Union with one particular purpose; to stabilise the incomes of farmers of certain crops. These crops include coffee and tea. The STABEX funds were given under Article 186 of the Lome Convention in four instalments, between 1990 and 1993. There has been a lot of mystery about this money, and what I propose to mention so that it can go on record is that in 1990, Kenya received 29 million Euros; in 1991 over 16 million Euros; in 1992 15 million Euros, and 1993, over 16 million Euros and an additional 6 million Euros, making a total of 85,730,272 Euros. That converts to more than Kshs6 billion. If you look at the interest earned from 1990 on some of the amounts down to 2001, we are talking about Kshs9 billion.

Also, according to the Sessional Paper, Kenya received an additional instalment of nearly 39 million Euros for the year 1999. So, basically, we are talking about more than 12 billion Euros, money that should have been availed to the farmers who grow coffee and tea and other scheduled crops under the Lome Convention. Even though this Sessional Paper states that this money is in the country, according to the information I have, and I believe this is very reliable information, a lot of that money is held in Fortis Bank in Brussels. There are four bank accounts and I have their numbers with me here. Some of that money is held in Standard Chartered Bank in London. Over ten years, we have spoken about the STABEX funds, and there is a lot of mystery about it.

Therefore, if I have done research on it, I should be allowed to lay it on the Table. We are talking about four accounts in Fortis Bank in Brussels. I have the account numbers which I can give. The money has been in the four accounts from 1990 up to 1991. In the Standard Chartered Bank, there is only one account, No.56027042507/97. It has got 16 million Euros, and that is an account that was opened in 1993. We also have another account in the Kenya Commercial Bank and other accounts in the Central Bank of Kenya. So, there are accounts in four banks. There are other accounts in which some of that money was remitted, I do not know under whose authority. For example, money that was deposited in one bank called Meridian Biao Bank, a bank that went under. This is money that should have gone to coffee farmers from 1990 when coffee production was declining, and yet, it is the money that has been held in certain bank accounts for dubious reasons. Interest accrued from all this moneys wherever it has been deposited, is well below the market rate interest. We wonder why they are not giving money earned from coffee sales to coffee farmers to rehabilitate coffee production. When farmers rehabilitate coffee production, they will earn from a healthy crop and be able to support a large population, which, today, is going hungry.

Mr. Temporary Deputy Speaker, Sir, STABEX Funds are also being used on missions that are neither for stabilizing incomes of the farmers, nor for the diversification of the coffee industry. When you start spending more than Kshs300 million on the millennium bug, you are just throwing money to the wind! When we entered into the new century and the new millennium, nothing happened, but some crooks disappeared with Kshs300 million. It was very unfortunate!

Eighteen million shillings out of the STABEX Funds have been spent on the Coffee Strategic Study Paper which was supposed to determine problems in the coffee sector and define the possible ways of improving that sector. Even though I do not know whether the study was completed or not, what we are actually doing today is part of writing the paper or looking at coffee as a strategic crop in this country. We are also looking at how the coffee sector can be resuscitated and be made a crop that can pay. Although Kshs18 million has already been spent on that study, the information I have is that the study was completed, but it was not implemented by the Government.

The Kshs500 million which has been released lately through the Co-operative Bank of Kenya is totally inadequate. We are talking about Kshs12 billion that could be made available to the coffee farmers, if the Government was only willing and ready to make that money available to the coffee farmers. An amount of Kshs500 million has been released, supposedly at an interest rate of 5 per cent, after such a long and arduous delay. It is not clear who will be given the money. If only we went by the number of families who are engaged in coffee growing; there are 700,000

families--- If the Government releases Kshs500 million, then we are only talking about less than Kshs1,000 per family. That is very little money, and it will not make any difference. We are talking about quite a large sum of money. If the Government was really interested in coming up with the necessary FMO to help co-operative societies dealing with coffee in the country, it could have commissioned a study to show the amount of debts owed and what needs to be done to increase coffee production, and how to use the STABEX Funds to increase production in that sector. The money should go to the farmers through their co-operative societies.

Mr. Temporary Deputy Speaker, Sir, the Co-operative Bank is very distant from the farmers. It used to be their bank, but it is no longer their bank now. STABEX Funds should go through their co-operative societies. If the Government is mindful of starting a revolving fund, that fund should start with the co-operative societies because those are the basic units. The Government should not start at the top, but at the bottom where the farmers are. That is the only way that the farmer can be helped; by turning around this misery in the coffee sector and taking care of farmers' interests, if farmers are given that money already. I heard some hon. Members say that the farmers will use the money to drink beer or start smoking other stuffs that are prohibited. That is something which will not happen because the farmer loves the crop. We should come up with a programme that can give the farmer certain guaranteed returns at the end of the season. That is very important, and we should avoid giving the farmer a negative income at the end of the day while you go back to him and tell him that you are assisting him with STABEX Funds. The Government needs to guarantee the farmer Kshs15 per every kilogramme of coffee, which is still very little money.

I know some farmers have been able to sell coffee in this country at Kshs82 per kilogramme. So, if the Government guaranteed the farmer with kshs15 per every kilogramme delivered to the coffee factory and gets serious in marketing of the crop, both in the country and outside, farmers will increase coffee production. Our coffee is of high quality and it has no competitor in the world market. I have heard about Vietnam coffee, but we are still having our traditional markets. People know about the Kenyan coffee and that 2 per cent of the world coffee production is made up of Kenyan coffee. These people will continue to support the Kenyan coffee for decades because they love its taste. So, in order to turn the coffee sector around, you need to look at the 430 coffee co-operative societies in the country. That is where you should start from, and that is where the farmer is. If you start with the Co-operative Bank or any other bank, that is the wrong way to the coffee farmer. You should start with where the farmers are, deal with the coffee societies and 19 coffee-growing districts in the country. Let there be an alliance and that will be good for this Government and we are going to have good incomes. But if you start at the top, you will fail. Trickle-down economics failed even in America. I know the Minister knows that trickle-down economics, which was tried by Presidents Reagan and Bush, failed.

**The Minister for Agriculture** (Dr. Godana): Even the aspect of globalization started there!

**Ms. Karua:** We should now start with trickle-up economics!

**Mr. Kihoro:** Exactly! We now want trickle-up economics because trickle-down economics has failed! There is no gravity for trickling-down economics!

Mr. Temporary Deputy Speaker, Sir, I wanted also to say something about financing through the coffee banks. As we try to finance the coffee sector, the coffee banks are very important items. As we think about spending STABEX Funds, we need to come up with an agricultural bank also. I do not mind the pastoralists being included there, but we need to think about our people in general. Indeed, 80 per cent of the Kenyan population is involved in agriculture and we must have a bank that understands agriculture. It should not be a bank that understands interest rates and the balance sheet only, but a bank that understands agriculture. Otherwise, we will go through this misery about lack of financing and high interests rates on loans taken from such banks. Interest rates have gone up to 35 per cent or 40 per cent! But if we only had sensitive and caring farmers' banks, that is the only sure way to make sure that at the end of the day, the way commercial farming is viewed from Nairobi could be very different from what the farmer sees on the ground in Bungoma or at the Coast. If you look at the agricultural sector, you will see that it is suffering and you will know that farmers have been made basically bankrupt. People's incomes, life expectancy and literacy levels have gone down. Nothing is going up except the level of foreign borrowing and the Treasury Bills.

It is important that we have a situation on the ground that will help the farmer. We should have banks that are going to cater for the interest of the farmer in the coffee sector, tea and other crops. I do not mind being served by such a bank, provided that it is a sensitive agricultural bank. That is what used to happen during the colonial period, especially here in this country. There was an agricultural bank for the white settler farmers, and they were not more than 4,000 white settler farmers. In fact, they were less than 4,000 and they had their own banks which were doing very well and were very solid. Some of the assets that were inherited in this country at Independence are no longer there. That is why the European farmers saw agriculture as a paying industry in this country. Bring a European farmer here today and give him Kenya's agriculture and you tell him that you want to make him a farmer here, he will run away, expect a few who may wish to go to Naivasha and join Lord Delamere. I am talking about commercial farming and 80 per cent of the Kenyan population depends on farming because they have no other incomes or employment.

That is why we need to look for a bank that is going to assist the farmers.

**Mr. Gatabaki:** On a point of information, Mr. Temporary Deputy Speaker, Sir. About three years ago, coffee farmers, through the Coffee Board of Kenya (CBK), contributed Kshs200 million to start the coffee farmers' bank in Kenya, and the Government, through the Governor of the Central Bank of Kenya (CBK), refused to issue a licence to them. So, the Government has been reluctant and hostile to the coffee farmers.

**Mr. Kihoro:** Mr. Temporary Deputy Speaker, Sir, I would like to thank the hon. Member for that piece of information. Hostility to the coffee farmer affects both the farmer and the Government; the Government loses revenue, while the farmer loses income. That is what it amounts to, and that is why we are here today. You have to deal with the coffee farmer; you have to deal with agriculture in this country, whether it is pastoral or farming. If you do that, you will deal with 80 per cent of the population. There is no other way out. Until you rejuvenate agriculture in this country and make it a paying industry--- In these days of retrenchment, only 200,000 Kenyans are in the public service, out of a population of 30 million. The only industry that is viable in this country, and which will generate income for people, is the agriculture industry.

I know that one aspect that is not very far from the Minister's mind is the Kenya Meat Commission (KMC), which should also be revived. When all these institutions were doing well, Kenyans had money and they were never beggars. But, today, we find ourselves borrowing from Washington and New York. We are famous for doing that. This is not acceptable.

**An hon. Member:** But you are also a farmer!

**Mr. Kihoro:** Mr. Temporary Deputy Speaker, Sir, it is true I am a farmer.

We would like to stop more STABEX funds from being channelled to other sectors because, first, they were not allocated the money under the Lome Convention. So, we should find a way through which the money will go to the coffee co-operative societies and establish a revolving fund. We do not want to take care of the lazy farmers, but the hard-working ones who have found it very difficult--

**The Minister for Energy (Mr. Raila):** On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to mislead the House by saying that other agricultural products, like sugar-cane, fishing and cotton, do not deserve to be considered under STABEX funding, when he knows that they are part of the export products that should, therefore, be subsidised for stabilisation purposes?

**Mr. Kihoro:** Thank you, Mr. Temporary Deputy Speaker, Sir. The point is that the STABEX funds, as I had said before the hon. Minister came in, were earned between 1990 and 1993. During that period, they were only given under Article No.186 of the Lome Convention. At that time, they did not consider fish as one of the crops. I understand that some of the money issued in 1999 was allocated to the fishing industry. If only they considered the people on the ground, for example, the fisherman on Lake Victoria, and the cashewnut farmers, I would not mind. But the problem is that some of this money has been allocated to some institutions in Nairobi, for example, the Kenya Agricultural Research Institute (KARI).

I would also like to point out that Kshs200 million has been allocated to the Kenya Revenue Authority (KRA) and the Kenya Power and Lighting Company (KPLC). A lot of that money has been allocated to institutions which do not deserve it. I do not mind the money being allocated to the coffee or fish farmer but not these institutions.

**Hon. Members:** No! No!

**Mr. Kihoro:** Thank you, Mr. Temporary Deputy Speaker, Sir.

**The Assistant Minister for Transport and Communications (Mr. Keah):** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this Motion on the Sessional Paper.

At the outset, I would like to support the spirit and contents of this Sessional Paper. In doing so, I would like to make a number of observations. First, I do not come from a coffee-growing area, but I wish this Sessional Paper covered research in areas that do not produce coffee. This would enable us, the people from Coast Province, and particularly the lower parts of this province to become millionaires. I would like to point out that this research has only benefited the up country people.

About ten years ago, an effort was made to grow coffee in the lower parts of Coast Province. The crop did well in some of the areas, but, unfortunately, the exercise was not carried further and the farmers were not encouraged. Today, this crop is history to the people of this province because it died a natural death. So, I would like to appeal to the Ministry to carry out extensive research in all the areas of this country in order to establish whether there are areas where coffee can grow apart from the traditional coffee-growing areas.

Mr. Temporary Deputy Speaker, Sir, secondly, I would also like to say that, currently, farming is not a viable commercial activity in this country. As a result, this has increased poverty. Whereas I appreciate this Sessional Paper, I would like to appeal to the Minister to come up with a Sessional Paper not just for coffee and tea, but also for other crops. Maybe, we ought to have an agricultural sector policy, consolidating everything in agriculture in today's terms,

so that we can know where we are heading to. I would like to see a restructured paper that will cover coffee as well as other crops and livestock. This will enable agriculture to take the first position in our economy.

Mr. Temporary Deputy Speaker, Sir, I would also like to take this opportunity to say that commercial farming should be promoted so that it can generate wealth to the entire Republic. Having made those general remarks, I would like to suggest that a Sessional Paper be brought here not just on the crop and oil industries, but specifically on the coconut tree. This is because this crop is used to make more than 100 products, but, unfortunately, it has been ignored, presumably because it is grown only at the Coast.

**The Minister for Agriculture** (Dr. Godana): We are dealing with it!

**The Assistant Minister for Transport and Communications** (Mr. Keah): Mr. Temporary Deputy Speaker, Sir, I am glad that they are dealing with this crop.

I would like to urge the Ministry to bring a Sessional Paper to this House soon, so that we can cover that aspect.

#### ADJOURNMENT

**The Temporary Deputy Speaker** (Mr. Imanyara): Order! Mr. Keah, you will have 25 minutes tomorrow to complete your contribution.

It is now time for the interruption of business. The House is, therefore, adjourned until tomorrow, Wednesday, 15th August, 2001, at 9.00 a.m.

The House rose at 6.30 p.m.