

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 28th November, 2001

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

NOTICE OF MOTION

EXTENSION OF SITTINGS HOURS

The Assistant Minister, Office of the President (Mr. Samoei): Mr. Speaker, Sir, I beg to give notice of the following Motion:-

THAT, notwithstanding the provisions of Standing Order Orders 17(1) and (2), this House orders that the sittings of the House be extended as follows for the remainder of the Session:-

Tuesdays from 6.30 p.m. to 8.30;

Wednesdays from 6.30 p.m. to 8.30 p.m.; and

Thursdays from 6.30 p.m. to 8.30 p.m.

ORAL ANSWERS TO QUESTIONS

Question No.744

DROUGHT MANAGEMENT PROGRAMME
IN TURKANA

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

Question No. 683

INTERNATIONAL TREATIES
RATIFIED BY KENYA

Mr. Gatabaki asked the Minister for Foreign Affairs and International Co-operation:-

(a) how many international treaties Kenya has ratified since Independence; and,

(b) which are these treaties and when were they ratified.

Mr. Speaker: Is anyone here from the Ministry of Foreign Affairs and International Co-operation? We will leave that Question until the end then. Let us move on to the next Question.

Mr. Omamba: Mr. Speaker, Sir, before I ask my Question, I would like to make some correction. The river is called Kuja, not Kingi.

Question No.656

CONSTRUCTION OF BRIDGE ON
RIVER KUJA

Mr. Omamba asked the Minister for Roads and Public Works whether he could consider constructing a bridge on River Kuja to assist wananchi access Nyatike Constituency as the river is infested with crocodiles.

Mr. Speaker: Eng. Rotich, does that affect your answer?

The Assistant Minister for Roads and Public Works (Eng. Rotich): No, Mr. Speaker, Sir. I am familiar with the area and I knew it was not River Kingi, but Kuja.

Mr. Speaker: Proceed, Eng. Rotich.

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

My Ministry is not in a position to construct a bridge on Kuja River at the moment. However, I request the District Roads Committee to prioritise the construction of this bridge on its workplan.

In the next one month, the Ministry will design the bridge, do the costing and see what next step to take. The bridge is approximately 300 metres long.

Mr. Omamba: Mr. Speaker, Sir, the last part of the answer given by the Assistant Minister is very encouraging. The first time this Question was asked in this House was 1989. I remember the leader of NDP, hon. Raila, said there was no bridge to Nyatike. When he was asked how he got there, he said he walked on foot. At that time, the Minister said the bridge would be constructed when funds would be available. Again, this bridge has been discussed in the DDC, where I am a member. The late Deputy Provincial Commissioner, Mr. Kirui, visited the scene. He rode a boat, but he was afraid to go far in the boat. He promised that the bridge would be constructed. It is lamentable that many lives have been lost in this crocodile-infested river. At the same time, many livestock are lost in the same river. Could the Assistant Minister tell us---

Mr. Speaker: Mr. Omamba, that is a very long contribution.

Mr. Omamba: Yes, Mr. Speaker, Sir, I understand. I am happy that the Assistant Minister has said they will do the design and the costing of the bridge. I would be very glad to accompany him in order to show him the earmarked place where the bridge is supposed to be constructed.

Mr. Speaker: And see the crocodiles!

Mr. Omamba: Thank you!

(Laughter)

Eng. Rotich: Mr. Speaker, Sir, you would appreciate that this particular crossing point is not on any particular classified road. People must cross. That is why I said we will do the design and approximate the cost of that bridge. A normal 300 metres pan bridge will cost about Kshs250 million. But we do not know the conditions on the ground. So, we want to design it, do the costing and then see what next we can do.

Dr. Omamo: Mr. Speaker, Sir, does the Assistant Minister agree that this particular crossing spot is infested with crocodiles? Those crocodiles consider human beings as food. Could he ensure that the population of crocodiles in this particular river is reduced so that they do not continue to be a menace, till the bridge is built?

Eng. Rotich: Mr. Speaker, Sir, my Ministry can arrange for the building of the bridge. I do not know how to control the breeding of crocodiles. But on a serious note, we will look into this possibility although we are not sure where the money will come from.

Mr. Speaker: Next Question, Mr. Kanyauchi.

Question No.741

REPAIR OF MAGUNGA-SINDO ROAD

Mr. Kanyauchi asked the Minister for Roads and Public Works:-

(a) whether he is aware that the road between Magunga and Sindo, at Ruma National Park, is now impassable after the long rains; and,

(b) when this road will be repaired.

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

(a) I am aware that the road between Magunga and Sindo, at Ruma National Park, is now impassable during the rainy seasons.

(b) My Ministry has programmed to repair the sections which are not passable during the rainy seasons this financial year.

Mr. Kanyauchi: Mr. Speaker, Sir, we always hear the words "programme to repair roads within this financial year". Obviously, you appreciate that the financial year is a long time. I would like the Assistant Minister

to give a specific time-frame. I do not want to wait for a whole year for this very important road to be done.

Eng. Rotich: Mr. Speaker, Sir, the funds to repair this road will be released next week. So, by the end of next week, the funds will be at the district headquarters.

Mr. Achola: Mr. Speaker, Sir, could the Assistant Minister explain to the House how much money is going to be spent on this particular section of the road, and where the money is going to come from? The money that is going to be released next week is only Kshs2 million, and yet the cost of repairing that road is more than that.

Eng. Rotich: Mr. Speaker, Sir, it is true that if we have to repair the whole road, it will cost a lot of money. We are only going to do the patching on the sections which are not passable, and not the whole road. Next week, we will release Kshs300,000.

Mr. Kanyauchi: Mr. Speaker, Sir, the Assistant Minister has said that he is going to release Kshs300,000, and according to road engineers, one kilometre of road in Nyanza needs Kshs2.5 million to be done. What the hell is Kshs300,000 going to do? Are they going to clear a few grass patches and then claim to have done this important road which covers a national park? Are they going to engage in bush clearing with the Kshs300,000?

Secondly, this House agreed that every constituency should get Kshs5 million per year, and there was 24 per cent which was supposed to be released. Now, my constituency in Suba District has not got even a cent. In fact, last year, we only got Kshs1 million and this year we only got Kshs2 million. What happened to the 24 per cent and the Government's general duty to repair roads; are they abdicating their duties?

Eng. Rotich: Mr. Speaker, Sir, the hon. Member has asked many questions. I do not understand whether the Kshs2.5 million he has talked about is for gravelling or grading the road. I wish I could get the source of those figures. With regard to the Districts Constituency funds, we have already released Kshs1 million to every constituency and I also think every constituency also got another Kshs1 million as part of the 24 per cent. So, in total, they have received Kshs2 million in the first quota of this financial year, per constituency.

Mr. Anyona: On a point of order, Mr. Speaker, Sir. I do not know whether you heard the usage of swear words by Mr. Kanyauchi. I thought swear words were not parliamentary!

Mr. Speaker: What did he say?

Mr. Anyona: Mr. Speaker, Sir, he said: "What the hell?" I thought that was unparliamentary.

Mr. Speaker: Mr. Kanyauchi, that is terrible! Did you say that?

Mr. Kanyauchi: Mr. Speaker, Sir, frankly speaking, I do not remember having sworn, because that is swearing. But as your train is moving, you can put in one or two words which may be offensive without your intention.

Mr. Speaker: So, will you remove that excess baggage?

Mr. Kanyauchi: Mr. Speaker, Sir, if, indeed, it is there, I will remove it. I withdraw the remark!

Mr. Speaker: Very well! Next Question!

Question No.491

LAND ADJUDICATION IN SAMBURU EAST

Mr. Speaker: Mr. Leshore is not in? We shall come back to that Question later on!
Next Question!

Question No.705

ALLOCATION OF LAND TO SQUATTERS IN EMBAKASI

Mr. Mwenje asked the Minister for Lands and Settlement:-

- (a) who the owner of land Ref:LR11379/3 is;
- (b) whether the Minister is aware that the High Court issued orders of *mandamus* for the above land to be allocated to the 5,000 squatters who have been living there; and,
- (c) when he will comply with the order.

Mr. Speaker: The Minister for Lands and Settlement is not in? We shall come back to that Question later on!

Next Question!

Question No.748

MONEY PAID FOR SUITS
AGAINST GOVERNMENT

Mr. Imanyara: Mr. Speaker, Sir, the Attorney-General indicated to me this morning that he was going to be away and I agreed that the Question be deferred.

Mr. Speaker: Mr. Imanyara you agreed that the Question be deferred to what date?

Mr. Imanyara: To next week, Mr. Speaker, Sir.

Mr. Speaker: Very well! The Question is deferred!

(Question deferred)

Mr. Anyona: On a point of order, Mr. Speaker, Sir. Indeed, the Attorney-General has written to the Clerk with regard to all the Questions, including mine which was supposed to come up tomorrow. He has indicated that he will be back on 5th December, 2001. While rescheduling the Questions, maybe, they could consider that.

Mr. Speaker: So, I will defer all the Questions directed to the Attorney-General, by Mr. Imanyara, Dr. Murungaru and Mr. Kihoro.

Question No.752

PAYMENT OF DAMAGES TO MR. MWENJE

Dr. Murungaru: Mr. Speaker, Sir, I received a communication to that effect from the Attorney-General.

Mr. Speaker: Very well! I think that is very kind of him. I encourage all of you to deal with Questions that way.

Dr. Murungaru: Mr. Speaker, Sir, please, convey the same to the gentleman!

(Question deferred)

Question No.685

BANNED ORGANIZATIONS IN KENYA

(Question deferred)

Mr. Speaker: For the second time, Question by Mr. Munyes!

Question No.744

DROUGHT MANAGEMENT PROGRAMME
IN TURKANA

Mr. Speaker: Mr. Munyes is not in? The Question is dropped!

(Question dropped)

Mr. Speaker: For the second time, Mr. Gatabaki's Question!

Question No.683

INTERNATIONAL TREATIES

RATIFIED BY KENYA

Mr. Gatabaki asked the Minister for Foreign Affairs and International Co-operation:-

- (a) how many international treaties Kenya has ratified since Independence; and,
- (b) which are these treaties, and when they were ratified.

The Minister for Foreign Affairs and International Co-operation (Maj. Madoka): Mr. Speaker, Sir, let me first apologise for coming late.

I beg to reply.

- (a) There are about 250 international treaties.
- (b) These treaties were signed at different times, and since they are many, I have not come with the entire list. But if it so required, I will do so. But these treaties cover a wide range of subjects. If the Questioner has specific areas, I will gladly assist.

Mr. Speaker: Have you got the same?

Maj. Madoka: No, I have not got, Mr. Speaker, Sir.

Mr. Speaker: Then he cannot ask anything when you do not have the full list! Could you make it available?

Maj. Madoka: I will make it available, Mr. Speaker, Sir.

Mr. Speaker: Is tomorrow okay?

Maj. Madoka: Tomorrow is okay, Mr. Speaker, Sir.

Mr. Speaker: Mr. Gatabaki, is that okay with you?

Mr. Gatabaki: Mr. Speaker, Sir, tomorrow is okay.

Mr. Speaker: Very well! I will defer the Question to tomorrow!

(Question deferred)

Mr. Speaker: Mr. Leshore's Question for the second time!

Question No.491

LAND ADJUDICATION IN SAMBURU EAST

Mr. Speaker: Mr. Leshore is not in? The Question is dropped!

(Question dropped)

Mr. Speaker: Mr. Mwenje's Question for the second time!

Mr. Mwenje: Mr. Speaker, Sir, I had indicated that I would want a written reply, because this is a very serious matter, but I have not yet received it.

Mr. Speaker: Order, Mr. Mwenje! You know when you get a written reply, then the Question does not come to the Floor. So, make your option; is it an oral or a written reply that you require? If it is written, I will remove the Question from the Floor now.

Mr. Mwenje: Mr. Speaker, Sir, our Standing Orders stipulate clearly that you can have a written reply and the Question can still be answered here orally. That is why I am asking for the written reply.

Mr. Speaker: No! You chose an oral reply. So, could we proceed on that basis or you would prefer the other option?

Mr. Mwenje: Let us proceed on that basis.

Question No.795

ALLOCATION OF LAND TO
SQUATTERS IN EMBAKASI

Mr. Mwenje asked the Minister for Lands and Settlement:-

- (a) who the owner of land Ref:LR11379/3 is;
- (b) whether the Minister is aware that the High Court issued orders of *mandamus* for the above

land to be allocated to the 5,000 squatters who have been living there; and,
(c) when he will comply with the order.

Mr. Speaker: By the way, where is the Minister for Lands and Settlement?

The Minister for Lands and Settlement (Mr. Ngala): Mr. Speaker, Sir, I was waiting for you to call me.

Mr. Speaker: The Question is before the House, so proceed and answer it.

The Minister for Lands and Settlement (Mr. Ngala): Mr. Speaker, Sir, I would like to ask for permission to go into details on this particular Question and be able to give a reply on Wednesday next week.

Mr. Speaker: What is your reaction, Mr. Mwenje?

Mr. Mwenje: Mr. Speaker, Sir, I have no objection. This Question has taken too long, but meanwhile, could I get a written reply beforehand?

Mr. Speaker: Mr. Mwenje, they normally file those written replies with the Clerk, so, you will get it. I am sure it is all with good intentions.

Question deferred to next week!

(Question deferred)

QUESTIONS BY PRIVATE NOTICE

NAMES OF CONSTITUENCY AIDS CONTROL COMMITTEES

(Mr. Musila) to ask the Minister of State, Office of the President:-

(a) Could the Minister table the names of the Constituency AIDS Control Committees which have been formed throughout the country?

(b) How much money was allocated to each of the committees since they were formed and how much of the allocated money has so far been paid to the committees?

(c) Could the Minister give the number of the bicycles or other means of transport that have been issued to each committee?

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

Next Question, by Mr. Kihara!

(Question dropped)

ELECTION OF CESS COLLECTORS IN LONGONOT

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

(a) Is the Minister aware that the Provincial Administration in Nakuru District has imposed people in Longonot Location to administer cess funds collected from harvesters of building sand?

(b) Is he further aware that these people were in charge of the cess collection in 1997/1998 with nothing to show for it since the proceeds were misappropriated?

(c) Could the Minister ensure that the local community elects the people to oversee cess collection and its disbursement?

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

(a) I am not aware that the Provincial Administration has imposed any people in Longonot Location to administer cess funds.

(b) Given my answer to part (a) above, part (b) does not, therefore, arise. However, discussions have been going on with regard to the matter and a meeting to discuss the best way forward and the best way to manage the cess funds has been scheduled to take place on 14th December, this year.

Mr. Kihara: Mr. Speaker, Sir, I am not surprised at all by that answer from the Assistant Minister. These cess funds have become the milk cow for the Provincial Administration in Nakuru District. Could the Assistant Minister tell this House what the District Officer (DO), Naivasha was doing on Wednesday, 14th November, when he visited Mai Mahiu and set up a committee to administer these funds? If he wants the names

of the committee members who were hand-picked by the DO, I will supply them to him. But for him to say that he is not aware, it shows the little credibility this Government has!

Mr. Samoei: Mr. Speaker, Sir, indeed, there have been problems with respect to these monies--- There is a standing agreement between the local county council and the local community. There is a sharing ratio of the money that is collected by this community. I have no objection on the suggestion made by the hon. Member that the committee that manages these cess funds be elected directly by the local people. However, because of the stalemate that exists, the county council is collecting this money and keeping it until such a time that this issue is resolved and a new committee is in place to manage the funds.

Mr. Kihara: Mr. Speaker, Sir, before the committee which the Minister is referring to was hand-picked and imposed on the people on 14th November, there was a committee which was headed by the Father in charge of the Catholic Church in Longonot, an Africa Inland Church priest, the councillor of the area and the headmaster of Mai Mahiu Secondary School. What was found out to be wrong with that committee which was managing the funds in a very transparent manner? Another committee which had mismanaged the funds earlier on was imposed on the people of Longonot Location! What was found to be wanting in the committee which was administering the cess before?

Mr. Samoei: Mr. Speaker, Sir, there have been various committees that have been put in charge of the management of these funds. The Committee that hon. Kihara has mentioned, which involved the local councillor, was found to have mismanaged these funds. As a result, that Committee was disbanded by the Provincial Administration.

However, I have no objection if the local community elects whoever they wish to manage the funds.

(Mr. Ndicho stood up in the Front Bench)

Mr. Speaker: I cannot see you from there, Mr. Ndicho. Can I?

(Mr. Ndicho moved to the Back Bench)

Now I can see you!

Mr. Ndicho: Mr. Speaker, Sir, I had gone for "a visit" to the Front Bench!

Mr. Speaker, Sir, since there is an outcry all over the country about the collection of cess funds, could the Assistant Minister consider banning the collection of cess funds altogether? Since this sand is a God-given natural resource, some people should not harvest it and sell it to other people! Could he ban the collection of that cess altogether and let people harvest the sand freely to go and build their houses and thank God for giving them that precious commodity?

Mr. Samoei: Mr. Speaker, Sir, if the local community was in agreement with what hon. Ndicho is saying, I would have no problem.

Mr. Kihara: Mr. Speaker, Sir, could the Assistant Minister give an undertaking, here that the meeting scheduled for 14th December will do nothing other than elect a new committee? I would like that committee to be popularly elected by the people of Longonot location. Could he give us that undertaking, that the meeting will elect a committee to oversee the disbursement of these funds or ban the collection of cess altogether?

Mr. Samoei: Mr. Speaker, Sir, I guarantee that a very transparent process will be used in the election of these officials so that the management of these funds is put in proper hands.

SUBSTANDARD EQUIPMENT IN
KERUGOYA HOSPITAL MORTUARY

Ms. Karua: Mr. Speaker, Sir, I beg to ask the Minister for Medical Services the following Question by Private Notice.

(a) Is the Minister aware that M/s Hi Tech were awarded a contract to renovate and expand the Kerugoya District Hospital Mortuary?

(b) Is he further aware that the said company has installed substandard equipment and yet it has been fully paid?

(c) What action is the Minister taking to ensure proper performance of the contract and the installation of proper equipment and to prevent award of further contracts to this company?

(d) How many other tenders has this company been awarded in the hospitals around the country in the

last two years, and has its performance been satisfactory?

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

(a) I am aware that M/s Hi Tech Air Conditioning Refrigeration and Technical Service were awarded a contract to renovate and expand Kerugoya District Hospital Mortuary.

(b) I am not aware that the said company has installed sub-standard equipment at the hospital. I am however aware that the company installed equipment at the hospital in accordance with the specification in the tender documents, and that the company has been fully paid as was required in the contract.

(c) The Ministry has already ensured proper performance of the contract and installation of specific equipment by the company, and has no basis of preventing the company at the moment from bidding for contracts with the Ministry in future, should the company wish to do so.

(d) The company has not been awarded any other contract in Government hospitals in the last two years.

Ms. Karua: Mr. Speaker, Sir, could the Assistant Minister tell the House what type of equipment was installed to expand the mortuary services at Kerugoya District Hospital, and if possible, table the documents containing the specific equipment installed?

Dr. Wako: Mr. Speaker, Sir, the list is long and the best option is actually to lay on the Table, the list of equipment which was supposed to have been installed. But in brief, the equipment included supplies of Air Conditioning Unit, motars, appropriate supply and installation of low pressure copper tubing and all the refrigeration. The list is long and the best I can do is to table it.

(Dr. Wako laid the document on the Table)

Ms. Karua: Mr. Speaker, Sir, could we get time to have a look at that document after he has laid it on the Table to enable us ask pertinent supplementary questions?

Mr. Speaker: In that case, I will give all of you up to tomorrow. I, therefore, defer the Question up to tomorrow in the afternoon.

(Question deferred)

Next Question by Mr. Munyai!

COMPLETION OF KALAWA/KALWANI BRIDGE

(Mr. Munyai) to ask the Minister for Roads and Public Works:-

(a) Is the Minister aware that a drift/bridge between Kalawa Market and Kalwani Market in Kathulumtio Location, funded by DANIDA will be washed away by the coming rains if not completed within the next one week?

(b) Could the Minister inform the House how much the bridge has cost to date?

(c) When is the bridge expected to be completed?

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

(Question dropped)

Next Order!

POINTS OF ORDER

GOVERNMENT STAND ON HIGH VALUE RATES IN NAIROBI

Mr. Kamanda: Mr. Speaker, Sir, I wish to seek a Ministerial Statement from the Minister for Local Government with regard to site value by Nairobi City Council, Valuation Roll 2001 and the increment of rates by over 2000 per cent. The people of Nairobi are being asked to pay an extra Kshs500 to the Nairobi City Council in the form of rates. This matter is very urgent because people have been given until Friday, 30th of this month to pay this money.

The people of Nairobi, therefore, would like to know what the stand of the Government is on this matter. As I am speaking now, most commercial properties in Nairobi are not occupied because people are not able to pay the rent asked for by property owners. As a result, the Nairobi City Council should consider lowering these rates, given the state of our economy.

In view of this, the Minister should respond before Friday, the 30th of this month.
Thank you.

RE-INTRODUCTION OF LEVIES IN
PRIMARY SCHOOLS

Mr. Imanyara: Mr. Speaker, Sir, I rise to seek a Ministerial Statement from the Minister for Education with regard to what is being referred to as user charges, and whether the Government policy with regard to free education in primary schools has changed. If so, when, and what are the implications of this user charges concept that has been introduced?

The Assistant Minister for Education, Science and Technology (Mr. Awori): Mr. Speaker, Sir, I propose to bring a full statement on Tuesday next week.

Mr. Speaker: Very well! Is there anybody from the Ministry of Local Government on this very sensitive issue raised by Mr. Kamanda?

An hon. Member: Not yet Uhuru!

Mr. Speaker: Order! Order! This is a very sensitive issue raised by Mr. Kamanda about rates and the deadline coming, as it does, on Friday. I think it is a matter that the House requires a response from the Minister tomorrow. I do not know whether, Your Excellency the Vice-President, will do something.

The Vice-President and Minister for Home Affairs (Prof. Saitoti): Mr. Speaker, Sir, the Minister is not here, but I do want to assure the House that he is fully aware of the gravity of the issue at stake. I will ensure that he does come to give an answer tomorrow. I am sure he is already working on it.

(Applause)

Mr. Speaker: Very well! Thank you very much.

CLASHES IN KIBERA OVER RENT

Mr. Muchiri: Mr. Speaker, Sir, I rise to seek a Ministerial Statement from the Minister of State, Office of the President, in charge of internal security concerning the position of the Government over the payment of rent by tenants of the slum areas to their landlords, who have built their houses on Government land. The issue has caused a lot of unrest in Kibera, Korogocho, Mukuru kwa Njenga and Mathare slums. The issue is very crucial. As I speak, fighting is going on in Kibera, and the PC was stoned this morning.

The Assistant Minister, Office of the President (Mr. Samoei): Mr. Speaker, Sir, I do not know exactly what the hon. Member wants to know, because he has mentioned issues about payment of rent. I do not seem to quite understand what the issues are. However, the PC, Nairobi, is very safe despite what happened in Kibera this morning. He went there specifically because we are aware of the problem that exists to do with informal settlements in Nairobi. His presence there is a manifestation of our commitment towards addressing this problem.

Mr. Mwenje: On a point of order, Mr. Speaker, Sir. This is a serious matter and the Assistant Minister should not take it lightly. All the people living in the slums own structures and somebody is inciting the tenants not to pay rent to the landlords. Whether the house is bad, it is yours. Whether your mother is ugly, she is your mother. Those structures belong to somebody and the tenants must pay rent. The Government must state its position, and whether it is the one asking tenants not to pay rent or not. That is what is causing the problem in this area and other slums.

Mr. Speaker: Order! Order! I suppose the saying about the mother also applies to the father, Mr. Mwenje! But on a more serious note, when an issue erupts, like we have been watching in the last four days, and matters threatening life, I would have expected the Minister of State, Office of the President, in charge of internal security, to come to the House and say what is going on and what action will be taken. It is in the interest of the House that the House does know what is happening and what the Government is doing to contain the situation.

The Assistant Minister, Office of the President (Mr. Samoei): Mr. Speaker, Sir, I did make a statement, but I failed to promise that I will bring a comprehensive one on the situation as requested on Tuesday next week.

Mr. Speaker: Order! Order! I am sure, Mr. Samoei, you live in Kenya as much as I do. When Kenyans are threatening the lives of each other, including the lives of your own administrators, as I have just heard you say, this is not a matter that can wait for a long time. It is something that you need to respond to quickly and

effectively. I will not order you, but I will ask you to do it tomorrow.

The Assistant Minister, Office of the President (Mr. Samoei): Mr. Speaker, Sir, I will comply with what you have said in good faith. I had said earlier on that I will do it on Tuesday. As mentioned here, this is a grave matter and for me to give a comprehensive statement, I thought I would seek the indulgence of this House to have a few days. But I will issue a statement here tomorrow afternoon.

Mr. Speaker: Very well!

Mr. Achola: On a point of order, Mr. Speaker, Sir. There are many people from my constituency who are living in Kibera Estate and their lives are threatened by these would be clashes. I want to know what the Assistant Minister will do to ensure that Kibera is safe for our people in the meantime, before he issues that statement.

Mr. Speaker: Let me improve on Mr. Achola's statement. It is not just the constituents of Mr. Achola who are living in Kibera, but all Kenyans.

EXPANSION OF WATER PIPELINE IN MALINDI

Mr. Badawy: On a point of order, Mr. Speaker, Sir. I rise to seek a Ministerial Statement from the Minister for Water Development on the fate of residents of Plots 507, 411 and 514 in Malindi who have been asked to pave way for a new water pipeline without their fate having been determined. They do not know where they are going to be settled, neither have they been told whether they are going to be compensated or not.

Mr. Speaker: Very well! I do not see the Minister for Water Development.

Mr. Achola: On a point of order, Mr. Speaker, Sir. The Assistant Minister has not responded to that serious question I have just raised.

Mr. Speaker: Order! Order! He will come here tomorrow to tell you what he will do.

Mr. Achola: That will be too late, Mr. Speaker, Sir. We want to know what he is going to do in the meantime.

Mr. Speaker: Order! Order! The Assistant Minister has already promised that he will issue a statement tomorrow afternoon. In the meantime, I am sure he will take any further action necessary. So, we will wait until tomorrow.

Next Order!

MOTION

EXTENSION OF SITTING HOURS

The Vice-President and Minister for Home Affairs (Prof. Saitoti): Mr. Speaker, Sir, I beg to move the following Motion:-

THAT, notwithstanding the provisions of Standing Orders 17(1) and (2), this House orders that the sittings of the House for the remainder of the Session, be extended as follows:-

Tuesdays from 6.30 p.m. to 8.30 p.m.

Wednesdays from 6.30 p.m. to 8.30 p.m.; and

Thursdays from 6.30 p.m. to 8.30 p.m.

Mr. Speaker, Sir, the hon. House and Members---

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

The Vice-President and Minister for Home Affairs (Prof. Saitoti): I have not yet moved the Motion.

Mr. Anyona: Mr. Speaker, Sir, the Motion that is on the Order Paper is not what the Vice-President has read out.

Mr. Speaker: I am sorry about that. There was an amended Motion brought to me and I allowed him to move it as amended. Could I ask all the hon. Members to take note of the Motion being moved as amended with the consent of the Chair, the effect of which is to add the words: "for the remainder of the Session"?

Proceed.

The Vice-President and Minister for Home Affairs (Prof. Saitoti): Mr. Speaker, Sir, hon. Members are aware that the House is due to go for recess next Thursday, which is the 6th of December. Taking into account the business which is already before the House, it will not be possible for the House to deliberate on this business and finish it by 6th of December. It is for this reason that this Motion is being brought here to request the House if we can agree to extend the sittings of the House so that we may be able to deliberate and finish the following two very important Bills; the Coffee Bill and the Sugar Bill, both of which have attracted a great deal of interest.

On top of that, we have also discussed and finalised the Second Reading stage of the Finance Bill and the

Children's Bill. We are yet to move on to the Committee Stage. It will be important that we do not leave these matters in abeyance. We need to sit slightly later so as to dispose of this matter. The alternative to extending the hours would be to extend the Session by an extra week. I would like to draw the attention of the hon. Members to the fact that Jamhuri Day falls on the Wednesday of the other extra week. Therefore, even if we were to extend the Session by one week, there will only be two days left for debate, that is Tuesday and Thursday. Again we will not debate on Thursday because that will be the day for the Motion of Adjournment. If we were to extend again by one more week, we will get nearer to Christmas.

At the same time, I do know that there is a planned workshop for hon. Members after next week. So, if we were to continue extending the sittings of the House, a lot of inconvenience would arise. As a result of that, the House Business Committee decided to recommend to this House that, perhaps, the best way is for this House to extend the number of hours so that we can dispose of urgent matters.

I, therefore, beg to move.

The Minister for Foreign Affairs and International Co-operation (Maj. Madoka): Mr. Speaker, Sir, I stand to second that Motion.

I believe an extra two hours will help us get through a lot of business. Since the Bills in question are very crucial to our farming community and Kenyans as a whole, I seriously second the Motion and ask all hon. Members to support it.

(Question proposed)

Mr. Anyona: On a point of order, Mr. Speaker, Sir. Maybe you would like to guide the House on this important matter. I think the principle of the matter is all right, but we may have a problem with procedure. First of all, it is not clear to the House under what authority the Leader of Government Business is bringing this Motion to the House. What Standing Order allows him to do what he is seeking to do? I think that is the first thing that ought to be clarified. In other words, what allows him to suspend the provisions of Standing Orders No. 17(1) and (2) as he is proposing to do?

Under Standing Orders No.17(1) and (2), the Chair does have authority and power on a selective basis. In fact the words used are: "on a specified business". Under Standing Order No.17(1), the Chair can vary the sitting hours. He can even allow two sittings per day. Under Standing Order No.17(2) the Chair can order earlier or later interruption of business. If there were to be need on a specified business for time to be extended, that is already there. Secondly, the provisions of Standing Order No.17(2) allow suspension of the business under Standing Order No.17, but I do not think that this applies.

Finally, the reason I am raising this objection is that the management of Standing Orders is the responsibility of the Standing Orders Committee, under Standing Order No.152(2). What is being sought to be done amounts to some form of amendment of the Standing Orders and I do not think that this can be done this way. I think it is important---

Mr. Speaker: Which Standing Order did you refer to? Is it Standing Order No.71 or 171?

Mr. Anyona: Standing Order No.171. I said that it allows suspension of business, but I believe that, that does not apply to this particular business before the House. I just want to exhaust the possibility that that might be cited as the authority. I am submitting, therefore, that to do this would mean amending the Standing Orders in a manner which is not provided for. I would have thought that the powers given to the Speaker under Standing Orders No.17(1) and (2) are sufficient to do what this Motion is seeking to do.

Mr. Speaker: First of all, you have raised several questions some of which need my response while others do not. The Vice-President, in moving this Motion, is acting under the mandate of the House Business Committee that considers what business ought to come before the House. Although Standing Order No.17 gives the Speaker a discretion to, on occasion, extend the time, it does not give the Speaker that kind of latitude to waive the Standing Orders for the balance of the day. Standing Order No.171 which you have referred to allows this House to exclude Standing Order No.17. This is what is being intended to be done; that is, to change the period of rising from 6.30 p.m.

(Mr. Sajjad held loud consultations)

Order! There is something strange about you. Can you not concentrate for two seconds? Please do, concentrate for two seconds.

The House is being requested to extend by two hours the usual sitting of the House for the balance of the Session. I am not about to make such a major decision for the House without the House's consent. That is why this

Motion is here, so that you, being the people who will be requested to sit up to 8.30 p.m., will make your sentiments known; whether you want to remain up to 8.30 to do the business of the House or not. If you do not want to sit up to 8.30 p.m., you should say so and we will revert to the usual time. This is a major issue. It is not one of those that the Speaker can do. It is properly before the House. It has come for your decision on whether you want to sit until 8.30 p.m. or not. You should make the decision one way or the other.

Mr. Muite: On a point of order, Mr. Speaker, Sir. I agree entirely with your interpretation of Standing Order No.17. I believe that hon. Anyona is asking the Chair to give the House guidance on the specific Standing Order under which the Leader of Government Business is seeking to base his Motion.

Mr. Speaker, Sir, I understood you to be suggesting or to be advising the House that it is Standing Order No.171. Therefore, I would like to seek your guidance because my reading of Standing Order No.171 is that a Motion may be made either with or without notice; that the proceedings on any specified business be exempted from this or that rule.

Mr. Speaker, Sir, what specific specified business is the Leader of Government Business suggesting he is now moving this Motion on? My understanding is that for Standing Order No.171 to apply, there would have to be some specific specified business which is now being debated and which is sought to be exempted from the Standing Orders.

Mr. Speaker: Mr. Muite, but I thought he has mentioned the various Bills that he wants debated during that time! He has!

Ms. Karua: Mr. Speaker, Sir, I rise in support of the Motion. As a Member of the House Business Committee, we did deliberate yesterday and we agreed that because of the urgency of the pending Bills; that is, the ones that have been mentioned by the Leader of Government Business and those very dear to those of us coming from agricultural areas, namely, the Coffee and Sugar Bills, which we need to go through before we go on recess, it was found necessary that leave of this House be sought to extend the sittings to enable the House to conclude those very urgent Bills before the Christmas recess. I think our voters will not take us seriously if we go home without concluding those very crucial Bills.

For those reasons, I support the Motion.

Mr. Ndicho: Thank you, Mr. Speaker, Sir. I stand here to vehemently oppose this Motion. There was lack of quorum this morning. Imagine lack of quorum on Wednesday morning! By 4.30 p.m. today, the Division Bell will ring here for five to ten minutes for lack of quorum. This House has been closed down various times for lack of quorum. Are you are telling me that Members will be here up to 8.30 p.m.? No way! This Motion will be passed but there will be no quorum at all to back it.

The Minister for Agriculture (Dr. Godana): Where will you be?

Mr. Ndicho: Mr. Speaker, Sir, this Minister was not here this morning and there was lack of quorum. I am sure hon. Dr. Godana will not be here up to 8.30 p.m.

The Minister for Agriculture (Dr. Godana): On a point of order, Mr. Speaker, Sir. My assistant was here to deal with my business.

Mr. Speaker: Order! You are perfectly entitled to do this!

Mr. Ndicho: Mr. Speaker, Sir, I have not finished!

Mr. Speaker: Yes, proceed! I was just saying that in the interests of the House---

Mr. Ndicho: Mr. Speaker, Sir---

Mr. Speaker: Being the custodian of the House, honestly, you know I am at a loss whether I should interfere with you or not. However, I think the Members of this House have the capacity to attend to their duties as Members as and when the occasion arises.

Mr. Ndicho: Mr. Speaker, Sir, as I continue, let me say the following: I agree that the pending Bills are so crucial. For example, the coffee farmers are waiting in earnest for the Coffee Bill. The sugar farmers in the western sugar belt are waiting in earnest for the passage of the Sugar Bill into law, including, of course, the Statute Law (Miscellaneous Amendments) Bill. However, I am saying that going by the tradition and the past practices, if we miss quorum in the mornings and afternoons, I am only pointing out that we are not going to get it at night. My proposal is that instead of us going to 8.30 p.m., where we will be lacking quorum, we have two options; either we extend the sitting hours of the House from the other week after 7th December, or we amend this Motion so that we come here next week on Monday, Tuesday, Wednesday, Thursday and Friday and then we shall finish the whole business. However, asking us to go up to 8.30 p.m., nobody is going to be here.

Secondly, who has caused the delay of these Bills to be concluded? The first culprit is KANU, for making us waste two days here talking about the inclusion of a woman to go to Arusha.

Mr. Speaker: Order! Members do not waste time!

Mr. Ndicho: No! Members misappropriating time.

(Laughter)

Mr. Speaker, Sir, I am saying that because of that reason, and even including unanswered Questions like this morning, when only two Questions were answered because Ministers and Back-benchers from this side were absent. So, we are all to blame and you can see that due to lack of quorum and poor attendance of Members here, we could not form a quorum.

So, I stand to vehemently oppose this Motion and if we want to really sacrifice for those two hours, as the Leader of Government Business, who is my good friend, the Vice-President, is asking, why can we not sacrifice Monday and Tuesday mornings, the whole of Wednesday, Thursday and Friday, next week?

Mr. Speaker: Order! If I may guide the House, to do as the hon. Member proposes, it will require the amendment of the Standing Orders to include those days as sitting days, and that is not feasible. So, could I hear Mr. Anyona? Please, be brief because I want to get rid of this business.

Mr. Anyona: Yes, Mr. Speaker, Sir. I will be brief. First of all, I think, in future, the House Business Committee ought to carefully think about the procedures of the House. Do not come here and try and ambush the House. It means this is an afterthought. I am pleading with them, in future, to be careful since it puts us in a very difficult position.

Mr. Speaker, Sir, having said that, I would like to say that the Bills of which we are seeking to extend time are very important ones. Important Bills require hours when Members are sober and fresh. You do not debate them at night. This is one way of trying to rig those Bills. I think that when we have business like this, what we must do is the normal thing, which is to debate the matters before the House until they are finished.

Mr. Speaker, Sir, there is no law that says Parliament must go on recess on the 7th, 30th or any time at all, as long as there is business. So, because we know that we are going to lack quorum, there is not going to be any serious debate of these issues during those night hours. I would like to propose that we use the usual procedure. If we have to extend the time on an issue-by-issue basis, that may be better because there would have been some debate and you extend time to complete them.

I beg to support.

Mr. Speaker: Very well! I want to get rid of this. Mr. Ndwiga will contribute and then I will put the Question and you decide what you want.

Hon. Members, first of all, we are bringing this Motion because we do not have the time.

Proceed, Mr. Ndwiga.

(Laughter)

Mr. Ndwiga: Thank you, Mr. Speaker, Sir. While agreeing with Mr. Anyona, it is truly necessary that we should find time to finish the business that we have. As a Member of the Committee on Agriculture, Lands and Natural Resource, I wish to draw the attention of this House to the fact that apart from these two Bills, which, indeed, must be passed before we go for recess, this House had referred the Coffee and Sugar Bills to our Committee.

Also, the Cotton Bill, the Livestock Bill and the Fish Bill are ready and are being deliberated on in the Committee. Indeed, all hon. Members would want, before the House adjourns, that all these Bills are debated on and passed, apart from the other business.

So, I wish to urge my colleagues, because of the importance of what we have on the Table today, that we shelve other business. In fact, it saddens me because, as hon. Members of this House, we are telling the world that when we have important business, we are not available and we cannot sacrifice an extra two hours. I think I will be ashamed to be a member of that "club." I wish now to urge hon. Members to support this very important Motion of extending time so that we finish up with the business that we have at hand.

Mr. Speaker, Sir, I would also like to urge the Leader of Government Business to pressurize the Attorney-General - alongside the Coffee Bill - to present before the House next week the Co-operative Bill because passing the Coffee Bill without the Co-operative Bill is useless. We want to urge the Leader of Government Business to make sure that, that Bill is also deliberated upon and passed by the House.

Mr. Speaker: Very well! I think I will dispose of the issue in one way or the other.

(Question put and agreed to)

Hon. Members: Division! Division!

Mr. Speaker: Order, hon. Members! Well, those hon. Members calling for division are only three!

(Laughter)

COMMITTEE OF THE WHOLE HOUSE

(Order for Committee read)

[Mr. Speaker left the Chair]

IN THE COMMITTEE

[The Temporary Deputy Chairman

(Mr. Musila) took the Chair]

THE KENYA WATER INSTITUTE BILL

QUORUM

Mr. Ndicho: Mr. Temporary Deputy Chairman, Sir, there is no quorum in the House. Si, mlisema tuendelee mpaka 8.30 p.m.!

The Temporary Deputy Chairman (Mr. Musila): It is true that there is no quorum. May we have the Division Bell rung?

(The Division Bell was rung)

The Temporary Deputy Chairman (Mr. Musila): Order! Order! Hon. Members, we now have a quorum. So, let us proceed.

*(Clauses 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14,
15, 16, 17, 18, 19, 20, 21 and 22 agreed to)*

(Title agreed to)

(Clause 1 agreed to)

The Minister for Water Development (Mr. arap Ng'eny): Mr. Temporary Deputy Chairman, Sir, I beg to move that the Committee doth report to the House its consideration of the Kenya Water Institute Bill (Bill No.1) and its approval thereof without amendment.

(Question proposed)

(Question put and agreed to)

(The House resumed)

[The Temporary Deputy Speaker

(Mr. Muturi) in the Chair]

REPORT AND THIRD READING

THE KENYA WATER INSTITUTE BILL

Mr. Musila: Mr. Temporary Deputy Speaker, Sir, I beg to report that a Committee of the whole House

has considered the Kenya Water Institute Bill (Bill No.1) and approved the same without amendment.

The Minister for Water Development (Mr. arap Ng'eny): Mr. Temporary Deputy Speaker, Sir, I beg to move that the House doth agree with the Committee in the said Report.

The Vice-President and Minister for Home Affairs (Prof. Saitoti) seconded.

(Question proposed)

(Question put and agreed to)

The Minister for Water Development (Mr. arap Ng'eny): Mr. Temporary Deputy Speaker, Sir, I beg to move that the Kenya Water Institute Bill (Bill No.1) be now read the Third Time.

The Vice-President and Minister for Home Affairs (Prof. Saitoti) seconded.

(Question proposed)

(Question put and agreed to)

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

BILLS

Second Reading

THE COFFEE BILL

(The Minister for Agriculture on 21.11.2001)

(Resumption of Debate interrupted on 27.11.2001)

The Temporary Deputy Speaker (Mr. Muturi): Mr. Ndicho, could you proceed?

Mr. Ndicho: Mr. Temporary Deputy Speaker, Sir, I wish to take less than five minutes to just air my views about this very important Bill concerning the coffee sector.

We all know that, sometime back, coffee used to be the number one foreign exchange earner for this country. Subsequently, it was overtaken by other sectors such tea and tourism. Coffee lost its position as the country's number one foreign exchange earner due to negligence by farmers in tilling and taking proper care of the crop. I would like to congratulate hon. Members of this House for passing the Tea Bill last year. Today, tea farmers go home smiling. Today, the returns for a single tea farmer range between 80 and 85 per cent, while returns for a coffee farmer range between 20 and 30 per cent. These are the areas that we would like to correct so that the coffee farmer enjoys the same benefits and returns as the tea farmer.

Mr. Temporary Deputy Speaker, Sir, I support the amendments that have been brought up by the Departmental Committee on Agriculture, Lands and Natural Resources, as well as what the coffee farmers themselves have recommended. We want to minimise the brokers between the farmer and the market. As long as there are so many people handling coffee between the farmer and the market, the farmer cannot benefit because everybody demands a commission for whatever he has done, be it transportation, roasting or marketing. I support the view that between the farmer and the market, there should be only one or two intermediate handlers. This will, perhaps, be the coffee miller. For the avoidance of conflict of interest, let, for example, the Kenya Planters Coffee Union (KPCU), the coffee miller, have a subsidiary company to sell coffee for the farmer. The situation should be such that between the market and the farmer, only the miller and that subsidiary company can handle the milled coffee. The miller should take a small commission and the rest of the proceeds should go to the farmer. This is the only way in which we can revive the coffee industry and the economic growth in this country. It is the only way in which we can also minimise thuggery and corruption in this country. This is because coffee would generate a lot of wealth, and so many young people who have got nothing to do would find some work in the coffee industry. When they have something to do within the coffee industry, violence and insecurity will be things of the past.

Mr. Temporary Deputy Speaker, Sir, it is not only coffee farmers who matter. We are also earnestly

supporting all farmers in this country, including the sugar-cane, cotton and the dairy farmers, fishermen and everybody else. That is why I would like to call upon the hon. Members of this House, who not necessarily come from the coffee growing areas, to support coffee farmers so that when their Bill comes before the House, we shall support it.

We are talking about the amendments to the Coffee Act, but it must be noted that without also amending the Co-operative Societies Act, we might find ourselves having a very good Coffee Bill but, on the other hand, being inhibited in its application by the Co-operative Societies Act. So, I would ask the Minister in charge of the co-operative societies to make sure that in no time, he also brings amendments to the Co-operative Societies Act here so that it is also amended and made to conform with the amendment law relating to the coffee, tea, pyrethrum, fishing, dairy and cotton sectors. It should be amended as well.

All we are saying, and I know the Minister knows this, is that we want to minimise the overheads incurred between the farmer and the market. I visited Germany with Mr. Gatabaki and Mr. Nyanja some time back, and recently Mr. Ndwiga also was in Costa Rica, Colombia and the European countries. We were astonished to find out that coffee farmers in those countries are so rich. Mr. Ndwiga told us that farmers in those countries are so rich that they have to wait next to their radio sets in the morning to be told that this and that road is now clear and farmers can get out of their houses and go to work or to town. This is because if everybody comes out the way we all come out in the morning, the whole transport system will collapse.

There was a time when the coffee buyers in Europe, especially in Germany, came to Kenya and they wanted to meet the coffee farmers. The whole thing was publicised and a chief was told to gather the coffee farmers together. A District Officer and the District Commissioner were there. So, farmers came out to meet the people from Europe who buy their coffee. They were dressed in tattered clothes and had no shoes. They were all in the field waiting to see the people who buy their coffee. When the *Wazungus* came, they protested to the Government that they did not want to meet the coffee labourers. They said that they wanted to meet the real owners of coffee. So, there was a fight between the *Wazungus* and the DC because the *Wazungus* thought that they were being cheated that those were the coffee farmers. So, they were told that those were the coffee farmers. They were astonished when they related the amount of money they pay for this commodity in Europe to its owners, who could not even afford to buy new clothes. This is what we want to remove.

We want all coffee farmers to be empowered. We want them to enjoy their money. When coffee is sold in Europe in dollars - I think the Government had improved on this one - let the coffee farmer also be paid in the hard currency. If it was sold for US\$100, the farmer should be given US\$100. The exercise of converting that money from the foreign currency into the local currency is not transparent. A farmer in the rural area does not know how those calculations are done. There are some "thieves" out there who will do the calculation and "steal" from the farmer. So, let the farmer receive his dues in the currency the coffee was bought in.

As I conclude, we are saying that we want the coffee farmer to be like the banana farmer. The banana farmer picks his bananas from the shamba, takes them to the market somewhere in Kisii, and then a *Mzungu* comes and says: "Mama, I want this bunch of bananas". He asks the seller whether she would take a dollar or a Sterling Pound and then the farmer goes home with her money the way it was paid by the person who bought her bananas. This is all we are talking about.

Finally, I cannot talk about the coffee industry without touching on the role of the Coffee Board of Kenya (CBK). We want the CBK to stay away as much as possible from the marketing of coffee. The CBK must only be a regulatory body. That is all the Bill states. For a long time, the CBK has messed up with the coffee farmers' money. Right now, I know it has put up a spirited war, arguing that it has got about 800 employees. All we are asking is for those 800 employees to be given their money, and the CBK should be manned by less than 10 people. Its role will be about policy and regulation.

Mr. Temporary Deputy Speaker, Sir, I am happy that the Minister has seen to that, and has supported that the CBK should be kept out of coffee marketing. Also, I hope the Minister has also removed the provision that there will be three people from whom the Minister will choose the Chairman of CBK. If he has removed that provision, then I am happy. This is because we want to remove tyrannical tendencies. We want the Chairman of the Coffee Board of Kenya to be responsible for the farmers' activities. But if there is something going wrong in the coffee sector, he should be asked.

The Minister for Agriculture (Dr. Godana): On a point of order, Mr. Temporary Deputy Speaker, Sir. I do not think Mr. Ndicho is in order to argue about things which are out of this Bill. He has admitted that he has not read the Bill, but he is spending a lot of time warning the Minister about the appointment the Chairman of the Coffee Board of Kenya, something which is indicated in the Bill, in black and white. The relevant clause reads as follows: "The Board shall elect its own Chairman". So, am I in order so to say that he is irrelevant.

Mr. Ndicho: Mr. Temporary Deputy Speaker, Sir, I am commending the new Minister for Agriculture

because, it is during his era when the coffee farmers were liberated. We are looking forward for him to become the President, possibly in the future. I think he is not doing badly. The Minister is pointing at me. Sometimes when he is out, he says that he wants to be the President. He does not want to mention it here because he will be asked: "Wewe unasema unataka kiti hiki, enda kando..." So, he must choose! If the Minister is doing good things like this one, we are looking upon him becoming the President of this country. He knows what I am talking about.

With these many words, I beg to support.

The Assistant Minister for Education, Science and Technology (Mr. Karauri): Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to support this Bill.

I agree with almost everything in this Bill except that there is no clause in it which says how we are going to improve the production of coffee. The Bill talks about coffee regulations. If there was no coffee, then what will you regulate? The Minister must think of setting up a coffee development fund. The Minister and everybody else may think that the coffee development fund will be the first one to be established in this country, but already, we have the Kenya Sugar Authority Fund (KSAF), which assists the sugar industry. The sugar industry has been killed by other factors, but not by the KSA fund. The KSA has been rendered ineffective by the importation of sugar. The KSAF is a fund which used to assist the sugar-ane farmers.

Mr. Temporary Deputy Speaker, Sir, we would like the Minister to set up a fund to assist the coffee farmers in the production of coffee. It is not enough to put regulations in the coffee sector without money. If the crop fails, those regulations will be hanging in the air. I must say that, sometime ago, the SACCO societies were started by people who were earning salaries. They contributed money on monthly basis and formed co-operative societies. After the formation of these societies, I am afraid to say that Government attention was diverted elsewhere because they equated those co-operatives with farmers' co-operative societies. So, the Minister in charge of co-operatives, thereafter, started looking at all co-operatives as if they were equal and forgot that the farmers co-operative societies were crucial to the country because they were major foreign exchange earners. The other co-operative societies may be assisting individuals farmers and they do a lot, especially during this era when banks have inflated their interest rates. It is only the SACCO societies that are assisting people in this country. Farmers are able to pay school fees for their children through loans got from SACCO societies. They can even buy land using such loans. Banks cannot be used for the same purpose because they have killed the morale of many people.

Mr. Temporary Deputy Speaker, Sir, let us look at farmers' co-operative societies very seriously. Let us look at them again, even after the mushrooming of the SACCO societies for the employed people. What is the use of saying that Kenya is an agricultural country when we are doing nothing for agriculture? What are we doing to promote coffee production in this country? The prices of coffee may go down and once they have gone down, the farmer should be assisted. I think that is why the STABEX funds come in. The STABEX funds must be utilised properly and must be given to the farmers, not only in terms of equipment, but also in cash form.

Mr. Temporary Deputy Speaker, Sir, as I speak here, there are 12 coffee co-operative societies in my constituency. Those societies have been allowed to take an average of Kshs500,000 from the STABEX fund for farm equipment. Some farmers have been allowed to take Kshs700,000. When you look at it, you wonder. You may give the farmer fertilizer and chemicals for spraying his crop, but if you do not give him cash to pay his workers, how will he use those inputs in his farm? The farmer needs those farm inputs very seriously, but whoever is handling the STABEX funds must think of the farmer getting a little cash on the basis of his produce so that when he gets the materials, he can afford to pay for the labour force used to spray his crop with chemicals.

Mr. Temporary Deputy Speaker, Sir, an old man like me, without another hand to assist in my coffee farm, cannot apply fertilizer and spray chemicals alone. So, the farmer needs some cash very urgently in order to apply the farm inputs on his farm. Otherwise, the materials given will go to waste and the farmer may even be forced to sell some farm inputs at a very low price to those who can want to buy them. Let us be extremely practical when talking about farming.

Mr. Temporary Deputy Speaker, Sir, we must devise a way of assisting the farmer. An initiative must come from the Ministry of Agriculture on how to add value to coffee. We buy Nescafe made from some other countries which may not be producing coffee. Such countries use our coffee, blend it with a lower quality coffee and then sell it to us at a very high price. The lowest grade of coffee is sold at a very high price. There must be an initiative in improving agriculture because our country is an agricultural economy. Even if we are talking about industrialization by the year 2020, let us start by industrializing the agriculture sector because we are an agricultural country. Let us start canning meat, roasting coffee, packaging it and selling it as a final product. That is how we can start industrialization. We may just be talking about industrialization, but if we are not starting at the right place, we will fail somewhere in the middle.

Mr. Temporary Deputy Speaker, Sir, production of coffee is linked to its price. If the farmer is not paid

well, he will not continue to produce coffee. All coffee estates in Kiambu have been turned into commercial plots. People are now buying those plots and constructing houses because coffee is no longer valuable.

Even at its age, I am sure the Chair knows that at one time, coffee was referred to as "black gold". Coffee was equated to petroleum in Arab countries. But today, we may complain of international market, but if the farmer is provided with the fertilizer, spray chemicals and be given some money to employ people, he will produce high quality coffee and he will always get money. Even if the farmer is paid Kshs10 per kilo, if he has produced coffee worth Kshs20,000, he will always have money to pay school fees for his children.

Mr. Temporary Deputy Speaker, Sir, poverty in this country has been brought about by lack of cash crops. In areas where there is no cash crops, the farmer grows his maize and sells some in order to pay school fees for his children and do other things. But if he had a cash crop that is paying, then he would grow food crops for consumption at home and there would be no famine.

Mr. Temporary Deputy Speaker, Sir, I would like to say that the coffee co-operative societies have been "killed" by the Department of Co-operatives, which is now under the Minister's docket. I am saying this because I have been in the coffee industry for a long time, as a small-scale farmer and a politician. Although the Co-operative Officer does not have powers now--- I agree with the hon. Members who have said that the Co-operative Act should be amended, if we want this Bill to be effective when it is passed. I would like to point out that the Co-operative Officer can deny people their rights and they have nowhere to go. Farmers can elect the officials they want, according to the current law, without any supervision and the Co-operative Officer can say that he is not empowered by the law to be the supervisor of those elections. After farmers have carried out their elections, the Co-operative Officer can insist that the former officials are the right people and the farmers can do nothing about it.

I know of a case in a co-operative society, which is in my constituency, where the committee has rejected the chairman, but when they go to the Co-operative Officer, he tells them that they should go with that chairman to his office before he listens to them. What should the farmers do in this particular case? When nine committee members who have elected a chairman have decided to throw him out and elect somebody else and then go to see the Co-operative Officer to formalise the election, he directs them bring that chairman. He further tells them that if they do not go with the former chairman to his office, he will not listen to them.

Mr. Temporary Deputy Speaker, Sir, it was the Co-operative Officers who killed the co-operative movement. I am saying this because they diverted their attention from the farming co-operative societies to SACCO co-operative societies, which are owned by employed people. We should change the Co-operative Act in order to allow for supervision of elections, give somebody authority to be in charge of supervising those elections and define when they should be held. This should be the case, whether elections will be held after two or three years. The current Act says that members will sit and elect their officials. I think the change was too sudden and we are suffering as a result.

In Meru North, we have the Meru North Co-operative Union. All the societies which owned that union were dissolved and we formed new ones. I would like to point out that this union still exists using the property which belongs to those societies which are non-existent today. We have raised this issue and written letters to the Commissioner of Co-operatives because the Meru North Co-operative Union owns property here in Nairobi, for example, Nyambene House. This union also owns property in Ruaraka, Nanyuki and Meru Town. Does the Chair know what happens? I would like to inform this House that for the last ten years, the monthly rent of about Kshs600,000 has been going to a few individuals' pockets. About five or six people were left in an office somewhere and they collect that rent and share it among themselves. They have been sharing Kshs600,000 per month, for the last ten years. That is the reason why I am saying that it is the Co-operative Officer who has killed farming. When we complain about this, they say that it is politics. I hope that the Minister is listening today and the Co-operative Officer is here today. The Meru North Co-operative Union exists and it is headed by people whom we do not know. These people collect rent of about Kshs600,000 per month which they share among themselves. I do not see the reason why the union should remain undissolved, if the co-operative societies were dissolved. This union should be dissolved and the property reverted to those co-operative societies. So, we have a problem, which the Minister should solve.

Mr. Temporary Deputy Speaker, Sir, when the farmers say that they would like to have a farmers' bank, I support them because we started the Co-operative Bank of Kenya with the hope that it would assist them. What happened? The Co-operative Bank of Kenya started charging interest at market rates. The Second Coffee Improvement Project (SCIP) which was being funded by the Nordic countries was withdrawn because they said that they gave us the money at an interest rate of 4 per cent to lend to the farmers but we lent it out at 16 per cent interest rate. So, SCIP was withdrawn. We would like a farmers' bank which can assist farmers to be established. This bank should not operate in the same manner as other banks. The farmers will know that, that is their bank;

they are the directors, and the interest rate should remain extremely low. I am about to finish my contribution.

On the coffee cess money, it is God who knows how it is utilised. If you ask the Coffee Board of Kenya (CBK) about the cess money, they will tell you that they distributed it to the districts. In my district, the coffee cess money is only spent by the coffee representative, whom our people throw out the other day. I hope that the next representative will not be given authority to use all that money to employ the number of people he wants, and say that he has fixed culverts here and there and so, Kshs5 million or Kshs6 million is over within two weeks. We should streamline this. I would like to point out that the money, which is meant for the farmers, is misappropriated. The coffee cess money is supposed to improve access roads which serve coffee factories and areas. Instead of this being done, that money is not properly supervised. We would like this matter to be investigated properly. When people complain in the field, especially, our friends in the Opposition, the matter should be investigated properly. Somebody should not just say that, that is politics. It is true that it is politics, but this is a political country! When somebody complains about something, investigations should be carried out to establish whether it is true or not. Whenever farmers complain about something, thorough investigations should be carried out. They should be addressed and allowed to ask questions. If they are dissatisfied with a co-operative officer in their district, he should be transferred from that district. If you think that, that officer does very well in that district, why should he not be transferred to another district so that he can also perform well there?

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

Ms. Karua: Mr. Temporary Deputy Speaker, Sir, I rise in support of the Bill, subject to the amendments that have been proposed by the Departmental Committee on Agriculture, Land and Natural Resources, and other amendments that hon. Members are working on. I join those who have underscored the need to review the Coffee Act. Today, farmers are not the owners of the coffee. It is the brokers or the middlemen who benefit from the coffee. Year in, year out, farmers have been told that their coffee did not yield because the levies charged by the middlemen sometimes exceed the amount of money the coffee has been sold for. All that the farmer gets is a deficit for that year. Instead of the farmer getting so many shillings per kilo, he is advised that he is minus Kshs3 per kilo. It is illogical to expect production to continue in this kind of situation. That is why I appreciate the amendments proposed by the Departmental Committee on Agriculture, Land and Natural Resources to Clause 34, to put specific percentages of the levies each agency is supposed to collect from the farmers. These include the marketing agency and other agents. We should have an upper ceiling, beyond which any of the agencies cannot charge to ensure that, at least, the farmer gets close to 90 per cent of the returns of the coffee for himself.

Mr. Temporary Deputy Speaker, Sir, many hon. Members have contributed about the proposed Coffee Development Fund (CDF) which is, again, an amendment being proposed by the Departmental Committee on Agriculture, Land and Natural Resources. I support this amendment. The Minister has proposed the Coffee Levy Fund (CLF). That is not enough. The CLF is supposed to go to bodies like the Coffee Research Foundation and other agencies that are regulating the coffee industry. The Coffee Development Levy (CDL) is supposed to create a fund which will enable farmers to be paid soon after delivery of their crop. It is not difficult to establish this CDL. We do not even have to go as far as Costa Rica or any other country, to find examples. We have our own parallel in the tea industry, where a farmer is paid upon delivery and before the sale of the tea to the countries that are buying from us. The fund that pays the tea farmers was created from deductions from the farmers. The difference between the coffee and the tea industry is that the tea industry, even at its worst, was still efficient to a large extent. To a large extent, the money was looked after well. They were able to establish a fund from which the farmers could be paid in advance.

It is, therefore, not difficult to charge a small levy which will help us to establish the CDF, from which we can pay our farmers in advance. It will also help during the marketing stage not to sell our coffee when the market conditions are not favourable. We shall then be able to gauge the market, wait and only sell when it is profitable to do so. We do not expect, therefore, the Government to resist this particular amendment because it will be largely contributed to by the coffee farmers' money, and not by Government's contribution. In any event, the Government being a major beneficiary from the coffee industry through the taxes paid by coffee farmers and the foreign exchange earned, must also put some money back into the industry. So, we would not understand if the Government were to hesitate and oppose the establishment of this CDF.

Mr. Temporary Deputy Speaker, Sir, those hon. Members who have spoken have actually pointed out correctly that we need to streamline the Co-operative Societies Act alongside this Coffee Bill. The problem with the co-operative sector is not even so much the Act. It is the manner in which the people in the Co-operative Department perform their duty. When complaints are made to the officers in the field and they seek authority from the Commissioner of Co-operatives and his officers at the headquarters, the bureaucracy is such that it takes months sometimes to get something done. In the meantime, a small dispute will have flared up to a full scale riot or war in a particular area.

The Minister needs to look at what is happening in the Co-operative Department. He should weed out officers who cannot perform and ensure that farmers are given value for their money. We do not have to be forced to seek the Minister whenever there is a small problem because he has officers in the field. There is a lot of corruption in the co-operative industry. I am not blaming the co-operative officers only, but I am blaming the Provincial Administration as well. They are jacks of all trades and masters of none. When they hear of a co-operative dispute, they rush to arbitrate, and without seeking the advice of the co-operative officers, they make decisions or purport to give directions to the co-operative officers. Could the Minister ensure that he properly briefs his officers for them to understand that they do not take orders from the Provincial Administration, and that they should only take orders from the Co-operative Department? We have cases where the administration, the co-operative officers and police officers earn regular amounts of money from co-operative societies. It is, therefore, in the interest of these three departments to fuel disputes, so that the warring sides can keep on paying them. We have even cases where DCs have taken bills for repair of Government vehicles to co-operative societies, claiming that their vehicles broke down when they went there to quell a dispute. We need to look at what is happening in this industry because mere amendments to the Act will not help. Is the Co-operative Department fulfilling its role of enlightening farmers? We do not need Government interference. I have no quarrel with the present Act not giving much powers to the co-operative officers. What the farmers need is information and not a heavy hand from the Government. Today, how many co-operative members know their powers under the Act? How many know that they have a right to demand certain information and the right even demand meetings? Are the co-operative officers telling the management committees that they cannot bar the farmers from legitimately convening a meeting? These are the issues. We are saying unless they are addressed, our amending the law here will not help the farmers.

Mr. Temporary Deputy Speaker, Sir, there have been numerous calls for a farmers' bank. The question is: If the Co-operative Bank started as a farmers' bank, what will stop a newly formed farmers' bank from deteriorating to where the Co-operative Bank is? We cannot keep on asking farmers to incur expenses, bringing up new organisations where there are existing ones. We should be calling for the restructuring of the Co-operative Bank by taking it back to the farmer and ensuring that it is removed from the operations of commercial banks, so that it can truly assist the farmers in accessing easy and cheap money. Currently, if the Co-operative Bank was to be audited by an independent auditor, I believe a lot of shockwaves would go through the entire country.

Mr. Temporary Deputy Speaker, Sir, we know of instances where money given as grants has been loaned to the same farmers who were supposed to benefit. Instead of a small amount of interest being levied to cater for the service, it is loaned at commercial rates. The best example and the closest one, is the SCIP. The money that was supposed to be lent to the farmers at very low interest rates was eventually loaned at 15 per cent, with the Government making money unlawfully and irregularly out of that money. We need to check all these things.

Mr. Temporary Deputy Speaker, Sir, the other departments I would like the Minister to take a look at is the audit department of the Co-operative Department. Corruption is ripe in the audit department. They audit societies and even when there is embezzlement, they collude with officials in order to coverup such crimes. And even when they unearth embezzlement, co-operative officers collude with the guilty embezzlers. I know one case in my constituency where the co-operative officials actually asked the society members to forgive those who had embezzled. Instead of enlightening them on how to follow up the money, they were asked to forgive. So, it is a disservice that the auditors and the co-operative officers are colluding with errant officials to occasion loss to the farmers.

Mr. Temporary Deputy Speaker, Sir, another area where the coffee farmers is losing money through the operations of the co-operative is the big unions. Today, the district unions in most places have ceased to charge levies. Why does the Minister not examine whether they still have a role? What are we still doing with the unions at this time? We need to have their assets distributed; not to the individual members, but to the individual societies and factories. People have continued to profit from the sweat of the farmers for many years, through cartels. That is the money that is being used to orchestrate campaigns and cause havoc in the coffee industry.

Mr. Temporary Deputy Speaker, Sir, as I wind up, with regard to cess, it is time the Minister considered returning that cess to the District Roads Board, but with a schedule showing which money belongs to which factory, and with a rider, that the factory committees will prioritise the roads they want the Roads Board to attend to. After all, there is a representative of coffee farmers in most Roads Boards. So, there is no need to have parallel committees that are not elected by the farmers. The committees we currently have were hand-picked by the Coffee Board, and it is irregular that the farmers' money continues to be spent by the people not elected by the farmers.

Mr. Temporary Deputy Speaker, Sir, finally, we would like to urge the Minister to consider not extending, even by a single day, the term of the current Coffee Board. I would like to say openly that, the Minister

has already extended the term once, and our farmers are tired of this Board. After we pass this Bill, the Minister should burn his midnight oil, making rules for elections, so that we can hold elections in January. Farmers should not be forced to continue having an undemocratic Board beyond this year. We are also urging the Minister to ensure that what happens in some organizations does not occur at the Coffee Board. We do not expect this Board to continue awarding tenders for supplies for the whole of next year and, yet, their term is coming to an end. The Minister should ensure that there are no further tenders, unless for the very essential and very short-term items. It is important that we safeguard the farmers' interests.

Mr. Temporary Deputy Speaker, Sir, we are aware that there are certain tenders which were for items to last the whole of next year. How can the Board expect us to believe that they floated that tender in good faith, when they were very much aware that their term was coming to an end? We would like to urge the Minister to ensure that during this interim period, the interests of the farmers are looked after.

Mr. Temporary Deputy Speaker, Sir, we have also not forgotten that KPCU is a farmers' organization. Unfortunately, like the Coffee Board, it has not lived up to its role. Its charges for milling and other services to the farmers are not favourable compared to other commercial entities. It is like another Co-operative Bank. So, we are not ready to discard farmers' organizations, but they must pull up their socks. Could the Minister consider taking up the necessary steps to streamline the operations of KPCU, so that it truly represents the farmers? I am also proposing that the Minister considers an independent audit of the both the coffee Board and KPCU. Maybe, the farmers' will then appreciate why their coffee is not yielding returns. If the audit department of the co-operatives were to live up to their expectations, they would reveal where the coffee farmers money is. Even when the coffee market has been bad, it has never been bad to the extent that the farmer cannot even get money to cover the costs he incurred in funding coffee. It is all going into lavish spending by officers who are manning farmers' institutions, notably the Coffee Board and the KPCU.

With those few remarks, I beg to support.

Dr. Anangwe: Thank you, Mr. Temporary Deputy Speaker, Sir for giving me the opportunity to make my contribution to the Coffee Bill, 2001. From the outset, I support this Bill because it is an important contribution in ensuring that the coffee industry performs to the expectations of the farmers and Kenyans in general.

Mr. Temporary Deputy Speaker, Sir, however, we need to be sure of one thing; that this particular Bill embodies the spirit in the Sessional Paper No.2 of 2001, which had addressed issues of liberalization and restructuring of the coffee industry. If we may recall, in this particular Sessional Paper, the primary objectives of the liberalization of the coffee industry were: To separate the regulatory and the marketing functions of the various institutions, as well as to increase the efficiency in the structure and institutional management within the coffee industry. The other objective was to remove conflict of interest, and to ensure that privatisation is efficient. These are the issues that one would have expected that they find expression in this particular document.

Mr. Temporary Deputy Speaker, Sir, I have tried to analyze this Bill very closely, vis-a-vis the Sessional Paper No.2 of 2001, and I am not quite sure that, that particular spirit is effectively embodied in this particular Bill.

Clause 7, Sub-clause 1, with regard to objects and functions of the Board is very general. It says:-

"The objects and purpose for which the Board is established is to promote the production, processing and the marketing of coffee, and generally, to regulate the coffee industry".

In this particular clause, I do not see any separation between regulatory and the marketing functions. Because, here it is talking about regulations, production, processing and marketing, to be under the purview of the Coffee Board. I know, in terms of interpretation, one can easily proceed as if business has not changed. It may be business, as usual. One looks at an objective like "to promote the production, processing and marketing of coffee", promotion can mean many things to different people. It may mean, continuing the way we have been doing in respect of the Coffee Board.

Mr. Temporary Deputy Speaker, Sir, all we are trying to say is that if, indeed, it is the objective of this particular Bill to separate the functions of regulation from those of marketing, I think, it should be very explicit. One way of doing this, is to be sure of what the regulatory functions entail.

Mr. Temporary Deputy Speaker, Sir, in my opinion, any regulation entails three fundamental things: One is to set the standards of whatever sphere of life one is trying to regulate. Secondly, one must be able to detect deviations from these standards and, third, one should be able to develop the capacity to enforce. Other issues become irrelevant. So, if to the extent that, that is what regulatory functions entail, I would have expected that the various objects and functions that have been earmarked for the Coffee Board should directly address these basic parameters in the regulatory framework. I do not see the relevance of bestowing on the Coffee Board the function of registration and licensing. I know one needs some order, but sometimes this kind of order that one is trying to put in place in legislation of this nature may end up stifling the objects and the ultimate intentions of creating this

kind of regulatory framework. In my humble opinion, probably functions related to advisory services, formulation of policies for the various interested parties and, functions to do with the collection of data and carrying out research may be more relevant to regulation. But the way it is, it is an omnibus. One can read in this particular document the regulatory function in relation to the Coffee Board. One can also see that the marketing function could easily still be retained under the purview of the Coffee Board of Kenya, if the interpretation is left to the Board itself, and given that many of the people who are currently involved in the Coffee Board may not be happy with this kind of change. We may formulate a law here but unless this law is very explicit to the extent that it separates these functions very clearly, we may end up in a situation where the Coffee Board of Kenya continues to do things as it used to do before. It may use all sorts of excuses, and since it has a role in the promotion of marketing, it would continue doing the things they used to do.

Mr. Temporary Deputy Speaker, Sir, the issue of increasing efficiency in the structures and institutional management of the coffee industry has to be tackled very carefully. I know that one of the greatest dilemmas that have faced the coffee industry in this country since 1933 is whether or not we should have one agency regulating and marketing at the same time, or separate the two. Indeed, for 13 years, since 1933, there was one agency, up to 1946. But from 1946 up to 1971, there were two agencies, the Coffee Board of Kenya and the Coffee Marketing Board. From 1971 up to now, when we are trying to change the scenario - a period of about 30 years - we have had one agency. What we are proposing is a modification of what used to be there about 30 years ago. We are retaining the Coffee Board of Kenya and instead of having a single agency, we are having a multiplicity of agencies. The reason why there has been a pendulum swinging from one agency to a multiplicity of agencies has always been due to the operational costs involved in one versus two agencies.

In 1971, when there was a change, the rationale and reasons given then as to why we needed one agency was that the operational cost of having two agencies was adverse and disadvantageous to the farmer. One way of improving and reducing those operational costs was to have one agency. That is why the Coffee Marketing Board and the Coffee Board of Kenya merged into one agency in 1971, and stayed as one entity for about 30 years. We are now going back to the era of separate agencies which existed before 1971. The key question which we need to ask is whether or not the new arrangement will compromise the concerns that were raised in 1971 that obliged the Government to create one agency.

In my view, this particular issue has to be addressed very carefully. We may think that we are cutting down on operational costs by divesting the marketing function from the Coffee Board of Kenya and creating several other agencies, for instance, coffee buyers, brokers, dealers, marketing agents, commission agents, packers and warehousemen; and hope that in the process, we are going to cut down on operational costs. In my view, we may be doing quite the opposite of what we think. First of all, we may not have the benefit of economies of scale when one agency is managing all these marketing services. When we have a single agency, the cost of marketing may be lower because of the economies of scale in the sense that it may cost a larger agency less to manage a unit of coffee, be it in kilogrammes or in bags, than when we have several agencies handling small quantities of coffee. In the process, the cost of handling these commodities may increase. So, we have to be very careful. We may be assuming that by creating several other agencies to handle the marketing of coffee, we are cutting down on costs. My fear is that we may be increasing the cost because these agencies will come in. There are certain variables that will remain constant. For instance, when we create several marketing agencies, they have to incur their own overhead and administrative costs. They are not going to forego these costs the way a larger agency would. In addition, we are bestowing the responsibility to handle the proceeds of the farmers on some of the coffee marketing agents. Being aware of the fact that we are in Kenya, where there is moral decadence, what would stop a coffee marketing agent from withholding the proceeds of the farmer, or end up mismanaging the proceeds of the farmer after selling crop. What would stop him from misusing that money? We know of such arrangements in other fields, where agents who are supposed to be acting on behalf of other parties end up swindling them. One obvious case is the law profession. My fear is that we may face a similar situation if we are going to have small agencies; sometimes briefcase-carrying people who may have paid the Kshs70 million or the US\$1 million required by the law. We should be careful so that we do not reach a stage where we get many agencies that are going to increase the cost of handling coffee marketing because there are several of them. Some may end up stealing the proceeds of the farmers.

Mr. Temporary Deputy Speaker, Sir, another set of issues relates to increasing returns to the farmer. I know that, that is a basic fact and it should be the pre-occupation of the agricultural sector in this country. But I am not too sure that by addressing the issues which we addressed in Sessional Paper earlier on, and the ones we have addressed in the Bill, we will have addressed the basic concerns of the farmer; increase of returns to the farmer. What we are trying to do is to re-examine the institutional arrangements and management structures, so that we can cut down on costs. But there is also a limit to this! There are certain things you can cut down on, until

it reaches a point where there is no more cutting. There may be rationalisation in these various agencies that exist as independent institutions, but there will be a point where you cannot go any further. Those costs will have to be incurred. I am also wondering whether with the measures that are being put in place; whether it is restructuring, rationalisation and creating single agencies to regulate, versus several others, we will be able to cut down on costs so that we can turn the benefits of these cost-cutting measures to the farmer. We need to address the other side of price formation. I know the basic problem that we have been facing in the coffee industry; the farmers have lived with nostalgia of the days of the coffee boom of 1976/1977, when the prices went very high up. But in 1989, the prices of coffee fell sharply and have not recovered significantly. The capacity that we developed in this country, when we went out to the World Bank to secure credit to expand coffee production in this country, is because we were living on premises that hinged on the coffee boom of 1976/1977. Indeed, it was only ten years later that we were able to hit the peak period, when we produced about 128,000 metric tonnes of coffee in this country. Since that time, we have not been able to achieve that level again in coffee production.

So, the assumption when we had the coffee boom was that, that particular kind of environment which was very conducive - and returns to the farmers were high - would continue for ever. Somehow, the vagaries of the international coffee market have not been very conducive to continued returns to the farmer. We have to recognise that as a major constraint that we need to address. How best can we address this kind of constraint so that we continue to ensure that farmers are guaranteed higher returns?

Mr. Temporary Deputy Speaker, Sir, I know that we are a developing country and we have limited options that we can play around with. But borrowing a leaf from some of the developed countries, and even some other Third World countries, once they commit themselves to ensuring that there is continued production of a certain crop, say, rice in Japan or even in Korea and elsewhere, they put in place mechanisms that continue to motivate the farmers. They do not leave farmers to the vagaries of the international market. Being in farming business is not one of the most secure sectors. It is always riddled with so many problems. We would need to put in place some institutional arrangements such as where some agencies are able to put up with buffer stocks, or they just buy commodities from the farmers while awaiting an opportunity when the prices would go up.

The other measure would include liaising with other coffee producers in the international arena to create an organisation like OPEC, that is responsible for controlling production and marketing of oil. I know we have the International Coffee Organization, but it has not been very effective in creating a cartel-like structure.

An hon. Member: It died 10 years ago.

Dr. Anangwe: I agree, but I heard recently that there were moves where meetings were being held to elect a Kenyan to be the Secretary General. The Kenya Government should take initiatives in ensuring that this kind of organization for coffee is created so that we can be able to control the production and marketing of coffee. There is an opportunity in the international market and I know many countries and many people in the world are already addicted to coffee. They will continue to consume coffee. There may be a substitute, but it will not be like coffee. So, we need to exploit this particular opportunity to control the production and marketing of coffee, so that we get higher returns. We will face constraints in the international arena in the sense that the coffee consuming countries, particularly the West, will try to put hurdles in the way of strengthening an organization like OPEC, to manage coffee. But we had better get started with this kind of business.

The Minister for Agriculture (Dr. Godana): Time up!

Dr. Anangwe: Mr. Speaker, Sir, who controls time; is it him or the Clerks-At-the Table? Why are they harassing me? Could you protect me from the Minister for Agriculture. He has become the time-keeper.

Mr. Temporary Deputy Speaker, Sir, another issue that we need to address is the role of co-operative societies. I know in Clause 22, there is a provision that every small-holder shall register with a co-operative society. I have my own misgivings about obliging a farmer to belong to a co-operative society. The reason being that some of these farmers' organizations end up being part of the problem. The way we know co-operative societies in this country, we have been trying to improve on their performance by putting in place legal frame-work and amending the law. But even the rules that were formulated about three years ago to assist in the administration of the Co-operative Societies Act never saw the light of day, because civil servants were against the very Act that was formulated. These laws exist in books, but they are not being implemented. I know the Minister has been mooted the idea of amending or reforming the Co-operative Societies Act, and also changing the regulations. But my understanding, having been the Minister for Co-operative Development when this particular law and the regulations were being formulated and knowing the background, is that civil servants did not want to lose the power to control co-operative societies. What they are attempting to do, which, of course, the Minister may be aware of or not, is to restore that particular power to control these co-operative societies. I would, therefore, put some caution that when the Minister is thinking of revising this Act, he should bear in mind that civil servants would wish to recover what they lost when this Act and these regulations were put in place. I would

urge him to re-examine the Co-operative Societies Act very critically and look at the regulations themselves. They were very good. They empowered the co-operator himself to decide on the future of the co-operative societies and even the management committees. They were even empowered to sack co-operative management committees any time so long as three-quarters of them said in any meeting that they wanted to get rid of bad management officials. So, he had better be careful, bearing this particular issue in mind. My suspicion is that, that is what the civil servants are trying to do.

With those few remarks, I beg to support.

Mr. Imanyara: I will be very brief because I know many of the points that I would have liked to make have already been made by the various speakers who have spoken before me. First, I would like to congratulate the Minister for Agriculture. I know many Kenyan farmers are anxiously waiting to see the results of the manner in which the new Minister has taken his work, and we wish him well. I do remember reading, as Dr. Anangwe said, a week ago that while the Minister was away, he was supporting a Kenyan candidature for a senior position within the International Coffee Organization. I wish this was being done when this country used to be felt in the councils of the world, whether it was coffee, tea production or sports. I do hope that the Minister for Heritage and Sports is borrowing a leaf from the Minister for Agriculture to recognise that we need to support Kenyans in whatever capacities they have.

Mr. Temporary Deputy Speaker, Sir, Kenyan farmers, and coffee farmers in particular, have been reduced to spectators in this industry. They no longer have control over any activity relating to coffee. Coffee farmers who did not have to worry about school fees just a few years ago, now watch helplessly as their children stay at home without going to school. Coffee farmers who did not have to worry about buying medicine for their children, watch their children die for lack of little money to buy medicine. A lot of people are looking for salvation in what the Minister is recommending in this Bill. Of course, it is not going to be a cure for all the problems, but we do have what I think is the basis of revitalising this very vital industry. I do hope that very soon, we will be able to discuss the Co-operative Societies Bill because there would be no point in passing this law if there is no law also touching on the Co-operative Societies Act, to go hand in hand with this. Coffee farming in this country and the co-operative movement are very inter-linked.

Mr. Temporary Deputy Speaker, Sir, looking at this Bill and the recommendations that have been made by the Departmental Committee on Agriculture, Lands and Natural Resources, I wholeheartedly support the recommendations and amendments proposed by the Committee. I do not wish to go into them except to say that I support them.

Mr. Temporary Deputy Speaker, Sir, one area that I would like to touch on is research. This country is not paying sufficient attention to research. I noticed that although the Coffee Research Foundation (CRF) is mentioned in this Act, it still remains organised under the Companies Act. For example, one of the only two coffee research stations in this country run by the CRF is situated in my constituency. I would like to recommend very strongly that the two coffee research stations in this country be promoted to become institutes of coffee research within one of the public universities. This is because issues relating to coffee research are critical in a country such as this which has continued to rely heavily on agriculture.

Coffee being one of the prime movers of our agricultural economy, I would very strongly recommend that the Minister considers upgrading the two coffee research stations; the one in Marieni in Central Imenti and the one in Kisii, to be fully-fledged institutes of coffee research under one of the universities, preferably the Jomo Kenyatta University of Agriculture and Technology so that we can benefit from research. A few weeks ago we were told in this House about a Kenyan being sought all over the world because of his expertise and knowledge on matters relating to agriculture. For example, the Ruiru 11 Coffee is a result of Kenyan initiative, but we do not benefit from the research work of our own scientists. This does not just apply to the coffee industry or the agricultural industry. In all areas of research in this country, we do not seem to acknowledge the importance of research.

I do hope that when the Minister comes to reply, he will have something to say about the CRF and the two research stations in this country. Particularly in this era of land grabbing, I would like to be assured by the Minister that the land that belongs to the CRF will not be grabbed. I have had to call public meetings to prevent the land belonging to the research station within my constituency from being grabbed by some councillors. I do hope that the Minister will take some action very quickly to ensure that the assets, particularly the land belonging to the research stations is protected from the grabbers who seem to have extended this disease to coffee research land.

I know that the issues that many hon. Members have spoken about relate to co-operatives. Therefore, I will restrict myself to the issue of coffee today because I know the Co-operative Bill will also come to this House so that we can discuss issues relating to the co-operative movement. The reason why farmers have been crying for a

farmers' bank is not because they want another bank as such. It is because the current Co-operative Bank of Kenya which was started by farmers in this country does not seem to cater for their interests. I do remember that some of the original managers and board members of this bank came from the coffee growing regions and most of them from Meru. In those days the Co-operative Bank used to service the farmers needs.

Nowadays, the Co-operative Bank has been taken over by politically correct individuals. We were told in this House that one of the directors of the Co-operative Bank of Kenya does owe that organisation Kshs250 million while Kenyan farmers cannot raise money to rebuild the societies that have broken down. The farmers cannot afford any loans at low interest rates and yet there are directors within the Co-operative Bank who have taken interest-free loans from the bank and they are not being asked to pay. Kenyan farmers are being declared bankrupt on daily basis because the Co-operative Bank has ceased to be a farmers' bank. That is why there is a cry for a farmers' bank in this country. This is not because people like setting up new institutions. It is because they are frustrated and they do want to see a revision of the original idea of farmers being able to go to an institution which can support them.

Mr. Temporary Deputy Speaker, Sir, when we do talk about farmers' bank it should be understood in the context, that what we require in this country is a banking structure that recognises the fact that agriculture plays a central role in our economy. Therefore, those who man agricultural institutions should be men and women who understand agriculture. If it is the Co-operative Bank or a farmers' bank dealing with the coffee sector, the board of directors should consist of people with expertise and knowledge in matters relating to coffee.

Finally, let me comment on issues relating to input and fertilizers. Today, middlemen have taken over such that farmers have no say in the industry. As Ms. Karua said, the Coffee Board of Kenya is issuing tenders for products that will last a whole year. You will find the same thing happening in the case of inputs like fertilizers. You will find some politically connected middlemen who use political influence like the Provincial Administration to get these unions to buy fertilizer that is unfit for their areas. These fertilizer is bought in bulk such that it cannot even be advanced to farmers. This is because there is no money and also because the type of fertilizer that is being sent to those areas is unfit or has not been tested.

What we require in the coffee industry, and this particular Minister seems to have got this right, is to address the issues facing farmers. I do recognise what Dr. Anangwe said, but we must be careful not to create a situation that led to the same frustration so that people start uprooting their coffee. In this era of liberalisation where our economy is closely linked to the national economy, we cannot pretend to be living on an island. Therefore, what goes on in Brazil also affects the economy in Kenya. To that extent, the vagaries of international trade will affect this country. That notwithstanding, when funds such as the STABEX funds are made available, they should not go to a banking institution that is lending at commercial rates. The funds should go to an organisation or directly to unions that will advance this money to the intended beneficiaries of the fund. It should not go to a bank that is lending at commercial rates and is operating on the normal banking practices of the ordinary commercial banks in this country. We cannot do this and hope that the intentions of the European Union, when it set up this Fund more than ten years ago will be met. I do wish to support this Bill. I hope the Minister will bring the Co-operative Societies Bill as soon as possible because this Bill will not make sense unless the Co-operative Societies Bill is also brought to this House so that the two can operate at the same time.

With those words, I beg to support.

Mr. Sambu: Thank you, Mr. Temporary Deputy Speaker, Sir. As the Chairman of the departmental committee on Agriculture, Lands and Natural Resources, I want to thank the Minister for bringing this Bill to the House. It has been long overdue because we have been operating coffee growing and marketing in this country under a law enacted in the colonial days. This law was meant for the colonial settler and not for the African. It will be a great day when the new Coffee Act will come into effect after this House passes it, it gets assent and the Minister gives it the date of commencement.

This Bill was referred to the committee on 15th August, this year and my committee has heard views from a wide spectrum of stakeholders. We accompanied the Ministry officials to the field several times to gather views from the stakeholders who are the farmers, millers, co-operative societies and people involved in coffee growing and marketing.

Mr. Temporary Deputy Speaker, Sir, we also had here in Nairobi, the opportunity to meet the Mild Coffee Traders Association, Kenya Planters and Co-operative Union (KPCU) and the Coffee Board of Kenya. So, my Committee heard views from the whole spectrum of stakeholders. We collected the views and related them not only to the Bill but also to the Sessional Paper No.2 of 2000 on Liberalisation and Restructuring of the Coffee Industry. So, the views that the Committee has given in its report, which I tabled before this House, are considered views from a wide spectrum.

Mr. Temporary Deputy Speaker, Sir, there are various areas in the Bill where the views of the

stakeholders and those of the Ministry converge. However, there are also areas where the views of the Ministry and those of the stakeholders diverge. There are also areas where various stakeholders have got divergent views. It was the work of the Committee to try and collate all these views and get ideas that will bring a Bill which, when enacted into an Act, will make coffee growing and marketing in Kenya a profitable activity.

Mr. Temporary Deputy Speaker, Sir, we went through the whole Bill and, as I have said, there were areas that, in the end, the Committee agreed with what the Minister has given in the Bill. There are also areas where we found that we diverged or we did not converge with the views given in the Bill.

Mr. Temporary Deputy Speaker, Sir, first and foremost, we concur with the fact that the Coffee Board of Kenya which, hitherto, has been a multi-faceted and multi-functional organisation, must be specialised now and be made to do only one job, and that is making it a statutory body. Up to now, it has been carrying out functions including marketing and even giving credit to farmers. Maybe this is one of the reasons why coffee growing and marketing in this country has moved from being a profitable activity to one which does not bring any good results to the farmer. So, we concur with the Ministry that the Coffee Board of Kenya should do one thing only and that it should be a statutory body. We concur with the representation as given here in the Bill, and as I said, if there will be any areas that we do not concur with, and the Minister does not agree with our view, these will appear in the Committee Stage but I do not want to discuss them now.

Mr. Temporary Deputy Speaker, Sir, as I said earlier, the Coffee Board of Kenya will have to face the reality and be a body which carries out only one function and that is statutory. We hope that when this Act is enacted, the Minister will make it operational as soon as possible so that the time limit given to this Board should cease. We have extended its operation for quite a time. The Minister has had to come to the Committee and we had to agree to allow it to be extended. So, we hope that when we enter the new year, the new board will be elected according to, hopefully, a new Act which this House will hopefully enact.

Mr. Temporary Deputy Speaker, Sir, as I said earlier, there are areas where we agreed and others where we disagreed, with the Minister. I would want to say that we agreed in more areas than in those we disagreed or where we agreed to disagree. I believe that when this new Act becomes operational, it will be an Act which will encourage the Kenyan farmer to increase not only the areas under coffee, but to intensify in the existing areas. We know that the good areas under coffee growing are getting smaller and smaller because of the population increase and, therefore, we have to increase the returns to the coffee farmers to encourage them to stick to coffee.

Mr. Temporary Deputy Speaker, Sir, the new Act will separate the functions, as I have said, and one of the bodies that will be strengthened now will be the Coffee Research Foundation. We, in the Committee, sought the functions of the Coffee Research Foundation as that one of producing a crop which will be acceptable and adaptable to many areas of Kenya. Hitherto, we have had only Ruiru 11. It has done very well, but the areas which are adaptable to Ruiru 11 are limited in this country. We hope that the new Coffee Research Foundation will be able to produce a coffee variety based on the *robusta* crop which can be grown in the lower areas of this country which are not suitable to the *arabica* varieties, including the Ruiru 11.

Mr. Temporary Deputy Speaker, Sir, we have to increase not only the quality of our coffee but also the quantity. One of the problems we face in coffee marketing is that the volume of our coffee is negligible compared to others in the world market. So, we have to increase the volume of our coffee by expanding the areas under coffee production. Because Ruiru 11 cannot grow in the lower altitude areas, then I believe and I want to encourage the Coffee Research Foundation, as existing now and under the new Act, to increase the production of the *robusta* coffee so that low altitude areas, including those in Nyanza, Eastern and Coast provinces should come under the growing of *robusta* coffee. We have to increase the volume of our coffee as I said earlier. Countries which are new in coffee growing like Vietnam have overtaken Kenya in the marketing of coffee. Why? It is because they have the volume. So, we have to get our farmers in the lower altitude areas a variety, and this is *robusta*, which is suitable so that we can increase the areas under coffee and, therefore, increase the volume of the coffee in our country. It is not the only way to increase the volume of coffee, but it is one of the ways to tackle the problems of the world market.

Mr. Temporary Deputy Speaker, Sir, I said that the Committee looked at the proposals about marketing made in the Sessional Paper and in the proposed Act. As I said, there are other areas which we agree with the Minister and others we do not agree with him. We feel that KPCU should have a role, but because the issue will come up at the Committee Stage, I do not want to discuss it now. But KPCU is a farmers' body, which was built by the resources of Kenyan farmers from all regions and throughout the years. It should be given a major role although not a monopoly. We do not accept monopolies because we believe that efficiency comes through liberalisation. We believe that KPCU should be given some recognition for the role it has played and due to the fact that it is owned by the farmers of this country. I want to urge KPCU that, in the new era of coffee production and marketing, they should put in the best efforts in order to make sure that they take their services to outlying

coffee producing areas. At the moment, coffee from all districts, particularly in the western area, has to be transported up to Nairobi to be milled. Sometimes it takes a lot of time to remain in stores in Kitale, Kisii or in Kisumu, while awaiting bulking so that enough quantities are brought to Nairobi for milling. I would urge KPCU to start mobile hauling machines which can move to coffee-growing areas including the Western Kenya, Kisii, Nyanza and parts of Rift Valley. This will save the time of the farmer, from the time of harvesting to the time of marketing. We know that coffee is strongly linked in many areas to the co-operative movement. One of the problems that the coffee farmers have had is not only the falling prices, but also the inefficiencies associated with the coffee marketing. These are problems also attributable to the mismanagement of our co-operative societies. I want to urge the Minister, and I know that he is doing something about it--- I want to strongly urge the people in the Attorney-General's Chambers, or whoever it may be, to urgently expedite the drafting of the new Co-operative Act because given the new Coffee Act, without a new Co-operative Act, marketing or managerial problems will still persist. Also, the coffee farmers may not realise their benefits which will accrue from the new restructured way of handling coffee from processing to marketing. One other area which the Minister, when he will re-draft the Co-operative Act, has to look at is the role the Union Banking Services (UBS) has played because it has played a major role in the coffee development of this nation. We should not cast them aside.

Finally, we cannot develop coffee or any crop without - and this is an area where in Kenya our farmers have had to suffer from - adequate financial package to the agricultural sector. The coffee sector has had some finances pumped into it. We know of the Small Coffee Improvement Project (SCIP I or SCIP II) and a lot of funds were put into the coffee sector through the co-operative society or large-scale estate growers. But up to now, we still have problems in financing our coffee farmers. I believe quite strongly that although the Minister is proposing a Coffee Levy Fund here in the Act, we, in the Departmental Committee on Agriculture, Lands and Natural Resources, strongly believe that it should not be a levy fund, but it should be a Coffee Development Fund. This is because when the Coffee Development Fund is administered by the growers, we should be able to continue sustaining the financing of the coffee farmer. If we have a levy that will be used and will not revolve--- The other funds which have been pumped into the coffee sector for many years have disappeared because there was nobody to manage it. I am urging the Minister to consider our views; that, he establishes the Coffee Development Fund and we have given that in the proposals.

With those few remarks, I want to thank the Minister for bringing this Bill to the House and all the stakeholders, including members of the COTEPA - Members of Parliament are also members of COTEPA - who gave their views to our Committee.

Mr. Muhia: Thank you, Mr. Temporary Deputy Speaker, Sir. I also wish to support the Coffee Bill before us. I would like, first, to thank our farmers who, even after going through very difficult times, have stood steadfast and maintained the growing of coffee. I will take a short time so that we can have many other hon. Members contributing.

First, I want to start by saying that the Government has a public duty to interfere in matters which are of private nature but are public affairs. I am referring to KPCU which is a farmers' body. It is owed by a few individuals, a staggering Kshs1.2 billion. I have not heard what action the Minister is taking to help KPCU recover the funds which, in turn, belong to the farmers. Before I go to the Coffee Bill itself, I know that quite a lot has been talked about the STABEX funds. As late as 2nd August this year, the leader of the European Union delegation, in a speech to the Minister for Planning, stated that there is still Kshs8.5 billion undisbursed funds in the STABEX funds. As we move along, from August to now, I hear the money is between Kshs3 billion and Kshs4 billion. This is the money that should be pumped rightaway into the coffee industry in order to help the coffee farmers go back to coffee farming. Coffee has flowered three times in the recent three weeks, and we cannot wait for money to be disbursed in January or February in order to revitalise it. I am calling upon the Minister to act in concert with the European Union so that all the monies that are meant to be disbursed to the coffee farmers are disbursed immediately. There before, the World Bank gave our Government money for SCIP II, and out of that money, which was misappropriated and misused, the farmers are now unable to pay a staggering Kshs547 million, while that money was lent to the Government at only 0.85 per cent. But the farmer, at the end of the day, was lent at 15 per cent, which means that the Government earns a whopping 8 per cent or 7 per cent from that money and it has made about Kshs1.6 billion. Why can the Government not pay or write-off the SCIP funding of Kshs547 million, so that we can release the pressure from the coffee farmers?

I do not want to talk about STABEX funds any more. We have talked enough about it, and right now, some people are turning it into a political tool. Recently, in my constituency, the Chairman of the Co-operative Bank of Kenya asked the Managing Director to invite the newly-Nominated Member of Parliament, Mr. Uhuru Kenyatta, at a function where STABEX funds were being released. This is so that it appears as if the STABEX funds were being released because of Mr. Kenyatta. This money has been lying in this country for the last 11

years. I think that is very despicable. The Government must stop playing with our farmers' money.

Mr. Temporary Deputy Speaker, Sir, we have talked about the coffee central auction system but we have not addressed the issue of strengthening the existing Nairobi Coffee Exchange. Uganda is already spending US\$500 million to come back to the central coffee auction system. I do not know why the Minister has not dealt with this in the Bill. That is the only way of assuring farmers that their produce will be paid for through a central system. Marketers can come through the Nairobi Coffee Exchange to sell farmers' coffee. I would like the Minister to look into this area and help us to get into the central coffee auction system.

I would like to agree with the Minister regarding Clause 28, which deals with the purchase of coffee from various areas. This will be a very strong position. We are now going to discourage the farm-gate sales, which have caused farmers to realise very little returns for their coffee.

Some hon. Members have suggested that coffee millers should also undertake marketing. I would like to oppose this suggestion. There is no way the miller can become the marketer at the same time. If we allow that to happen, we will be creating a problem. All the coffee millers, except the KPCU, have coffee farms. If we allow coffee millers to also sell the produce, we will not have a system of checking them; the milling losses can be compromised. We will not be able to know the level of milling losses incurred by coffee millers. Currently, coffee milling losses amount to between 20 and 33 per cent capacity. If we allow them to also undertake marketing, the farmer may lose his crop through milling losses of 50 per cent and above. So, I support the idea of separating the milling functions from the marketing functions.

This Bill does not firmly address the question of the support the Government should provide to coffee research stations. I would, therefore, like to propose that the Government increases the research levy by two-and-half times, so that research stations can have adequate funds with which to operate more effectively.

Mr. Temporary Deputy Speaker, Sir, the idea of starting a farmers' bank was conceived because farmers did not have anywhere to borrow cheap funds from. I am not sure whether the idea was a bad one, but I would like to vouch for a system of providing support to farmers. In Malaysia, for instance, coffee farmers receive proceeds for their crop at an interest of 4 per cent. In this country, the Government policy has been to lend 17 per cent of all banks' lending to farmers. However, this does not happen. Banks in this country lend to farmers only 2 per cent of their money. Lending farmers at more than 20 per cent interest is simply killing our agricultural industry.

If we must not start a farmers' bank, we must strengthen the Coffee Development Fund, so that farmers can borrow some money and receive other services from it at a different level. This can be achieved only if the Government allows the establishment of a sectoral bank to deal with farmers. We are not talking only about coffee farmers but rather, about farmers in all other sub-sectors, such as sugar-cane, cotton and cereals, among others. You realise that the STABEX funds are yet to be disbursed. This is because the Government misdirected the funds to finance the cereals sector reform programme. So, the European Union (EU) has declined to further lend some money to Kenya until the money that was misdirected is fully accounted for.

Mr. Temporary Deputy Speaker, Sir, in 1998, the Government allocated Kshs2.3 billion for the rehabilitation of coffee roads but, to date, only Kshs300 has been spent. This forced the EU to force the Government to change the framework of mutual obligation. I hope that there will be no further changes, and that if there is any kind of framework obligation which has not been agreed in a financial agreement, it should be agreed and geared to reviving the coffee sector. We have a capacity to produce 240,000 tonnes of coffee per year, but now we produce 50,000 tonnes. In the year 1999/2000 we produced more than 100 tonnes but the quality of the coffee was very poor; it was so to the extent that the returns came down from Kshs16 billion to only Kshs12 billion. This was a 25 per cent drop in only three years.

So, I would like the Minister to ensure that the Government actually works towards the revival of the coffee industry. As many of my colleagues have suggested, the Co-operative Societies Act should be reviewed, so that whatever farmers do on the ground, translates into returns.

With those few remarks, I beg to support.

Mr. Ochilo-Ayacko: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to make my humble contribution to this Bill.

The importance of coffee to the economy of this country cannot be down played. Coffee is a very important crop. It must be the first or second most important agricultural produce in this country. The fact that this House is debating the Coffee Bill is of prime importance to both hon. Members of this House and to the country at large.

Mr. Temporary Deputy Speaker, Sir, I represent Rongo Constituency. There were times when Rongo Constituency used to grow coffee. Residents of that constituency used to eke out a living from the growing and manufacture of coffee. Coffee is no longer grown in Rongo Constituency because of very many reasons. This Bill should be tailored also to suit the interests of areas that are potential growers of coffee or areas that have grown

coffee in the past and need to re-introduce it.

Mr. Temporary Deputy Speaker, Sir, I have looked at the provision that relates to finance and how such finance may be applied. It has come to my attention that there is no provision for the application of that finance to re-introduction of coffee growing in areas that are potential coffee growers, or areas that grew coffee in the past. For instance, Kasipul-Kabondo Constituency, that is ably represented by Mr. Otula, is an area that grew coffee and needs the re-introduction of its coffee growing.

Currently there is an attempt to replace sugar-cane growing with tea growing, in some areas of my constituency. This attempt is meeting some factors that militate against it. One of the factors militating against it is that there is not enough money to mobilise farmers. Farmers cannot get seedlings or credit with which to prepare land. These farmers are able, alive and are being looked after very well by God, who has not visited any disease on them. So, the only problem these farmers have is that they do not have funds and there is no lending institution that lends to them at rates that are agreeable. The other problem is that these farmers need money and they have to borrow it from a tea agency that is situated in another district. The directors of that tea agency are not very friendly to the interests of farmers from another district.

Now, if you look at this Coffee Bill, you will know very well the areas that grow coffee in this country. We know very well that the demand for the coffee world over is unlimited. In fact, coffee is a crop whose demand is very high, except that we do not manage it very well locally. So, in Kenya, there are many more areas that can produce coffee. So, there is need to enjoin the Board in this Bill to look at these other areas and spare some funds for them. For instance, if farmers in Rongo Constituency, and its environs such as Trans Mara District, which also enjoys similar climatic conditions, are interested in coffee growing, there is need to have some seed-money. There is need to have some research that is also affirmative in that direction. So, if we look at the funding as proposed here and the usage for such funds, it is not explicit that such areas may benefit from the funds.

If we also look at the issues that relate to the rules that may be made under this Bill, you will find that the wording is "The Minister may in consultation with the Board---" I have a problem in a young democracy such as ours when I imagine that there may be a quarrel between the Minister and the members of the Board. If we leave that arrangement to stand as it is, then the farmers may be victims of this quarrel as always is the case when two bulls are wrestling; the grass suffers.

Mr. Temporary Deputy Speaker, Sir, so there is need to add this provision that relates to the rules in such a manner that the polarised nature of politics in this country does not victimise farmers when it comes to quarrels. We have had disputes, wrangles and acrimonious situations in the coffee industry, the details of which I may not divulge now. But we know very well that farmers and millers suffered as a result of such disputes. So, there is need to look at the authority bestowed upon the Minister to make these rules and, probably, put it the other way to appear as "the Board in consultation with the Minister---" In this way the authority that gives rules becomes the Board and the Minister becomes an approving agency. Ministers are necessarily political and politics is politics; it may visit this industry and make all of us suffer: Those who gain by way of taxes, such as the Government, or those who consume the product, as we all do, or those who are employed in this sector--- So, there is need to amend Clause 45 which reads:-

"The Minister may after consulting with the Board---"

There is need to put the rule the other way round to make the Board the primary promulgating authority, so that things can move on. Otherwise, it is very good that this Bill has come at this particular juncture. It is also very good that in this Bill there is desire to have the industry adequately represented in this Board. There are also very good intentions on the part of the Government to regulate this industry, particularly when the appointment of the chief executive is left to the Board. That is a clear indication that there is desire to free the running of this industry and leave it to the stakeholders. If those two suggestions are incorporated so that areas that are interested in growing coffee can be funded and the amendment regarding the rules is effected, my support for this Bill will, therefore, be unqualified.

With those few remarks, I beg to support.

Mr. Mwiraria: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to say a few words on the Coffee Bill.

Let me, first and foremost, declare my interest. I am a small-scale coffee grower belonging to Ruiru Co-operative Society in Meru Central District. First and foremost, let me thank the Minister for having brought this Bill to the House. Coffee farmers are looking at this Bill as their salvation; as the Bill that will change their economic status, make coffee growing worthwhile and allow them to use their land as they wish.

The picture in the coffee economy is really dismal. Where I come from, Meru Central, coffee farms have been turned into maize and beans farms. If you go there today, you will find that where there are coffee trees still standing there are beans, maize and banana plants growing in between the rows. As a result, coffee has been

invaded by aphids and there is very little yield.

Mr. Temporary Deputy Speaker, Sir, as a result of this, I want to fully support the establishment of the Coffee Development Fund. It is a Fund which has been proposed by the Departmental Committee on Agriculture, Lands and Natural Resources. I am supporting the establishment of this Fund because our farmers have not been paid for their coffee for the last three years and, without money, you cannot develop any crop. Coffee, being a sensitive crop as it is, requiring so many inputs and other items to make it really grow properly, cannot be improved unless the farmers have a source of cash. I want to strongly support the Coffee Development Fund in order for the coffee industry to be revived.

Mr. Temporary Deputy Speaker, Sir, let me mention another very serious problem which the Meru coffee farmers face at the moment. This relates to the marketing of their coffee. It may not be known to every one that Meru gets its long rains during the current rainy season. Consequently, the coffee we harvest in Meru is off-season compared to the coffee from Embu and around the other parts of Mt. Kenya. So, since we liberalised coffee marketing, coffee from Meru has been marketed by the Coffee Marketing Board knowingly, as fly-coffee or off-season coffee; poor quality coffee. Consequently, even grade AA coffee fetches extremely poor prices. For this reason, I fully support the liberalization of coffee marketing. I fully support the introduction of several marketing agencies.

Mr. Temporary Deputy Speaker, Sir, I do hope that the proposal made by our Agricultural Committee that KPCU, which is a farmers' body, should, perhaps, have a subsidiary department which should do marketing, be included in the Bill. A lot has been said by some of the speakers who have contributed to this Bill this afternoon, about the need for establishing a farmers' bank. I am one of those who support fully the establishment of the farmers' bank, for several reasons. The first one is that, today Kenya has a cartel of five big banks which have decided to fleece the economy of this nation. The banks have decided to make money, as they say, while the sun shines. These banks are making obscene profits. Barclays Bank which has invested Kshs8 billion in this country makes Kshs4 billion annually in profits. Nowhere else in the world can banks make such kind of profits. They are only able to make such a profit because our Ministry of Finance and Planning has refused to accept its responsibility to give the Kenyan population sources of affordable credit.

Mr. Temporary Deputy Speaker, Sir, it is really worrying to note that here in Kenya, we should let the banks to operate according to the market forces. The biggest economy in the world is America which controls its interest rates. In the last few months they have lowered the interest rates. The Governor of the Federal Reserve Bank, Mr. Greenspan, lowered interest rates eight times. Here in Kenya, we dare not touch the sacred cow; I suppose. What is the reason? If we had a large number of banks, the interest rates would come down. So, that is one reason why I am strongly supporting the establishment of the farmers' bank.

The other reason is that we should not stop being active because we established the Co-operative Bank of Kenya and decided to go the wrong way. If we had known what we know today, when we established the Co-operative Bank of Kenya, we would have instituted stronger controls to make sure that the bank was run by farmers. We have some farmers banking with the Co-operative Bank today, but our Government has a large influence on the Co-operative Bank of Kenya. One of the reasons why the Co-operative Bank is charging high interest rates today is because it has so many bad debts which have been given for political reasons instead of economic. So, I would really urge that the farmers' bank be allowed to operate and be run by the management appointed by the farmers. When I talk about the farmers' bank, I want to be a little broad. It should be a bank that serves all Kenyan farmers. I am including livestock development as part of farming and farming of many other crops, such as wheat, tea, *et cetera*. This is because Kenya is one of the very few countries which have really left farmers to suffer without Government support. I hope, since the Minister is here, he will change the situation because no country in this world leaves farmers to suffer on their own. We need food, which is, perhaps, the most essential and important thing to human life. Unless we are able to provide our people with food, then we are really failing in our duty. There is no point in begging for food year in, year out. We have to become self-sufficient. For this reason, I support the establishment of institutions, such as the proposed Coffee Development Fund, and the farmers' bank to make affordable credit available to Kenyan farmers.

Mr. Temporary Deputy Speaker, Sir, I also support the reduction of the number of institutions which deduct farmers income from coffee production. Those who have spoken before me this afternoon, have talked about the farmers' unions. We have a Meru Central Farmers Co-operative Union, which has outgrown its usefulness. Personally, I would like to see it wound up and whatever assets they have valued and divided among the coffee societies, which established the union initially. Part of the union, which deals with milk, can go to the milk section. There is no reason, in my view, for keeping a body like that existing when it offers no services whatsoever to the society. Before, they used to purchase this commodity in bulk and supply it to the societies. Today, they purchase it at exorbitant or higher prices than we can get at the kiosks. So, this does not pay.

Mr. Temporary Deputy Speaker, Sir, the other point I would like to make is that because people want to survive, the union has become the source of corruption. They bribe leaders from different co-operative societies so that they can keep going. It is for this reason that we should do away with it.

With regard to coffee cess, I would like to urge the Minister to ensure that it is given to the District Roads Committees (DRCs), which, if they do not have a coffee representative, should have one, so that these committees can make sure that coffee factories are accessible even during the rainy season. Today, most of the coffee societies in Meru Central are out of reach during the rainy season. But if the roads were maintained by a central agency, such as the DRC with representation from the coffee societies, they would certainly be useful to the farmer.

Let me conclude my remarks by telling the Minister that those of us who are in the coffee industry look forward to the enactment of this Bill and, more importantly, we look forward to the appointment of the new board and society leaders. It is, therefore, my hope that the Minister and his team will prepare rules and regulations to govern those elections so that we can all make a clean start and have something to celebrate about.

Finally, we should revive the International Coffee Organisation (ICO). I was happy to hear that the Minister has attended a meeting, where they tried to appoint new officials. One of the reasons why we are in such a helpless position is that we do not have the bargaining power since the ICO collapsed several years ago. Mr. Minister, see what you can do to revive the ICO so that it will help our country.

Thank you, Mr. Temporary Deputy Speaker, Sir.

Mr. Gatabaki: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this important Bill.

Let me start by declaring my interest. I am the Secretary-General and Publicity Secretary of the Coffee Tea Parliamentary Association (COTEPA). We formed this Association in 1994 immediately I was elected to Parliament with a group of distinguished Parliamentarians. I am very happy I can see most of them in front here. We formed the COTEPA for one purpose. We did that because we felt that the Government did not care about the farmer. It should not be us, in the Opposition who should campaign for the reform of the agricultural sector. This should be done by the Government. A government worth its salt draws a programme for elections. I would like to point out that there is no Government apart from the Government of Kenya - and I am happy we have a distinguished Minister, who has read International Law and has travelled far and wide - which can win the elections by promising people good things but does nothing. There is no agricultural policy to which you would go for an election; there is no social welfare or economic programme in place. For example, this economy is now growing at the rate of negative 3 to 4 per cent. I would like to point out that 60 per cent of Kenyans survive on US\$1 per day, or live below the poverty line. This is the case, and yet this Government expects to be elected by the people of Kenya. There is nowhere else where people can elect such a Government. Even in hell, you should convince the devil that you are worth of delivering fireworks. This Government provides nothing that they can stand and convince the people of Kenya to elected it.

Let me go back to farming. I would like to say that coffee has been our "black gold". For a number of years, it earned the highest foreign exchange for the Government. So, we would not have gone to the donors to beg for money, if we had cared about our coffee. That is what governments do worldwide. They go for what is comparative advantage and support those sectors so that they can earn foreign exchange and support local production. What have we seen in the last 22 years of this Government being in power and to which this Minister belongs? We have seen systematic destruction of the agricultural industry. I am happy the Vice-President or the alternative Government is here because I support him. Yesterday, we sat down and he convinced me that he went to good schools. I have no doubt about that. He is not a *mtumba* professor, but he did algebra and not economics, which I would like to teach him.

Economies grow by attracting investors, creating jobs and income. Economies do not grow by shrinking or through Harambee systems, taking from "A" to "B" and stealing from one hand and taking to the other one. We have seen the system being involved in the destruction of every single consumable agricultural industry.

Coming back to coffee, I would like to point out that this regime inherited a country that had more surplus than the budgeted provision. I would like to say that coffee fetched about Kshs30 billion every year, while the tourism sector brought in between Kshs40 billion to Kshs50 billion a year. I would like to say that tea equally brought in significant amounts of foreign exchange. The same case applied to sugar, cashewnuts and cotton. Mention every consumable agricultural industry. What has happened in the last 20 years? I would like to say that each crop I have mentioned has been devastated. The crops that generated foreign exchange produce nothing. Sources of employment and income to the millions of our people have been destroyed. We, in Central Kenya, refused to allow our economy to be destroyed. That is why we formed the Coffee and Tea Parliamentary Association (COTEPA). The biggest handicap towards the revamping of our economy is the Government. The Government became the biggest enemy of the people of Central Kenya who were fighting for empowerment of the

farmer. The Government is a handicap to the rejuvenation of our coffee and tea industries. If you go to Western Kenya, the biggest enemy of the sugar farmer is the Government, which allows the dumping of cheap sugar imports into this country.

(Applause)

Mr. Temporary Deputy Speaker, Sir, I speak with a lot of bitterness because the purpose of a government is to empower its people and provide them with security. Now, the purpose of this Government is to destroy and dis-empower the people of Kenya, so that they can forever rule over the impoverished people. I do not want to go into specifics because there is no need of telling this Government the specifics because they will not understand. These people require to be told hard facts and politics. We have seen changes in the tea sector. The tea sector was not changed because the Government of the day wanted it. It was changed because the farmers boycotted tea picking and refused to be exploited. They accepted to lose their crops in an effort to acquire empowerment.

Mr. Speaker, Sir, I remember very well that in October 1993, our beloved President announced the liberalisation of the coffee and tea industries. However, it has taken seven years to liberalise the tea industry and about eight years now to change the coffee sector. These are industries that were generating so much money. I keep on asking myself: Where did these people learn economics? Where did they learn management? Prof. Saitoti, where did you learn your economic management? How did you run the Treasury, without recognising that if you want to generate foreign exchange and expand the economy, you must first strengthen the agricultural sector? No country in the world, which is serious about development, dares not support farmers. So, I feel slightly very happy and slightly very uncomfortable in supporting this Bill because this is a Bill which should have been brought when President Moi took over from President Kenyatta. President Moi ought to have gone out of his way to strengthen the farmer because the farmer supported his succession of President Kenyatta. Now we are talking about the succession of President Moi. What legacy has he left to the would-be-President of this country?

The Minister for Agriculture (Dr. Godana): On a point of order, Mr. Temporary Deputy Speaker, Sir. Are you satisfied that the hon. Member is addressing himself to the Coffee Bill before the House? He is talking about succession. I think the hon. Member should wind up and give the next speaker a chance to contribute. I am also ready to reply.

The Temporary Deputy Speaker (Mr. Muturi): Mr. Gatabaki, you are cautioned to be relevant.

Mr. Gatabaki: Mr. Temporary Deputy Speaker, Sir, I keep on saying that no matter how many facts you give to this Government, it is useless. They will never use those facts. What we are debating here has passed through many years of refinement by the stakeholders in this sector. It is the stakeholders who have brought this Bill to fruition. It is not this Government which initiated this Bill. So, they have no choice, but to support this Bill.

Finally, the people of Kenya are the owners of the Coffee Bill. It is not this Government. In 1993, the President said that the coffee industry should be liberalised, but he did not mean it. That is why it has taken us so many years to liberalise this sector. Mr. Minister, we have gone so far. What we have is a magnificent Bill and we support it. Mr. Minister, I have told you many times that you are welcome. We shall consult with you like we did with your predecessor. We worked together on the Tea Bill which became law. We will work with you if you support the farmer. So, you have no problem, Mr. Minister, because we support you. We have consulted and held dialogue several times. Finally, this Bill is a product of so many stakeholders. So, there will be no choice for this Government, but to enact this Bill with all these amendments because they are fundamental. The purpose of the amendments to the Bill is to finally liberalise this important industry, and to empower the farmer to remove all those impediments and all those middlemen who took over 70 per cent of the farmers' income. We are streamlining the marketing system so that the farmer would be paid more after he delivers his crop. Having passed the Bill, there must be somebody who must take the blame for the dis-empowerment of the coffee farmer. For the last ten years, all coffee farmers, even those who own large estates, are poor people. Did we have to go through that kind of quagmire? Did we have to dis-empower and impoverish the farmer for political purposes?

Mr. Temporary Deputy Speaker, Sir, I would like to thank the House Departmental Committee on Agriculture, Lands and Natural Resources for working so tirelessly to put their experiences in the Bill, the Coffee and Tea Parliamentary Association for their commitment to the farmer and all the stakeholders who have contributed to this Bill. If there is any one crop which has so much literature, it is coffee. This literature is in the shelves and many other places. Since 1993, very many documents have been written on coffee year-in-year-out and no action has been taken. We are now seeing the fruition of those jobs.

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

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

Mr. Temporary Deputy Speaker, Sir, Dr. Godana did a singular job in the Ministry of Foreign Affairs and International Co-operation. There are times I pay compliments to this decaying Government. Dr. Godana should also pay compliments to his predecessor Mr. Obure, for agreeing to open up Government offices. We must pay tribute to those in the coffee industry; to the institution established many years ago. The Coffee Board of Kenya, the KPCU, the Coffee Research Foundation and the Co-operative Bank of Kenya have survived in the environment we are in. It is remarkable that they have survived in the type of environment we are in. Look around and tell me which institution has survived under this Government. The plight of this Government is frightening, but they have survived and finally been able to bring to this House, for enactment, the Coffee Bill.

Mr. Temporary Deputy Speaker, Sir, let me, for once, thank a man that I have been at war with for many years; President Moi. I am sure wherever he is, he is listening, that finally even his biggest opponents are talking good about him. He has been in leadership for 23 years and achieved a quarter century record in political leadership. I would like to thank him for agreeing to see the light at the end of the tunnel and agreeing to step down come next year. It would be terrible for President Moi, having taken his active life in politics, to be thrown out by the people. He has seen the light.

The Temporary Deputy Speaker (Mr. Imanyara): Order, Mr. Gatabaki! We are on the Coffee Bill. Could you, please, stick to what is of relevance to this Bill?

Mr. Gatabaki: Mr. Temporary Deputy Speaker, Sir, the economy is tied up with the presence of President Moi! If somebody else were the President of this country, we would not be in the mess we are in now. He inherited an economy which was growing at the rate of 6 per cent per annum. The agricultural sub-sector was growing at 8 per cent. But we now have a contracting agricultural industry. We must call a spade a spade! That is how powerful this House is. Hon. Members should have the opportunity to speak up their minds. We are elected by the people of this country and they should be allowed to hear what we stand for. I do not want to say more because the amendments which we have proposed to this Bill are so comprehensive.

Mr. Temporary Deputy Speaker, Sir, I only want to persuade my brother, the Minister for Agriculture, to agree on at least two items. He has been very difficult in accepting these changes. He should agree to set up a revolving fund mechanism. There is no crop of this nature which can survive without a funding mechanism. Coffee is fortunate because it has got a financial base. Sometime ago, farmers were deducted money in order to set up a Coffee Bank. These deductions amounted to Kshs211 million. This money should be used to set up a revolving fund for coffee farmers. Since the coffee sector is now liberalised, there will be no funds from the Government. The coffee farmers in this country are demanding that the Government should take the Kshs200 million, which is being held by the Coffee Board of Kenya, and advance it to farmers to purchase coffee seedlings.

We should also introduce a mechanism of taking certain percentages from the earnings of the coffee farmers every year to go into this kind of funding. So, when the crop is doing very well, we will have more money. It is also a fact that when the crop is not doing very well, we will have less money. But there is a funding mechanism which is crucial to the coffee farmer.

Mr. Speaker, Sir, it is now a fact that we cannot borrow money from banks! Nobody can survive by paying a loan at the rate of 30 per cent per annum. So, there must be a mechanism where the farmer has access to funds at affordable rates of about 4 per cent to 5 per cent. There is the STABEX money which was given to us in 1990 by the European Union as a grant. By last year, that money had grown to Kshs12 billion. Those of us in the Opposition were able to investigate and establish the existence of that amount of money. The European Union, in their own wisdom, under the European Union and African Pacific and Caribbean (ACP) countries agreement, gave Kenya that amount of money to help in reviving the Export Stabilisation Fund. But the Government used it for other purposes, including funding other mechanisms which are outside the agricultural sector.

I am sure that there is about Kshs5 billion of this money remaining and it should be used to set up the Coffee Bank. So, we are not asking the Government to take money from its own coffers. I am told that nobody is willing to give money to Kenya. When the President abused the out-going British High Commissioner to Kenya yesterday, that marked the end of funding from our friends, the British. So, the Government should set up the Coffee Bank because the funds will come from the farmers themselves!

Mr. Temporary Deputy Speaker, Sir, we must find a way of going about this issue of value adding. I know the Chair travels far and wide, but have you ever seen Githunguri coffee in any of the supermarkets outside Kenya? Despite having one of the best coffee, tell me where you can see Kenyan coffee. It is nowhere because our quality has gone down. It is used to blend with Vietnamese coffee. We get mixed coffee with all kind of rubbish.

The Temporary Deputy Speaker (Mr. Imanyara): Order, Mr. Gatabaki!

The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs, Heritage and Sports (Mr. Osundwa): On a point of order, Mr. Temporary Deputy Speaker, Sir. Coffee is a very dear crop to most of us and we have heard a lot of contributions from our colleagues from the other side. I wish to propose that the Mover be now called upon to reply.

Hon. Members: No! No!

The Temporary Deputy Speaker (Mr. Imanyara): Proceed, Mr. Gatabaki!

Mr. Gatabaki: Mr. Temporary Deputy Speaker, Sir, coffee is our production. We want to empower the institutions we want to create, to start value adding. All the investors who buy our coffee through a process which gets more value to the farmers--- Instead of the farmers getting Kshs50 or Kshs100 per kilogramme, we would be able to get about Kshs200 to Kshs300 per kilogramme. We should create more markets for our coffee domestically. I understand from those in the industry that Ethiopian farmers are able to sell in the Ethiopian market 30 per cent of their coffee. About 30 per cent of the Ethiopian coffee is consumed in Ethiopia. When you get into tea, virtually all the tea grown in China is consumed there. About 70 per cent of all the tea grown in India is consumed there.

Mr. Temporary Deputy Speaker, Sir, in the case of tea, and this is directed to the Minister, Britain is the largest exporter of tea. We know the weather in Britain. Is there anywhere in Britain where there is a coffee tree or tea bush, and yet, Britain exports more tea than any other country in the world? So, we want to create institutions and empower them to add value so that farmers get more from the coffee.

Mr. Temporary Deputy Speaker, Sir, I would like to ask this Government to provide an enabling environment, like access roads and security. No coffee farmer can deliver his or her coffee in bad weather if access roads are in horrible conditions. We have a situation in this country where there are regions with deficit in food production, and others with surplus and yet, we have got hunger because we cannot deliver. So, an enabling environment can only be provided by the Government of the day, because we pay taxes to it. They have signed a social contract with the people. It is unfortunate that most of my colleagues on the other side did not go beyond polytechnic schools. The social contract envisages a situation where citizens pay the Government of the day in form of taxes and the Government provides services. We are so over-taxed. Out of the Kshs200 billion the Kenyan consumers pay to this Government, they are asking to be provided with security, good access roads and affordable funding to revive the economy. Can this Government not be able to do that?

Finally, let me thank this House and the stakeholders for the consensus we have developed. I would like to tell all those people outside there, who think there can be more amendments, that this is a final product. I am asking the Minister to support all the amendments.

Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute.

Mr. Muiruri: Thank you, Mr. Temporary Deputy Speaker, Sir. I come from a coffee growing area and I am also a coffee farmer. I happen to have been the chairman of one of the biggest coffee co-operative societies in Kiambu then. Let me take this opportunity to thank the Minister for Agriculture for this Bill which is long overdue. I am saying this because I heard Dr. Omamo promise liberation of the coffee industry when he was the Minister for Agriculture. I also heard the same promise from Messrs. Mwangale, Wanjigi, Nyachae and Mbela, but nothing happened. Mr. Obure, the immediate former Minister for Agriculture started preparing this Bill and now Dr. Godana has at last brought it to this House.

This Bill is long overdue. In fact, it has been delayed for a long time. Things started going wrong in the early 1980s when the Government started interfering with the leadership of the coffee industry, first, by removing elected leaders like the long standing managing director of KPCU, Mr. Henry Kinyua. In the process, very dedicated people like the late Karago, E.N. Kuria and others left the management of the coffee industry, and there came in a coffee cartel which destroyed the coffee industry. The Government then became a spectator when the coffee industry was being destroyed. Instead of the Government refereeing, since things were going very wrong, it simply watched. A number of 35 so-called delegates in the Coffee Board of Kenya (CBK) started dictating who would be the chairman of the CBK, directors of the Coffee Research Foundation, and the two became one.

Around 1983, the chairman of the cartel, Mr. Abraham Mwangi was elected. Then the late Gideon Mwangi became the chairman of the CBK and things started going very wrong. The Government just sat there and watched while this was happening. The farmers then started complaining that the coffee industry had to be liberalised, but the CBK and the Ministry of Agriculture were not willing to listen. Coffee production then started shooting down. As we talk now, coffee production is just about 40,000 to 50,000 tonnes as opposed to more than 140,000 tonnes which was being produced then.

From the very beginning, there was the KPCU and the CBK and the practice was that the chairman of the

CBK was to come from a certain sector of the coffee growing area, but the vice-chairman automatically had to be the managing director of KPCU. That was the arrangement then and there were checks and balances. All that was destroyed with time and things started going very wrong to the extent that by 1990, the Government ordered for a probe into the coffee industry which came up with massive looting in both the CBK and the CRF. By 1992, the President had noted that the coffee industry was not doing well at all and he gave some directives. The major directive was that the coffee industry had to be liberalised and the marketing was to be done by the farmers' organisation which was KPCU. That directive was totally ignored. It is now being effected when the coffee industry is in decline. You only have to go to a coffee factory in the countryside and you will not find any coffee on the tables or in the stores.

All is not lost because we started complaining from the word go about who was marketing our coffee. We were made to believe that the CBK was marketing our coffee.

However, some of us knew that the Coffee Board of Kenya was not marketing the coffee. The coffee has always been marketed by a company called Kenya Coffee Auctions in which the Coffee Board of Kenya owns 65 per cent of the shares and 35 per cent are owned by a family known as Valentine. The Valentine family is a *Mzungu* family. A European who lives in Limuru here owns 65 per cent of the coffee auctions and the Coffee Board owns only 35 per cent. This is a fact that farmers have never known; that the control of Kenyan coffee has always been in the hands of a *Mzungu* called Mr. Valentine. All that the Coffee Board of Kenya has been doing is to just sit, receive the money and then pay a very high commission to Mr. Valentine.

Mr. Temporary Deputy Speaker, Sir, we started complaining that the marketing of coffee must be dismantled to pave way for liberalisation but the Government kept on watching while things were going very wrong. When it came to the co-operatives, they were also coerced to move into a programme that was called SCIP. They were made to borrow Kshs2 per kilogramme of cherry and by the time they were paying that money back, the interest accrued was so huge that the co-operatives started also being crippled. The Government also moved in and started dismantling the merged co-operative unions. We had examples of Murang'a Co-operative Union which was the pillar, backbone and pride of co-operatives in this country. We had big co-operative unions. I chaired one known as Gatukuyu and it was dismantled at State House just because somebody thought it had to be done politically.

As I speak now, in my constituency and Gatundu South Constituency, we had only three major co-operatives which were Gatukuyu, Kiamwangi and Gatundu, but now we have about 18 which are totally uneconomical to manage. Until the Minister himself brings the co-operatives together as they were, and gets rid of these small co-operative units that cannot sustain themselves, we are doing nothing.

You find a small co-operative society of about 1,000 members and when the machine breaks down, like the old lister engine, it will require about Kshs300,000 to repair and the whole operation in the coffee factory comes to a halt. Nothing can move because the farmers and members of that society are too few. We need a situation whereby a society has got about 10,000 members and each member contributes Kshs100. That comes to Kshs1 million and the society can sustain itself. When you have a membership of only about 1,000 members and each contributes Kshs100, I think only Kshs100,000 is realised. With this money these days, you cannot even build a store or a toilet.

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

The Temporary Deputy Speaker (Mr. Imanyara): Mr. Muiruri, will you take that point of information?

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

Mr. Kihoro: I thank you, Mr. Temporary Deputy Speaker, Sir, and also the Member on the Floor. If the Member on the Floor does think that a co-operative society that has got 1,000 members cannot operate, could he also explain the rationale for licensing one individual with five acres only---

The Temporary Deputy Speaker (Mr. Imanyara): I thought you were informing him!

Mr. Kihoro: Mr. Temporary Deputy Speaker, Sir, I am informing him. I want him to explain the conundrum how---

The Minister for Agriculture (Dr. Godana): That is not a point of information!

Mr. Kihoro: It is a point of information! I am asking him to comment on that; how it is possible---

The Temporary Deputy Speaker (Mr. Imanyara): Order, Mr. Kihoro! No! You can inform him but you cannot ask him a question!

Mr. Muiruri: Mr. Temporary Deputy Speaker, Sir, if that is the case, I do not need his information.

(Laughter)

Mr. Temporary Deputy Speaker, Sir, the point that I am trying to drive home is that co-operative societies and the unions, if well-managed, can do wonders. I am saying that because the county councils in Kiambu or Murang'a and other places were doing very well with the coffee money. But the purpose of having co-operative societies is to pool manpower and financial resources together in order to enhance growth of the sector in question. But if they are dismantled, then, they cannot move.

A lot has been said about the farmers' bank. The farmers' bank was a creation of a few individuals in the Coffee Board of Kenya (CBK) who, without any authority, took away Kshs300 million and they said that they were going to start a farmers' bank. I am reliably informed that the purported directors, under the chairmanship of somebody called, Mr. Abraham Mwangi, still meet in annual delegates meetings and they are spending money belonging to farmers' money without authority. I believe the Minister is going to look into all that because the farmers' bank, the way we have been able to understand it ourselves in the coffee industry, was simply meant to divert attention. They have destroyed the coffee industry and they wanted people to be diverted to the false illusion of a creating a farmers' bank. That is the true position because I know it myself. They vigorously wanted to divert the attention of the farmers.

I want to touch on something on KPCU. It is a farmers' organisation, and it was developed together with the CBK. There was CBK on this side, and the KPCU on the other side. They work as partners in the coffee industry, and they did it very well. KPCU was established more than 50 years back, and the CBK was equally started almost at the same period. They grew together and all the assets that are owned by CBK were developed or acquired by the coffee farmers. The same applies to all the assets in the KPCU. In view of the destruction of the farmers' money by the CBK, which everybody has been complaining about, I want to quote one or two examples. I have some probe reports carried out by the Government itself concerning the CBK. You will find that the mileage of only three directors headed by the Chairman, Mr. Abraham Mwangi, amounts to Kshs11 million. Then, there is further misappropriation of funds; that, within a period of five years, the money misappropriated in the CBK amounted to Kshs28,705,595.70. This is in the probe report by the Government itself. If you look at the accounts of the CBK, you will find cases of money misappropriated in various ways, like payments to "ghost farmers" on claims of coffee proceeds and overpayment of professional and legal fees. Other payments were for delivery of computers although I do not want to mention the lawyers names. There were also other payments made.

For the last five years, the money lost in the CBK is Kshs723,729,274.60, according to the audited Government probe reports. That is Kshs1 billion in only five years. Yet, when we are talking in the countryside, we talk about the "Government." The Government should not be blamed; the directors of CBK should take the blame, because they were there at that time. The former General Managers, Messrs. Katingima and Murunga should be questioned. Then, there is the current General Manger, Mr. Muite. I am saying that the CBK has totally destroyed the coffee industry, and it should not be there at all. It should be converted into a small department in the Ministry of Agriculture and Rural Development. It should be done away with totally, and be removed from the "books" of the coffee industry. It should be done away with, and all the assets transferred to KPCU because KPCU is the only farmers' organisation. As a farmers' organisation, the KPCU has done reasonably well despite the problems it has faced here and there.

Mr. Temporary Deputy Speaker, Sir, when it comes to the marketing of coffee, it would be fair to demand Kshs1.5 billion security from the KPCU because we will still be asking the same coffee farmers, who have developed the coffee industry for all these years, for a security of this magnitude. The Kshs1.5 billion security is necessary to tame organisations which cannot be trusted. But the KPCU has always served and paid farmers very well. So, the KPCU must be protected as much as possible, because it is the only organisation that belongs to farmers. It was established by farmers and should, therefore, be protected.

While going through the Bill, I came across a proposal that there will be eight directors from the co-operative sector and three directors from the plantations. I would urge the Minister to re-consider this proposal and provide for better representation, because the coffee we have now does not come from the co-operative sector but rather from the plantation sector. My experience as a member of a co-operative society and a coffee grower is that it is always easy to manipulate leaders from the co-operative sector because they come from different backgrounds. Also, the educational background of most of its members is not up to date. So, it is advisable to have about six directors from the plantation sector and five directors from the co-operative sector, so that things can work.

Mr. Temporary Deputy Speaker, Sir, I will now say something about the election of delegates to the Coffee Board of Kenya (CBK). It has been the practice to have 35 delegates from all over the country to elect the directors of the CBK and the Coffee Research Foundation (CRF). The 35 delegates may not have known one another before, but they would be asked to meet at the CBK offices. They would be given hefty allowances and a lot of other inducements. They would stay in expensive hotels and, ultimately, be given a list of the persons to be

elected. They would be given nine names, which would comprise of three persons from the plantation, co-operative and marketing sectors. The same persons would, again, be elected Board members of the CRF.

I agree with the hon. Member who suggested that the CRF should not be funded by the coffee farmer any more. Research institutions such as Kenya Agricultural Research Institute (KARI), and others, which are under the Ministry of Agriculture and Rural Development, are funded by the Government. Only the CRF is funded by the farmer. I have a report of the CRF here which indicates that murramping of only 13.5 kilometres of road had cost the coffee farmer over Kshs13 million. The person who undertook that project was the son of the Chairman of the CRF, Mr. Abraham Mwangi. The Government has let the CRF loose. The CRF has come up with its own reports of mass looting of the coffee farmer, and nothing has been done. I want to wind up by saying that I totally support the Coffee Bill.

Mr. Temporary Deputy Speaker, Sir, I have just come back from Uganda and I learnt something while I was there. I learnt that Uganda has totally liberalised the coffee industry and a kilogramme of *mbuni* from the farm is earning the farmer over Kshs80. Let coffee go back to its owner. The colonial rules must be done away with. Let it come to a point where, if a farmer is dissatisfied with his coffee trees, he can uproot them. In any case, it does not make any sense whatsoever, that the coffee farmer owns the land, has the title deed and he can charge it to a bank, yet he cannot uproot his coffee trees because the law does not allow him to do that. These are some of the colonial rules that the Minister must do away with.

I want to thank the Minister sincerely because he is the first Minister, after all these years, to have come up with this Bill. All the other former Ministers for Agriculture have promised us that they would bring the Bill to the House, but they did not do so. I equally want to thank the immediate former Minister for Agriculture, Mr. Obure, for liberalising the coffee industry and paving the way for the Bill. The sooner this Bill is passed, the better for the Kenyan farmer. Our farmers are waiting for it to be passed.

With those few remarks, I beg to support.

Mr. O.K. Mwangi: Mr. Temporary Deputy Speaker, Sir, I am the presiding Bishop of Parliament. Thank you for giving me this chance, although after a long wait, to contribute, at least a little, to the most valuable Bill in my stay in this House. The reason for saying that is because it is an undisputed fact that coffee has been the backbone of the economy of this country. For a long time, it has been the biggest earner of foreign exchange. I do not know what got into the Government of the day, because it decided just to adopt a less favourite attitude towards the development of coffee, which was actually earning this country a lot of foreign exchange and supported the economy through the creation of employment opportunities. If the economy of this country, which has now collapsed, has got to be revived at all, then the coffee industry must, of necessity, be revived.

Therefore, I would like to take this opportunity to thank the Minister for having brought the Bill to the House, although it is long overdue. I would like to support the Bill and the proposed amendments, particularly those that have been proposed by the Departmental Committee on Agriculture, Lands and Natural Resources, and hope that we will introduce a few more amendments at the Committee Stage. I will propose a few amendments because I am not satisfied that the original draft of the Bill is suitable to revive the coffee industry, which must be revived, if the economy of this country is to come back to its feet.

I would like to tell the Government that this is a vital issue. We would want the Minister to act with speed and implement this Bill when it is passed. He should implement this Bill when it becomes law because farmers in the whole country are waiting for it to go through, and will want the Minister to take action so that the economy can, at least, stand on its feet. There is one thing which is disappointing in this Bill because it is only emphasising on marketing, management and the licensing by the Coffee Board of Kenya, without saying anything on the production of coffee. So, my question to the Minister and to the Government is: If we are talking about marketing of coffee, whose coffee are we talking about? Where do we expect to get this coffee from, if we are not going to manage the coffee production? We had very good phrases about the establishment of the Coffee Board, the marketing agencies, financing, the levy funds, *et cetera*, to finance the Coffee Board and research activities, but we are not talking about coffee production. So, how will we get coffee to sell? Where will we get it from? That is why I feel it is vital for the Minister to go back to the drawing board, before we come to the Committee Stage, and include something about the production of coffee in this Bill. What will the Minister do to revamp the production of coffee?

Mr. Temporary Deputy Speaker, Sir, one proposal that has been made, on the improvement of coffee production, is the introduction and establishment of the Coffee Development Fund. The fund has been created in this Bill by Section 35, which reads as follows: "It is a levy for the management and financing of the Coffee Board and the Coffee Research Foundation". But there is nowhere where it talks about the financing of the farmer. So, the farmer is being left on his own to do his own things. Suppose the farmer decided that today he will not grow that coffee, then what will the Board be marketing and managing? So, it is vital and most important that the

Coffee Development Fund should be established. Indeed, this Fund could be set up with a small levy from the farmers. In fact, we know that when we were talking about the coffee bank, the Coffee Board told us that they had over Kshs200 million, but we have not been told what happened to that money. So, I believe that money is still being kept somewhere, if it has not been embezzled. That money could be a starting point for establishing a coffee development fund.

When I go around the country, I find that there are coffee trees there, but there are no berries because the farmer is actually planting maize and beans in the coffee farms because he cannot get money to pay workers and even to process coffee. Coffee needs to be planted, nurtured, pruned, harvested, gathered, taken to the factory and processed, before it comes to the market. So, we should actually not even talk about the market before we talk about the production. I believe the Minister is going to take that point very seriously.

Corruption has mainly eaten the coffee industry. Secondly, what has destroyed the industry are the number of stages which the farmer has to go through before he gets money from coffee.

There are so many intermediaries, brokers, agents and auctioneers who are paid by the farmer. The other day, we counted the stages coffee undergoes and found them to be 19, and in every stage, the farmer has to pay some money. We would like to say that this Bill should retain the main stages. Let the coffee come from the farmer, go to the factory and then to the millers. After going through these very important stages, it should be taken to the market. Why should we have all these hullabaloo agents and auctioneers instead of having coffee from the farmer go to the factory, then to the miller and finally to the market? When this coffee is taken to the market and sold, I realised that there is a provision that once levy has been collected by the marketing agency, it should be paid to the Coffee Board of Kenya (CBK) and to the Coffee Research Foundation within seven days. This is the case and yet there is no provision as to when the farmer should be paid his money. Whose money is that? Why is the Government interested in collecting these levies, paying the CBK and the Coffee Research Foundation and yet it is not interested in the owner of that money? We do not mind the Government collecting levy but it should, first of all, pay the farmer. The Government should pay the farmer before it gets its money. If it is possible to pay the CBK and the Coffee Research Foundation within seven days, why is it not possible to pay the farmer within the same time? So, the farmer should also be paid with the same alacrity, if not earlier. In fact, the farmer should even be paid within four days, but in this case, let us give them seven days. Because the Bill has provided for payment of coffee money to the CBK, similarly, the farmer should also be paid his money within seven days.

Mr. Temporary Deputy Speaker, Sir, there is a major problem in marketing because we have got so many players in this area instead of just having one line of marketing of the farmers' coffee. I would like to point out that the farmer is not interested in the number of people the Government will license, but he is interested in marketing his coffee and in return being paid his money. He should receive the maximum amount for that matter. Therefore, it should be provided in the Act that there should be a marketing agent who is approved by the farmer. I am not saying that there should be a monopoly because I have heard that the KPCU has been proposed to be a monopoly in marketing. I would like to propose that we should have a number of marketing agents who are accepted by the farmers. I noticed that there are some sections where the marketing agent has been given a go ahead to buy coffee from outside this country which he will sell in the auction mart here in Nairobi. I do not know what that means. Here we are saying that if I am a marketing agent, I can go to Uganda, buy coffee, come and sell it in the Nairobi Coffee Exchange. That is opening up competition for the Kenyan coffee. Why is he an agent? He is an agent because he has been appointed. If I can remember the definition of an "agent", he is that person who has been licensed and there is an agreement between him and a grower. Are we legislating on the marketing of Ugandan, Cameroonian or Tanzanian coffee? We are talking about Kenyan coffee.

Mr. Temporary Deputy Speaker, Sir, I would like to ask the Minister to look into the section which requires a marketing agent to buy coffee from outside and sell it here. We do not want to open a Pandora's box. Any marketing agent can buy poor quality coffee and sell it in our market. A marketing agent should be appointed by a farmer to sell coffee. He should not trade for himself. That is what I am getting at. I think the Minister should look into this aspect.

Mr. Temporary Deputy Speaker, Sir, the other aspect which I would like to address myself to, and which has not been included in the Bill, is the Nairobi Coffee Exchange. It has not been talked about in this Bill. Whose institution is this? This should be a farmers' institution. We should actually include it in the Bill because we have so many auctioneers and agents in this sector. The marketing of coffee should be done at the Nairobi Coffee Exchange. What would prevent me from going to Kisumu or Mombasa and opening up a coffee auction market? There should be a provision in the Bill, specifically stating that anybody who wants to deal in coffee must do so at the Nairobi Coffee Exchange only. It is farmers themselves who should manage that market. Farmers must elect a Board of Trustees to oversee the marketing of coffee. The coffee market should be liberalised. Any coffee agent, either from the north or south pole, should be free to buy coffee from the Nairobi Coffee Exchange. By doing so,

the coffee market will be fully liberalised.

Mr. Temporary Deputy Speaker, Sir, the other aspect I would like to talk about is in Clause 35(5). It requires that funds accumulated from the Coffee Levy Fund and, especially the surplus, be lent to the Government. I think that is ridiculous. There is a provision in the Bill that the Government will put some funds into the kitty of that Fund. Will the Government put funds in that kitty and tomorrow borrow the same? I think that is not good for the coffee industry. I feel the Government will be stretching out its hand too far to get that money.

When levies are collected, we should not allow the Government to borrow because it might not even pay back. Therefore, I am requesting the Minister to scrap this provision at the Committee Stage. The Government must keep its hand off this money because it has many avenues of collecting revenue. I would suggest that the Board lends money to farmers and not the Government. This is a farmers' Fund and, therefore, the Government has no business borrowing from it.

Mr. Temporary Deputy Speaker, Sir, the coffee farmer must be treated with the care that he deserves. Although I know we will review the Co-operative Act, most of what is happening in the coffee industry emanates from the Government's failure to manage the co-operative societies. There is a lot of interference by the Provincial Administration. The Provincial Administration works in cahoots with co-operative officers to create their own Kangaroo courts and decide who should be the chairman of a co-operative society.

I hope when we review the Co-operative Societies Act, the Minister will take into account how he will manage the co-operative officers and remove the involvement of the Provincial Administration from co-operative societies. The interference by the Provincial Administration has killed co-operative societies in this country. The Provincial Administration connives to elect a corrupt management. In the last ten years, farmers in my constituency have been complaining about a management committee in their society and nothing has been done. The Provincial Administration, including the police, disrupt the meetings. The co-operative officers have always wanted the committee to continue, but police officers have always been brought in to beat up the farmers, so that the corrupt co-operative management committee can continue managing the affairs of the co-operative society. Fortunately - I thank the District Co-operative Officer who is there - we managed to remove the management of that co-operative society. If you do that, you will have done the coffee industry a great service.

With those few remarks, I beg to support.

Mr. Kibicho: Mr. Temporary Deputy Speaker, Sir, the reason why coffee has become un-economical to grow is because the returns it gives to farmers are not worth. The issue is what the farmer will get after this Act has been enacted.

Unless we start by agreeing that we must set up a fund to stabilise the price of coffee, whatever we are doing here is futile. This Government, the coffee farmer and other players in the coffee industry have no control over the international market. For the international market to be favourable to our farmers, we must put into place a mechanism where the farmer is assured of economic returns. If the Government does not put into place the quality development and a stabilization fund, the whole exercise is futile.

Mr. Temporary Deputy Speaker, Sir, if you looked at this Bill, you would conclude that the Government has agreed that the present mechanism of marketing coffee is faulty. What they are now doing is adjusting the system. There are assumptions in this Bill which are very dangerous, unless we shall be coming to this Parliament every afternoon to make amendments to the Bill. With regard to the section dealing with the licensing of commission agents, the Act says that, that person must be able to have a security of US\$1 million or 1.5 times the value of the coffee which is being sold. The assumption is that, after ten years, the present situation in the country will still remain the same. This is a fallacy. I suggest that the Minister amends this section and provides that the commission agents shall pay such a fee as may be prescribed by the Minister, with approval of Parliament. In a given time, this could be realistic.

Mr. Temporary Deputy Speaker, Sir, this particular way of marketing has become faulty, because the Coffee Board and the Nairobi Stock Exchange, which is a subsidiary of the Coffee Board are doing the same thing. The marketing is faulty because the Coffee Board is playing two roles; the marketing and regulating of the coffee industry.

Mr. Temporary Deputy Speaker, Sir, Section 28 of this Act provides that you can license a miller to be an agent. The only thing which the miller must do is to form another company. If you form another company and you are the one directing the policies of this company, your intentions are going to be carried out. This section must be deleted altogether so that we do not find ourselves in the situation we are in now, where the Coffee Board of Kenya is playing two roles. This has brought about a cartel which has ensured that farmers do not get returns for their crop.

Mr. Temporary Deputy Speaker, Sir, we have on record figures which have been published on situations where a 50-kilogramme bag of coffee has been sold for US\$100 and the farmer received Kshs10 only. The reason

is that, apart from the levies which the Act is now proposing to control, the co-operative societies' levies are so high that this leaves the farmer with very little earnings. We do not have to wait until the Minister brings amendments to this House on the Co-operative Societies Act. The Minister can issue a directive to co-operative societies now, that whoever sources goods and services above what is normal, shall be surcharged, so that we can bring some semblance of discipline to this particular aspect of marketing.

Mr. Temporary Deputy Speaker, Sir, in a given area, private millers in this country pay up to Kshs30 per kilogramme of coffee while a farmer who delivers his coffee to a co-operative society is getting Kshs5 per kilogramme. I urge the Minister to immediately bring this disparity under control.

Mr. Temporary Deputy Speaker, Sir, there are also other areas which this Act is assuming and this is very dangerous. The Act says levies shall be controlled in a certain manner. I propose that, that particular section should also be amended, so that it can be provided that the Minister may prescribe levies with the approval of this House. By so doing, we shall be dealing with realistic and market-oriented figures. We do not want to be dealing with statistics. We do not want to be amending this Act every other time.

With those remarks, I support the Bill.

The Assistant Minister for Finance and Planning (Mr. Lomada): Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to join my colleagues in contributing to this important Bill on coffee.

Mr. Temporary Deputy Speaker, Sir, coffee, as it has been said by so many hon. Members here, is a very important crop. It needs to be given a lot of attention in this country. It has earned our country a lot of foreign exchange, and that is a fact. It also continues to promote, stabilise and maintain the economy of our country. So, I do not see the reason why this crop cannot be given the attention it deserves in order to improve production.

Mr. Temporary Deputy Speaker, Sir, I thank the Minister for Agriculture for coming up with this particular Bill. I would urge that this Ministry addresses itself properly to this particular crop to encourage the farmers and avail extension services to them. This crop is very important and I would urge that our farmers are advised on how to take care of it. There are certain times when we have problems which affect this crop, like pests which destroy the foliage or the cherries. This is the time we need extension officers to go round the farms and advise the farmers so that they can reap something that would boost their income and the economy of this country. I am sure that those farmers who have been able to do that can tell how important this crop is. It has helped them to come out of their financial problems.

Mr. Temporary Deputy Speaker, Sir, this crop will help to alleviate poverty among our people. We are talking about eradication of poverty and we cannot do it in any other way than improving coffee production in this country. Farmers can only begin to enjoy their hard work by producing standard coffee that would earn them money after selling it to Britain, America and other countries.

Mr. Temporary Deputy Speaker, Sir, I congratulate the speaker who talked before me, because he contributed so much to this particular Bill. The sentiments he expressed are so important. I support him. There are certain areas in West Pokot where coffee has been grown, but those farmers never receive any advice. They have left the crop to die. This is a big loss. The Ministry should make sure that farmers receive extension services to encourage them to grow coffee.

Mr. Temporary Deputy Speaker, Sir, there are also certain areas in neighbouring constituencies, like Marakwet North and Marakwet East where coffee is grown. They would also like to receive extension services. In certain areas, like in my constituency, cattle rustling can be done away with, if the farmers and the youth are encouraged to grow coffee. Maize is not fetching any money. In fact, a bag of maize is going for Kshs400 while a 50 kilogramme bag of coffee is fetching Kshs7,800. We should encourage more farmers to grow coffee and maybe reduce the acreage under maize cultivation.

Mr. Temporary Deputy Speaker, Sir, I was also told of a problem whereby certain coffee research centres are being grabbed while others are about to be grabbed. If such a thing is happening, we should really address ourselves to such issues and stop them from happening so that we do not lose our research centres. We have got to retain and in fact increase them so that we can produce a lot of coffee. I would also like to ask the Minister to ensure that more farmers are given seeds to grow coffee so that they can sell them to other farmers.

With those few remarks, I beg to support.

The Temporary Deputy Speaker (Mr. Imanyara): Mr. Kihoro, please be brief because the Minister wants to reply.

Mr. Kihoro: Thank you, Mr. Temporary Deputy Speaker, Sir. I am very mindful of that and I hope that this evening sugar will meet coffee in this Parliament halfway and we will have a sweetened cup of coffee. So, I do not object to the Sugar Bill debate actually taking the Floor immediately after I finish.

The coffee industry is very important in this country. It used to be number one, but now it is number four.

We need to do what the Minister is doing and that is to come up with this Bill that will make production and marketing of coffee as easy as possible. Coffee production is not just on the decline in this country because I know that internationally there have been big problems. Ten years ago coffee traded in the world market for US\$30 billion and you would find that only US\$12 billion reached the coffee farmer. There are about 20 million coffee farmers around the world, many of them being in Kenya. What is important is that the receipt of the coffee farmer has been declining, not only in this country but worldwide.

I want to highlight that aspect so that we welcome this Bill in a way that will address the issues that have brought about this unfortunate situation whereby 80 per cent of the farmers in this country have been affected. There were some who were affected directly because they grow coffee, while others were affected indirectly because they live out of the proceeds of coffee farmers or activities. Consequently, they are unable to lead normal lives as they used to do many years ago. So many hon. Members have spoken about how coffee used to be the "king" and today it is no more.

Mr. Temporary Deputy Speaker, Sir, one of the most important aspects that has brought about the decline of coffee is failure to take action, especially on corrupt officials who mismanage the coffee industry. That is a major cause of the decline in coffee production. You will find that so many farmers have been fleeced such that in a case where coffee has been sold at a net of Kshs100, a farmer will only get 15 per cent of that value. I hope the Minister will introduce various amendments in the Co-operative Societies Act so that it can work side by side with the Coffee Act. This will ensure that these people are put where they belong. They do not belong in the plantations. They do not want to grow coffee and earn a decent living. They want to parasite on the farmers in this country who are suffering. It is important that we deal with the issue of management and corruption in the coffee industry.

I do agree with the Minister when he talks about vampires and the elite who have made the coffee farmer their victim. That issue has got to be addressed in a way that will ensure that coffee proceeds go to the farmer. It is also important that we strengthen our market intelligence. You cannot leave the coffee farmer in the plantation and expect him to have market intelligence about what is happening in Nairobi and in nearly 50 countries that grow coffee. Brazil is the biggest coffee producer in the world and the new intruder into the industry, Vietnam, has now become the second largest producer of Arabica Coffee.

It is important that we strengthen our market intelligence so that farmers can know when to sell their coffee. This can be done through our embassies. Even the Directorate of Security Intelligence can provide this information and this will be one of those things that will make people like it. It should not just be used to hunt down Mr. Kihoro and other hon. Members. It should provide intelligence about what is happening in the market. They can have a unit there to look at what is happening in Brazil, Vietnam, Indonesia and Mexico which are the major coffee growers. The next time when we allocate them Kshs1.8 billion from the Budget, we will know it is being put to good use if they start providing market intelligence to the farmers. Money from the STABEX fund has been in this country for the last 11 years.

Mr. Temporary Speaker, Sir, I have got here a statement that was made by the Minister for Planning, Dr. Adhu Awiti, only four months ago

about how much that portfolio is worth. It is worth Kshs9.3 billion at that point. He did not talk about interest. I know about a year ago, the amount of interest was about 20 million Euros which is a lot of money.

Mr. Temporary Deputy Speaker, Sir, I am saying that we need to have an open Government in this country that is going to pass on money that belongs to the Kenyan people. The Minister said in his statement and I quote:-

"STABEX resources allocated to Kenya have been programmed and utilised in accordance with the agreed principles to address the following group policies."

It is not true! They have not! If they were, there is no reason why they could be there, some of it that is, from ten years ago. That is from 1990 when the first instalment came and it was very clear why the money was being given. I would have gone to the Lome Convention where the money was given and I do not bother. However, it is important that the Government has got to provide an account of STABEX funds. President Moi, only five months ago, talked about STABEX funds and he said Kshs1 billion will go to the Co-operative Bank. How much has got there? Another disobedient boy has disobeyed the President and no sanctions are taken. The President talked about Kshs1 billion and only Kshs500 million is what has got there. It is important that we introduce an honest Government in this country. This aspect about STABEX funds is going to be very costly for us because farmers are angry.

Mr. Temporary Deputy Speaker, Sir, I will then go to the last issue about so many middlemen in the coffee industry. One count I have here internationally is about 150 middlemen, women and God-knows-what. Imagine 150 middlemen and at the bottom of that heap is the coffee farmer. At the top of it is the commodity dealer and the trader; the one who does not really even care about what coffee is actually costing. He can buy it at

any price. It is important that we reduce the number of middlemen at the international level who are 150. At the national level, somebody has counted 19 while another counted 18. From the miller down to the local authority, the Government, the hotelier, the Coffee Research Foundation, all comes to 18 groups all partaking of the farmer. What does that lead to?

Let me give an example of a coffee society in my own constituency which, only five months ago, received US\$5 out of 40,000 kilogrammes of coffee and they were able to produce a cherry. When it was processed and milled, it was about 7,000 kilogrammes. When it was auctioned, the net receipt for them was US\$5. It is a shame and this can happen at this time and age that you produce so much of that coffee and eventually you are being told: "Go and plant beans. If you plant beans, you will not die but if you plant coffee you will not eat it. Coffee beans are not edible but beans and maize are." That is what hon. Mwiraria spoke about in his own area. Farmers planted beans, potatoes and maize between the rows of coffee.

Mr. Temporary Deputy Speaker, Sir, what is important is that the Bill is on the Floor and we support it and we want to make sure that coffee is going to be resuscitated by this Bill to make it king, the way it was before; the number one crop in this country.

With these words, I beg to support.

(Applause)

The Temporary Deputy Speaker (Mr. Imanyara): Mr. Minister, I do not see anyone else and so you can reply right away.

The Minister for Agriculture (Dr. Godana): Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to reply. I want to thank very sincerely all Members who have contributed to the debate on this Bill and they have been many down to a number. They have all supported and welcomed the Bill. There has not been a single voice expressing opposition to the Bill. They have given very valuable thoughts, criticisms and queries. They have raised issues regarding some of what they consider key elements in the proposed legislation. However, by and large, they have all emphasised the critical importance of the coffee industry and welcomed what we all hope is a move away from the mess and suffering that the coffee farming community has experienced over the last decade and so on.

Mr. Temporary Deputy Speaker, Sir, among issues which hon. Members raised, there were repeated questions as to why there is no provision on production improvement. I want to accept that there is no provision on production improvement, but I think that is as it should be. Production is a factor, as such a function above all of credit; of what the farmer can do.

Mr. Temporary Deputy Speaker, Sir, I think if hon. Members look at production from the angle of what we intend to do with research, inputs and financing, then, they will find that the Bill is not as uncaring as it may look at first sight. I, particularly, want to agree that the lack of access to appropriate credit is a major hindrance in the agricultural sector. We are already looking at re-organising the AFC, but for the coffee sector, and I want to link this with arguments which have been raised again in support of the creation of the Coffee Development Fund, clearly, hon. Members have in mind a revolving fund which will be, therefore, for coffee farmers to access financial assistance from.

I want to say this: That, we think that the problems with STABEX funds are behind us principally. As it is now, we contributed only Kshs500 million, but already there was Kshs890 million including interest of what had been paid earlier on. There is Kshs1.4 billion in the STABEX kitty. We expect over Kshs3 billion to go to coffee under the 1999 protocol once - that is the plan of the Ministry - the memorandum of mutual obligations is signed. That is awaiting the impact assessment report as well as the audit of monies which have already been released. I think that will be the ideal revolving fund which should be managed properly, and we are quite acceptable and agreeable to receiving new proposals regarding a better management of that Fund. I know hon. Members have raised queries as to whether it is safe or if, in fact, it is in certain banks. We are quite open on that. But I think hon. Members should look at the STABEX funds developing into the real coffee development fund, in terms of a revolving fund which can be accessed.

When I talked about the Sessional Paper on Coffee Sector, and the Coffee Bill, I emphasized that one of the central running themes in the legal and institutional framework is to recognise that coffee belongs to the farmer, from production until it is sold.

(Applause)

That the identity of every consignment of coffee is assured all through. Coffee belongs to the farmer until it is sold,

and the proceeds are paid to the farmer. That has been built into the law. An hon. Member who spoke this afternoon, in fact, raised issue with the provision in the law which allows the marketing agents who have been licensed to also deal in coffee from outside. I do not see that this poses any threat to the identity of the coffee farmer and, for that matter, the performance of the Kenyan coffee on the market. The fact of the matter is that we are part of the international community and, in particular, we are strategically placed as the gateway to the outside world. We are also advantaged to have more advanced institutions and mechanisms for dealing with some of these things. Where countries in the hinterland and landlocked countries; Rwanda, Burundi, the Congo and Southern Sudan - in future - and Uganda, even now, feel that they have to use some of our auctions, we have allowed them to do so. For instance, we have allowed them in the case of tea. That is to our advantage. We will have to allow them in the case of coffee. The fact is that we have to build in safeguards to ensure that allowing them to use those facilities will not affect our coffee farmers. We will have to allow them in the case of coffee, but we must ensure that, that does not prejudice the benefits that our coffee farmers, businessmen, auctioneers and merchants derive from those facilities, which are primarily ours.

Mr. Temporary Deputy Speaker, Sir, we should, indeed, avoid situations such as what happened in Chepkube. One day, the price of coffee might shoot through the roof again. After all, in 1977, when the prices shot through the roof, it was as a result of a natural phenomenon which happened in other parts of the globe and caused coffee shortage in the world. That kind of phenomenon could repeat itself. We, therefore, should have clear provisions to forestall that kind of a situation. We should have a clearly regulated environment to take care of that kind of coffee flocking through our markets to the outside markets.

So, I agree with hon. Members that there is need to improve coffee husbandry. I think it is clearly built in our policy and the law that players in the coffee industry, including coffee merchants, may, indeed, have a role to play in enhancing coffee husbandry. Coffee research will be intensified. We are hoping that the new research foundation, which will be funded through a coffee levy, will be a much better institution than its predecessor. Indeed, our scientists at the Coffee Research Foundation (CRF) did a world class job. The development of the Ruiru 11 coffee variety is celebrated all over the world. Unfortunately, we did not secure for ourselves exclusive advantages. In a free world, we cannot restrict the brains from this country, who may be offered better terms elsewhere.

The proliferation of Ruiru 11 by our scientists in Vietnam, which has resulted in transforming that country into the second or third biggest coffee producer in the world today, was done at the behest of the World Bank. The World Bank wanted to help Vietnam come out of the decades of war and stagnation; it felt that coffee was one crop it could proliferate easily. The World Bank felt that the appropriate coffee variety for that country was Ruiru 11. Also, the World Bank felt that the right person to lead that programme would be a Kenyan scientist, who had already retired from public service. So, he got a consultancy job with the World Bank, which posted him to Vietnam. We commend him for that; we can do nothing about it. But, in future, we will try to ensure that we give enough incentives to our best brains and build into stores of research results sufficient safeguards for our benefits.

Mr. Temporary Deputy Speaker, Sir, hon. Members have also rightly expressed displeasure with the large number of middlemen in the coffee industry. Again, I think I made it very clear when I moved the Sessional Paper, as well as the Bill that, indeed, one of the reasons as to why the coffee farmer suffered badly is the inordinate number of handlers of his coffee, all of whom have to live off the proceeds of that coffee in addition, of course, to unprofessional conduct and failure of effective regulations by the body that was supposed to regulate the sector. We have designed the new structure so as to be economical in this regard. I may bring amendments to this Bill at the Committee Stage after consultation with the Departmental Committee on Agriculture, Lands and Natural Resources to restrict further the number of middlemen in the coffee sector, but without prejudicing the marketability of the crop.

The exemption of duty on vital fertilizers, pesticides and other inputs, which already exist, is a subsidy. Dealers in these commodities will be urged to pass benefits to farmers. This is, indeed, a major problem area in agriculture generally, in that we have said that agricultural inputs are tax-free, but we have not yet devised appropriate mechanisms to ensure that the benefits of tax reliefs are, indeed, passed on through the dealers, to the farmers. We are already scrutinising the problem.

Mr. Temporary Deputy Speaker, Sir, we have already formulated the rules governing elections in the coffee industry. We are now doing the final touches on them. We will try to ensure that grassroots elections will be conducted once this Bill is adopted. We hope that the elections will produce credible leaders. Here, of course, we have to appeal to hon. Members and, indeed, the country at large. The problem is that when you have democratic elections, and you have agreed on the just qualifications of participants in them, you cannot guarantee the outcomes. This is what has landed us with the troubles in the co-operative societies. All we can do is to ensure that

the incentives which are built in the rules are so designed as not to attract people only on the basis of perceived practices of office, but that people who are genuinely desirous of serving will be attracted.

I want to assure the House that, indeed, that is our focus with the amendments in the Co-operative Societies Act. When we amended the Co-operative Societies Act, we forgot to take into account this fact and people have decided to take up positions. It seems many of the candidates are motivated primarily by what they consider to be opportunities for access to the public till, rather than by their desire to serve. This, indeed, is the challenge that as policy makers and legal draftsmen both in the Ministry and in the Attorney-General's Chambers, we have to handle. So, I want to assure you that the amendments to the Co-operative Societies Act are already on the way.

I have heard arguments both for and against the---

Mr. Ndwiga: On a point of order, Mr. Temporary Deputy Speaker, Sir. I hate to interrupt the Minister, but could he intimate when we will get those amendments?

The Minister for Agriculture (Dr. Godana): Mr. Temporary Deputy Speaker, Sir, we have already submitted the proposed amendments, which have gone through all the rightful procedures including through the Cabinet, to the Attorney-General's Chambers for drafting. Even this morning I pleaded with the Attorney-General to speed up the process. It should be feasible for the amendments Bill to that Act to be published within a reduced publication period so that we can deal with it next week.

Frankly, I would want us to dispose of that Bill. If possible I would want us to dispose of it before we go on recess. It is possible. We have done it before. We have had reduced publication period to up to two days, and I think, since this is just an amendment Bill and not a complete change of the law, to just certain selected provisions, it should be possible for us dispose of it. If the Attorney-General's Chambers can publish the Bill for us, we can deal with it.

Mr. Temporary Deputy Speaker, Sir, arguments were advanced both for and against the Kenya Planters Co-operative Union (KPCU), being given some competitive advantage. I accept that KPCU, the biggest player in the industry, indeed, is a farmers' body. There is no question about this. But we have to recognise that KPCU, as the major player in terms of handling the volume of coffee which goes to the market and which is a farmers' body, is not an all-inclusive body. Not all farmers are members of the KPCU. There are relatively some big farmers who are not members of KPCU. In terms of volume, KPCU accounts for just about 70 per cent of the volume of coffee produced. We have decided to liberalise the coffee industry.

Whereas we would want, of course, to take special care of the vast majority of farmers, who, indeed, are represented in KPCU, I think it would be contrary to policy for us to give any undue competitive advantage to KPCU in the field. We will come under severe criticism that, indeed, we have not liberalised the industry. We will be prepared to look at the implications, for instance, of provisions such as the guarantee. I am just trying to calculate to know what the cost of that guarantee would be, to say, somebody who has to pay US\$1 million, or somebody who has to pay one-and a-half times the value of the coffee traded in, whichever is higher. In any case, whether the guarantee is by the KPCU or by an individual marketing agent, the cost will always pass on to the farmer. Let us make no mistake about it. So, even if the figure may be too high for KPCU, it will be, in terms of ratio of cost, roughly equal to the cost to any individual farmer who decides to take his coffee to an individual marketing agent. For the same reason, I will be very much reluctant to support the idea that KPCU be given further advantages in terms of representation on its own stand on the Coffee Board of Kenya and so on. This is because it will create further complications, and I think in my discussions with the Agriculture Committee, we did close the area of disagreement, if we did not come to the complete understanding on this issue.

Mr. Temporary Deputy Speaker, Sir, with regard to the Nairobi Coffee Exchange, let us make no mistake. People have even argued that we should declare that we have the Central Coffee Auction. The fact is that we have that Central Coffee Auction by the name of Nairobi Coffee Exchange, and we are making that clear in the amendment, if there was any doubt. There can only be one auction and we cannot have a provision, which in effect gives leeway to litigant individuals to say: "We too can actually start another auction." We are very much aware that there are major players here who will seize any opportunity to go to court. We have learned a lot of lessons from the Co-operative Societies (Amendment) Act of 1997 or 1998, where people have decided to abuse the institution of an injunction to go to court to hold up your decision and then perpetually subject you to that injunction while they continue perpetuating themselves in office.

With regard to the assets of the Coffee Board, I concur with hon. Members who said that they belong to farmers because they were developed out of contribution from farmers, and there is no question about it. These assets have also been accumulated out of deductions from coffee proceeds and they will have to be taken over by the new Coffee Board. We have yet to work out the rules on how this is to be done. But with due respect, we are cognizant of the fact that the assets of the Coffee Board of Kenya, much as it is a public body, were developed out

of coffee proceeds.

I hope I have responded to the main issues which were raised by various hon. Members. Indeed, every hon. Member raised one or so of those issues that I have addressed. If I did not, I want to assure hon. Members that, generally, I found the contributions very interesting. I am very sympathetic to them. As regards the comments which were made, that we need to promote coffee consumption, it is true.

The Tea Board is already working on a plan to increase tea consumption in this country. The tea farmers are lucky that the Food and Agricultural Organisation (FAO) has already issued research results through resolutions or decisions that tea is a healthy drink and we are using this method to promote tea drinking in the United States of America, Germany, Russia and so on, where all of a sudden, there is an upsurge of demand for black tea. We hope we will be able to increase the consumption of coffee in this country too. Maybe, if every Kenyan or those who can afford, decided to take a cup of Kenyan coffee everyday, it would already make a difference to the poor farmers.

With those few remarks, I beg to move.

(Applause)

(Question put and agreed to)

*(The Bill was read a Second Time
and committed to a Committee
of the whole House tomorrow)*

Second Reading

THE SUGAR BILL

The Minister for Agriculture (Dr. Godana): Mr. Temporary Deputy Speaker, Sir, I beg to move that The Sugar Bill be now read a Second Time.

Hon. Members will no doubt have received copies of the Sugar Bill, 2001. Before they look at the copies of this Bill, we have copies of small, greyish or greenish paper which we call the "National Policy on Sugar Industry". This sets out the Ministry's formulated policy on the way forward in the sugar sector. That is the policy on which the Bill is based. I would like to make a few highlights of that policy before I go to the provisions of the Bill.

Our major national objective in food policy is self-sufficiency in food production, employment creation, income generation, foreign exchange earnings and poverty alleviation. In order to meet these objectives, we have placed a high priority on the sugar sub-sector because of its importance within the economy. By the end of 1999, the sugar industry offered direct employment to some 35,000 employees, and was a source of livelihood for more than five million Kenyans, including over 100,000 small-scale farmers, who produced sugar as out-growers. Indeed, these farmers produced 90 per cent of the sugar-cane produced in this country.

Obviously, improvement of this vital sector, which is responsible for the livelihood of such a large chunk of our population---

An hon. Member: We have 90,000 out-growers!

Mr. Temporary Deputy Speaker (Mr. Imanyara): Order!

The Minister for Agriculture (Dr. Godana): Mr. Temporary Deputy Speaker, Sir, we have about 100,000 out-growers or small-scale [**The Minister for Agriculture**] farmers who are responsible for 90 per cent of all the sugar-cane produced. Taking into account backward and forward linkages with input suppliers, support services, marketing, distribution of sugar, by-products and so on, you are talking of a section of the population dependent on the sugar industry, which is much higher than the five million Kenyans that I talked about.

Our goal in the sub-sector is to achieve self-sufficiency in the most cost-effective and efficient manner with the ultimate goal of becoming self-sufficient and, indeed, an exporting country and to provide direct and indirect gainful employment for Kenya's growing labour force. It should be remembered that, indeed, the opening up of the newer sugar factories in Western Kenya, and in particular Mumias Sugar Company, was designed principally on that consideration. It was designed to create employment and a cash income for the residents of that

area.

We opt to promote rural development through one, direct participation of rural families in sugar-producing areas. In order to realise this objective, the Government has the responsibility to facilitate institutional and policy reforms by effecting necessary changes in the existing legal and policy framework. That is what this Bill is about. Two, through the facilitation of the privatisation process which, as hon. Members know, with Mumias Sugar Company, is now well underway. Three, through promoting measures aimed at raising and sustaining higher productivity with particular attention to viable land sizes and sustained long-term agricultural productivity. Four, by encouraging rural industrialisation, as a method of improving standards of living of our rural people and, lastly through providing necessary infrastructure such as sugar roads, schools, health facilities, information centres and so on in collaboration with the private sector and other development partners. Although the sugar industry development has over the recent years come under severe constraints, factors, which have occasioned this include low cane crushing capacity leading to substantial quantities of cane going to waste, low sugar extraction parameters caused by outdated factory technology and extreme mismanagement in certain cases. For example, Miwani Sugar Factory was established in 1922 and its boiler was installed in 1924. The company which manufactured the boiler, Sycoda(?) of Czechoslovakia does not exist, and as a result, you cannot get a replacement.

Mr. Temporary Deputy Speaker, Sir, we have poor crop husbandry aggravated by the existence of weak outgrower companies. There is also poor physical infrastructure, inadequate research on appropriate cane production, technologies and extension services, unpredictable weather patterns, inadequate funds for cane development, factory rehabilitation and maintenance. This, again, has been aggravated by the fact that, in some of the factories, funds which were acquired on loan for the purpose of rehabilitating and maintaining factories, seem not to have been used for those purposes. The net result is that we have debt portfolios which are four or five times the asset value of some of the factories. Again, Miwani is a case in point.

Mr. Temporary Deputy Speaker, Sir, other factors include uneconomic plot sizes, the high cost of inputs and diversion of uncustomed sugar imports into the domestic market. We still believe that we have the potential to attain and sustain self-sufficiency in sugar production and, indeed, sometimes produce a small surplus for export. The domestic demand for sugar rose from 217,000 metric tonnes in 1973 to some 609,000 metric tonnes in 1999, while production increased over the same period from 137,000 metric tonnes to some 470,000 metric tonnes. The shortfall is approaching 200,000 metric tonnes.

The area under cane cultivation was 94,000 hectares in 1992 and rose to 108,000 hectares in 1999. Sugar-cane yields have increased from 61.14 metric tonnes per hectare to 78.42 metric tonnes per hectare in the same period. Yet, it is clear that most of our factories are extracting sugar out of the cane at the rate which is not considered viable. This is the case of factories which are working with obsolete machinery.

Mr. Temporary Deputy Speaker, Sir, I would like to draw the attention of hon. Members to the reform measures we are putting in place. We know that the Government adopted economic liberalisation and removed control from sugar prices and other marketing controls. However, necessary regulations will have to be put in place in order to that ensure that the sugar industry operates in an orderly manner. The fact is, as we have seen with many other sub-sectors, liberalisation has often been misunderstood to mean free-for-all. It is only after some nasty experiences that we are learning that we need to control or at least regulate the industry to ensure that there is order.

(Applause)

Mr. Temporary Deputy Speaker, Sir, the Government of Kenya still predominantly owns the sugar industries. With its decision to divest its shareholding in the sugar industry, the Government has scheduled all the sugar companies for privatisation and has further decided that adequate equity be reserved for farmers and employees after adequate consultation with all stakeholders. This will be a principle, at least, I can say for the agriculture sector; that wherever we are privatising what we consider to be viable agricultural enterprises, then producers and employees should be given a chance to have a stake in the industry which is being privatised. I am glad that, particularly in the case of Mumias Sugar Company, the farmers in the area organised themselves and did, indeed, buy a substantial part of what was put aside for them. But whatever was earmarked for them will still be reserved for them.

I wish also to draw the attention of hon. Members to the fact that so far, the pricing of sugar has been on the basis of negotiation between the millers and growers, according to the tonnage. This has not been a very healthy method. There have been cases where some intelligent and unscrupulous millers have been known even to hide boulders in the bundles of their cane to enhance their tonnage and, therefore, to damage equipment at a great

cost to the companies concerned.

The Bill which we have introduced to implement that policy is fairly straightforward. Indeed, as the Memorandum of Objects and Reasons says, the main objective of the Bill is to streamline the operations in the industry, with a view to ensuring that the industry is managed in an efficient and well co-ordinated manner. The key element of the Bill, is where it proposes the establishment of the Kenya Sugar Board, whose principal functions shall be: To regulate, develop and promote the sugar industry; to co-ordinate the activities of individuals and organizations within the industry, and to facilitate equitable access to the benefits and resources of the industry by all interested parties. Obviously, consumers, producers and millers must be regarded as the most important interested parties.

The Bill also seeks to increase the participation of sugar growers and millers in the management of the industry. That has been brought out clearly by the provisions we have, on the membership of the Board.

Mr. Temporary Deputy Speaker, Sir, Part II of the Bill deals with the establishment, powers and functions of the Kenya Sugar Board. In Clause 3(ii), the Board is given the usual powers of a body corporate. It has powers to sue and be sued. To take purchase, or otherwise, acquire, hold, charge, dispose of movable and immovable property and, to borrow and lend money. It is almost a verbatim reproduction of the rules, with regard to the Coffee Board. It goes on to say: "And to do and perform all such acts necessary for the proper performance of its functions under this Act, which may lawfully be done or be performed by a body corporate". The Sugar Board is the successor to the Kenya Sugar Authority, established by an order under the Sugar Act. It will have the rights and obligations of the previous body.

Mr. Temporary Deputy Speaker, Sir, Clause 4 sets out the objects which are already spelt out with regard to the Memorandum. In the first paragraph of Clause 4, without prejudice to that generality, you have a whole list of what the Board can do, under Clause 4(2). The Board is to consist of a non-Executive Chairman appointed by the Minister on recommendation of members. In other words, it is the members of the Board who will, in effect, "elect" the Chairman, but that has to be approved by the Minister. So, the Minister is the one who will gazette the individual's name on the basis of recommendation from the Board.

The Board will consist of four representatives elected by growers, and appointed by the Minister and three representatives elected by the millers and also appointed by the Minister. The Permanent Secretary in the Ministry for the time being responsible for Agriculture, the Permanent Secretary to the Treasury, the Director of Agriculture, shall be members of the Board, alongside the Chief Executive of the Board, who shall be an *ex-officio* member, appointed under Clause 10. His qualifications and conditions for appointment are clearly spelt out there. He shall be somebody who is qualified, and at least, holds a university degree in the field of agriculture and so on. No person shall be appointed to that position unless he holds a degree from a university recognised in Kenya, in agriculture, economics or business administration and, has at least five years experience in a managerial capacity in the agricultural sector.

Mr. Temporary Deputy Speaker, Sir, Clause 6 sets out the powers of the Board. Which include: Power to impose a levy or levies, to control, supervise and administer assets of the Board, to receive grants and gifts, to determine the provisions to be made for capital and recurrent expenditure, to lay down policy guidelines for the operations and management of all the funds collected by the Board, to access all such relevant information as may be necessary for the efficient administration of the industry, to enter into association with bodies or organizations within or outside Kenya, as the Board may consider. Clauses 7, 8 and 9 are very straightforward. Clause 7 is with regard to the conduct of business or affairs of the Board and the delegation of powers to the Board. Under Clause 8, subject to this, the Board may either generally or in any particular case, delegate to any committee, officer or employee certain responsibility. Remuneration of Board members is under Clause 9. Such remuneration, fees and allowances or expenses will be paid by the Board, as it may determine, after consultation with the Minister. I know that there are criticisms as to why the Minister should have these powers; why should he be consulted and why the Board should not be autonomous. The buck stops at the desk of the Minister for Agriculture in these matters. The Government cannot escape responsibility when we create these kinds of bodies. The Minister, therefore, as the person on whose desk the buck stops, must always have room to vet and at least, say "no".

I think this is particularly welcome, given our understanding in recent times, of the tendency by Kenyans, who are appointed to responsible positions, to steal by awarding themselves fat allowances. Somebody cited here the award of mileage allowances for two directors amounting to about Kshs11 million for a period of two to three years. Any Minister for Agriculture will have to ensure that, indeed, the position on the Board is not for the purpose of self-enrichment. He will have to be there to protect the public good.

Mr. Temporary Deputy Speaker, Sir, Section 18 of the Act establishes the Sugar Development Levy to be imposed on domestic and imported sugar. If sugar is imported under this section, the levy would be payable at such a rate as may be specified in an order. An order in this situation may contain provisions as to the time at

which any amount payable by way of the levy shall become due. Any person who fails to pay within the stipulated time shall be required to pay an automatic incremental penalty every month, at the rate of 5 per cent.

Mr. Temporary Deputy Speaker, Sir, Clause 21 authorises the Board to invest the funds, of the body in securities in which for the time being, Trustees may by law invest Trust funds or in any other securities which the Treasury may from time to time approve for that purpose. Perhaps we need to enhance the supervision of the Treasury here, to ensure that these funds are not invested in banks which may collapse. We should not invest funds in another Trust Bank! This is a matter on which the Minister should be extremely careful.

Mr. Temporary Deputy Speaker, Sir, I wish to say something on Clauses 28 and 29. Clause 28 governs the sugar industry agreements. These are covered in greater detail in the schedules which are attached to this Bill. Under Paragraph 1, it states as follows:-

"There shall be for the purpose of this Act agreements to be known as the sugar industry agreements negotiated between growers and millers, growers and outgrower institutions and millers and outgrower institutions."

The said agreements shall conform to the guidelines set out in the Second Schedule to the Act. The detailed regulations of those agreements are here. They show what these institutions can do, and what they cannot do. Without prejudicing the generality of those provisions, Paragraph 3 provides as follows:-

"The agreements shall include: The designation of any agricultural crop for which it is possible to manufacture sugar which is subject to the agreement."

In Ivory Coast, they have discovered a new plant which has a higher sugar content and which is even, in many ways sweeter, than conventional crops which are farmed for extraction of sugar. A sugar-cane farming contract shall also include the terms and conditions of the production of sugar-cane and sugar, and prescribing the rights and obligations of growers and millers. I think this is critically important. This is where the small-scale farmers will have to be protected and I suppose most of them can only operate effectively through the out-grower companies or groups. It shall also include a formula for determining the price to be paid by millers to growers for sugar-cane or any designated agricultural produce which may include any factor related to the sale or disposal of sugar industry products. It shall include the functions to be executed by the Board in the execution of the agreement. It will also include the granting of powers to the Board to impose penalties prescribed in the agreement and shall include the imposition of levies upon growers and millers for the purpose of enabling the Board to fulfil any obligations incurred by it in accordance with its constitution.

Clause 29 covers the establishment of the Sugar Arbitration Tribunal. Obviously, in this kind of a situation, numerous disputes are likely to arise and it is important to have a fast dispute settlement institution separate from the ordinary courts of the land. I think this is necessary because of the inordinate delays that we know courts have come to be known for, and, in particular, the tendency of many litigants, individuals and lawyers, to rush to court not for the purpose of solving the dispute, but for the purpose of tying it down, so that the party, who is at an advantage pending the resolution, can continue to do what he or she does. This is what is happening in co-operative societies. If you challenge a decision of the management committee, they go for an injunction and pending that, they perpetuate themselves in office. I think the idea of a tribunal should be welcome by all.

The procedure of appointment of members to the tribunal is set out. The chairman shall be a person qualified for appointment as a judge of the High Court. It shall also have two other members, being persons with expert knowledge of matters likely to come before the tribunal and who are not persons with direct material interest in the sugar industry. Presumably, among the other two, we should have, perhaps, people who have technical knowledge in the sugar industry or in farming, agriculture, livestock and so on. These are some of the issues which will arise. The chairman though has to be somebody qualified to be a High Court judge. They shall all be appointed by the Minister in consultation with the Attorney-General. I know some of the Members who come from the sugar growing areas even suggested to me that they should be elected by growers and millers. I think that will be a very dangerous proposition. Once we elect the arbitrators, then you can never expect impartiality. I think it would be unworkable. I hope there will be no proposal for an amendment to include that kind of provision.

The rest of the section just deals with the terms of office. It is for a three-year period renewable once for a five-year term. But I think it should be for a three-year term. If it is renewable, it can only be for the length of the term that is already there.

Clause 31 provides for the power of the Minister to make regulations in consultation with the Board, generally for the better carrying out of the provisions of the Act. The First Schedule has provisions on the conduct of business and affairs of the board, and the rules of procedure. The Second Schedule has guidelines for agreements between parties in the sugar industry. That will be the key part of the new reform that we are

introducing. Part three of that Second Schedule deals with sugar-cane fires and cane pricing. It clearly defines in detail the obligations, particularly of the miller to take burnt sugar and so on and if he refuses, to give good reasons for this. It defines the terms under which he may do so. Paragraph 8(3) under Part 3 also gives a formula to be adapted in the payment of sugar-cane based on sucrose content. Part 4 of the schedule deals with the relationship between the outgrower institution and the miller and Part 5 with the relationship between the outgrower institution and the grower.

Mr. Temporary Deputy Speaker, Sir, in arriving at these proposals widespread consultations were held with all stakeholders including Members of the Departmental Committee on Agricultural, Lands and Natural Resources, representatives of growers, outgrower institutions and, in particular, the millers. The proposals in this Bill and in the schedules attached thereto, reflect what, as much as is feasible, has been the result of those consultations. I hope the House will lend me support.

With those few remarks, I beg to move.

The Assistant Minister for Tourism and Information (Dr. Wamukoya): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me time to second the Sugar Bill (Bill No.24) of 2001. I gladly do so because this Bill is long overdue. I also do so because the farmers out there are eagerly awaiting this Bill because they believe that it will give them solutions to their problems. We will make suggestions that will help us and the farmer to go through complete liberalisation of the industry.

At the beginning of the sugar industry, many years ago, farmers in the sugar belt were making a lot of profits. However, as time has gone by, the cost of inputs has gone up and the income the farmer has been getting has been dwindling to the extent that the sugar-cane farmer is now poor. He is not capable of looking after himself and his family. We have seen the benefits resulting from liberalisation of the tea industry. We were told here that the farmer is now reaping up to 80 per cent of his produce. We have just passed the Coffee Bill and I believe that liberalisation will help the farmer get as much as possible out of his produce.

Liberalisation of the sugar industry must also go all the way. I believe that we should not do things half-way just because the Government still holds 30 per cent of the shares there. I do not think we have time to keep coming here every time the Government releases the shareholding so that we can liberalise further. We want to liberalise this time once and for all so that, from today, our farmer will know that he will get something out of his activity.

As I said earlier, this Bill is long overdue. Some time back an attempt was made to liberalise the sugar industry. The Kenya Sugar Authority brought a draft Bill to the Ministry of Agriculture and Rural Development which left a lot to be desired. I remember the PS then saying at that time: "Could the politicians leave us alone and let the civil servants look at it again?"

Mr. Temporary Deputy Speaker, Sir, it took a long time again for the Minister for Agriculture to think about revisiting the problems in the sugar industry. In 1999, they invited all stakeholders, which was a very good thing, to a hotel in Kisumu and we had two days of deliberations, whereby the Departmental Committee on Agriculture, Lands and Natural Resources, was represented. They made their contributions. They were all there. Most of us Members of Parliament from the sugar belt were all there. Unfortunately, the politicians left the meeting and went to visit factories, familiarised themselves with one thing or another and left the civil servants to put together resolutions. Unfortunately, what we have here today as a Bill, although I am seconding it, will require quite a bit of amendments if it has to agree with the contributions that were made in Kisumu.

(Applause)

Mr. Temporary Deputy Speaker, Sir, again, one thing that you will notice is that it took a long time, from 1999, for the Bill to reach this House. It makes one feel that there was something being "doctored" or somebody was afraid about something. Until pressure was put on by one Member of Parliament in the form of a Motion, that is when the Government decided or agreed to bring this Bill to Parliament. So, I believe that Members are going to make contributions towards the end of amendments.

However, I want to make a few comments on the Bill itself. Clause 3 in general, and Sub-clause 3 in particular, as far as I am concerned, need revisiting. This is because what we have there now is just transferring the Kenya Sugar Authority (KSA) to Kenya Sugar Board (KSB). We are just changing the names. The essence remains the same. Since the farmers have been having problems over the years, and I tell you they have been blaming the KSA for their poor management; imposing themselves on the farmers' activities, they feel that just transferring the name from KSA to KSB is not going to help them.

If we did to this Sugar Bill the way we did to the Tea Bill, where we have a Board and the Agency, if we had the same thing and said that we are completely liberalising the sugar industry, then we should have those two

bodies; one to regulate and advise and the other one to manage and operate. So, I was recommending the Kenya Sugar Agency as a body that will solely be elected and constituted by the farmer and it will be managed by the farmer and for the farmer himself while the Government people in the Board will be helping to regulate everything else as it has been done before in very many boards.

Mr. Temporary Deputy Speaker, Sir, I also want to comment on the activities of the millers. The millers in the sugar belt today feel---

The Temporary Deputy Speaker (Mr. Imanyara): Mr. Assistant Minister, how long are you likely to take? Are you stopping right now?

The Assistant Minister for Tourism and Industry (Dr. Wamukoya): No, I will need more time, Mr. Temporary Deputy Speaker, Sir.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Imanyara): Hon. Members, in that case then, I will take this opportunity to interrupt our business until tomorrow, Thursday, 29th November, at 2.30 p.m.

The House rose at 8.30 p.m.