

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Wednesday, 13th April, 2005

The House met at 2.30 p.m.

*[Mr. Speaker in the Chair]*

### PRAYERS

### PAPERS LAID

The following Papers were laid on the Table:-

Annual Report and Accounts of Agricultural Development Corporation (ADC) for the year ended 1999/2000 and the Certificate thereon by the Auditor-General.

Annual Report and Accounts of Agricultural Development Corporation (ADC) for the year ended 2000/2001 as at 31st March, 2001 and the Certificate thereon by the Auditor-General.

Annual Report and Accounts of Kalalu Ranch for the year ended 2000/2001 as at March 31st, 2001 and the Certificate thereon by the Auditor-General.

Annual Report and Accounts of Garrissa Irrigation Project for the year ended 2000/2001 as at 31st March, 2001 and the Certificate thereon by the Auditor-General.

Annual Report and Accounts of Lands Limited for the year ended 2000/2001 as at 31st March, 2001 and the Certificate thereon by the Auditor-General.

Annual Report and Accounts of Agricultural Development Corporation (ADC) and its subsidiary Lands Limited for the year 2000/2001 as at 31st March, 2001 and the Certificate thereon by the Auditor-General.

Annual Report and Accounts of Tea Board of Kenya for the year 2000/2001 as at 31st March, 2001 and the Certificate thereon by the Auditor-General.

Annual Report and Accounts of Agricultural Finance Corporation (AFC) for the year ended 30th June, 2000 and the Certificate thereon by the Auditor-General.

Annual Report and Accounts of Pest Control Products Board for the year ended 30th June, 2003 and the Certificate thereon by the Auditor-General.

Annual Report and Accounts of National Cereals and Produce Board for the year ended 30th June, 2001 and the Certificate thereon by the Auditor-General.

*(By the Assistant Minister for Trade  
and Industry (Mr. Miriti) on behalf  
of the Minister for Agriculture)*

Annual Report and Accounts of Industrial and Commercial Development Corporation (ICDC) for the year ended 30th June, 2004 and the Certificate thereon by the Auditor-General.

*(By the Assistant Minister for Trade  
and Industry (Mr. Miriti) on behalf)*

*of the Minister for Trade and Industry)*

Annual Report and Accounts of Kenya Airports Authority for the year 2001/2002 and the Certificate thereon by the Auditor-General.

Annual Report and Accounts of Kenya Airports Authority for the year 2002/2003 and the Certificate thereon by the Auditor-General. Annual Report and Accounts of Kenya Ports Authority for the year ended 30th June, 2001 and the Certificate thereon by the Auditor-General.

Annual Report and Accounts of Kenya Ports Authority for the year ended 30th June, 2002 and the Certificate thereon by the Auditor-General.

*(By the Assistant Minister for Trade  
and Industry (Mr. Miriti) on behalf  
of the Minister for Transport)*

Annual Report and Accounts of Telkom Kenya for the year ended 30th June, 1999 and 2000 and the Certificate thereon by the Auditor-General.

*(By the Assistant Minister for Trade  
and Industry (Mr. Miriti) on behalf  
of the Minister for Information  
and Communications)*

The Twelfth Report of the Public Investments Committee (PIC) on the accounts of State Corporations.

*(By the Chairman of Public Investments  
Committee (Mr. Muturi))*

## NOTICES OF MOTIONS

### ADOPTION OF THE TWELFTH REPORT OF PIC

**Mr. Muturi:** Mr. Speaker, Sir, I beg to give notice of the following Motion:-  
THAT, this House adopts the Twelfth Report of the Public Investments Committee (PIC) on the Accounts of State Corporations laid on the Table of the House on Wednesday, 13th April, 2005.

### THE PYRETHRUM DEVELOPMENT ACT

**Eng. Muriuki:** Mr. Speaker, Sir, I beg to give notice of the following Motion:-  
THAT, aware that pyrethrum farmers are facing a lot of problems due to a huge backlog in payment for their produce delivered; considering that the Pyrethrum Board of Kenya Act imposes a lot of restrictions to both prospective producers and marketers; bearing in mind the need to liberalise the industry in order to reap maximum benefits to the farmers and for the country, this House do grant leave to

introduce a Bill for an Act of Parliament to repeal the Pyrethrum Board of Kenya Act and to replace the same with a new Act, The Pyrethrum Development Act, through which the pyrethrum subsector will be liberalised.

### ORAL ANSWERS TO QUESTIONS

#### *Question No.058*

#### NON-INCLUSION OF KEVEVAPI AND KETRI IN THE MINISTRY OF LIVESTOCK AND FISHERIES

**Mr. Speaker:** Mr. Wario, I am made to understand that you had agreed that this Question be postponed until tomorrow. Is that correct?

**Mr. Wario:** Mr. Speaker, Sir, that is true.

**Mr. Speaker:** Very well, the question is then postponed until tomorrow.  
Next Question!

#### *(Question deferred)*

**Mr. Muiruri:** Mr. Speaker, Sir, although I do not have the written reply, I would like to ask Question No.087 as it appears on the Order Paper.

#### *Question No.087*

#### PAYMENT OF TAXES BY NAKUMATT SUPERMARKETS

**Mr. Muiruri** asked the Minister for Finance how much Nakumatt Supermarkets have paid to the Exchequer in form of Value Added Tax (VAT) and other taxes for the last five years.

**The Assistant Minister for Finance (Mr. Katuku):** Mr. Speaker, Sir, I am sorry that the hon. Member does not have a written reply because we submitted the written answers late. I can hand him a copy here for him to follow. However, I beg to reply.

The total amount of taxes paid to the Exchequer by Nakumatt Supermarkets for the last five years is Kshs472,995,831 of which VAT was Kshs230,568,896; PAYE was Kshs231,149,113; and Income Tax, Kshs11,277,822.

**Mr. Muiruri:** Mr. Speaker, Sir, I asked this Question out of curiosity because it is known in the whole country that Nakumatt Supermarkets either do not pay taxes or pay very little. This has been confirmed. Uchumi Supermarkets are closing down and yet it is an institution owned by Kenyans. Is the Assistant Minister really satisfied that the Nakumatt chain Supermarkets which has branches all over, especially in Nairobi - we all have been to those branches and we see the amount of money they collect every minute, everyday - is a genuine taxpayer considering that the amount of money it has paid is only Kshs472 million for a period of five solid years?

**Mr. Katuku:** The answer to that question is no, I am not satisfied with the figures.

*(Applause)*

I have commissioned an audit on the amounts and it is ongoing. You will recall that we still had a case with Nakumatt which went to court over the issue of non-declaring of Valued Added Tax (VAT) and also over non-payment of other taxes. We had done an audit earlier and found out that they had paid less, but they went to court challenging the same. The court ruled in their favour, but we have now commissioned a fresh audit on the issue. Once this is done and concluded, I will be ready to inform the House.

**Mr. Billow:** Mr. Speaker, Sir, there are, indeed, concerns that Nakumatt uses "briefcase importers" to import the bulk of their supplies from abroad, and these "briefcase importers" do not actually pay any duties or taxes. They are not also registered for the purposes of VAT. Could the Assistant Minister undertake to the House that he will carry out investigations to ascertain the veracity of those allegations, which are actually out there in the industry?

**Mr. Katuku:** I also want to agree with the hon. Member that we have "briefcase suppliers" and as a Government, we are trying to catch up with those kind of people who are not paying taxes by: One, for those who are recognized, we have introduced the withholding tax system, whereby the person purchasing, for example, if it is the Government purchasing from anybody, it will withhold the tax and it will be remitted directly to the Kenya Revenue Authority (KRA).

We have also come up with a cash register system which we are insisting must be implemented. This cash register will ensure that, once you buy any item from any supermarket or from anybody, it will be registered in the machine and my people will be going there just to read the figures and collect the duties. So, these are some of the measures we are introducing to catch up with fellows who have been evading paying taxes. I hope the House will support these kind of measures.

**Dr. Khalwale:** On a point of order, Mr. Speaker, Sir. Would I be in order to request that this Question be deferred so that the Assistant Minister comes back to the House next week with figures of what Uchumi pays and what Nakumatt pays, so that hon. Members have a comparative understanding of this Question?

*(Applause)*

**Mr. Katuku:** I will oblige to any kind of request if I am unable to answer the Question.

**Mr. Billow:** On a point of order, Mr. Speaker, Sir. In addition, it is important that we determine the amount of duty paid by Nakumatt on its imports. This is absolutely important because they are not paying duty as they are using "briefcase importers". Could you also, please, include that in your investigation?

**Mr. Katuku:** I have said that I have already commissioned a team to audit all this, and I will take your suggestion on board.

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

**Mr. Speaker:** Order, hon. Members! We shall not dwell on this Question forever! Can we have your last question, Mr. Muiruri?

**Mr. Muiruri:** Mr. Speaker, Sir, I would like to kindly request the Assistant Minister who has answered this Question, I think, to genuinely defer this Question, because it is a very, very important Question. I believe the Government is losing a lot of money, and we have a lot of information which we would like to lay on the Table here, to assist the Assistant Minister to adequately answer the Question. We are only asking that he defers the Question for only two weeks. I am only pleading to the---

**Mr. Speaker:** Order! What has he not answered?

**Mr. Muiruri:** He has not--- There are many types of taxes, and you know that very well.

**Mr. Speaker:** What have you asked him? Has he been unable to answer your question?

**Mr. Muiruri:** There is the duty itself and the tariff---

*(Loud consultations)*

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

**Mr. Muiruri:** And many, many others. You can get them from the Assistant Minister. We are only asking him that, in view of the importance of the Question, we are pleading with him that he agrees to come back in the next two weeks when we shall be armed with a lot of other information---

**Mr. Speaker:** Order, Members! Order! Order! It is the business of hon. Members to ask Questions to the Assistant Minister, and it is the business of the Assistant Minister to answer Questions put. As far as I am concerned, I have not heard any Question asked to this Assistant Minister which he has not answered. Therefore, the Question does not merit to be deferred.

**Mr. Muiruri:** Mr. Speaker, Sir, the Assistant Minister has not given us the figures for the import duties, and that is also important.

**Mr. Speaker:** Mr. Katuku, do you have that information?

**Mr. Katuku:** If you look at the Question, he is asking about VAT, and I have given the figures of VAT, PAYE and Income Tax---

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

**Mr. Speaker:** Order! Order, Mr. Sambu! We will have order here, please. Keep your peace and let the Assistant Minister speak!

**Mr. Katuku:** So, if the hon. Member would want any other information which he has not asked, he can put in a Question and I am ready to come here with an answer. But I have already said that there is an audit which is going on to verify what we have been getting from the supermarket and what they have been declaring. I have also said here that once that report is ready, I will even come here and lay it on the Table of this House.

**Mr. Speaker:** Last question---

**Mr. Muiruri:** Mr. Speaker, Sir---

**Mr. Speaker:** Order! Order, all of you! We cannot be on one Question half of the Question Time!

Next Question, Mr. Kimeto!

*Question No.040*

OPENING OF SIGORIAN DISPENSARY

**Mr. Kimeto** asked the Minister for Health:-

(a) whether he is aware that Sigorian dispensary has not been opened despite the fact that the Government had promised to open the same in the year 2002; and,

(b) when the dispensary will be opened to enable people get treatment within a short distance.

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

(a) I am aware that Sigorian/Kiricha dispensary is not operational. However, my Ministry has gazetted the facility and it is currently on the list of facilities to receive essential drugs once operational.

(b) There is a serious shortage of nurses in the country. The communities have, through their own initiative, come up with many dispensaries now and the increase has not been at par with the

employment of nurses. The Government is in the process of recruiting 342 nurses. However, to operationalize all the new dispensaries and, therefore, bring health services closer to the people, my Ministry would have to employ 4,000 new nurses. This facility will be given priority when more nurses are employed.

Thank you, Mr. Speaker, Sir.

**Mr. Kimeto:** Mr. Speaker, Sir, you have heard the Assistant Minister say that this dispensary has not been operational and it has been there for a very long time. You have also heard the Assistant Minister say he is planning, sooner or later, to employ 342 nurses as compared to about 36 million Kenyans. Could the Assistant Minister increase this number or employ 4,000 nurses immediately to serve the large number of people in this country?

**Mr. Konchella:** Mr. Speaker, Sir, the Ministry of Health will be happy to employ five other nurses and not even four as requested by the hon. Member. But all this depends on the budget. We hope and believe that the Government will allocate substantial resources to the Ministry this financial year. Should this House approve the additional funds, we will employ those nurses.

**Mr. Munya:** Mr. Speaker, Sir, Sigorian Dispensary is not the only dispensary that is not operational in this country. The Ministry promised to open dispensaries in various parts of the country, but to date, it has not. Last December, for example, the Minister promised on the Floor of this House that her Ministry would open two dispensaries in my constituency. The names of the nurses who were going to operate those dispensaries were even given here. To date, those nurses have not been posted there, nor have those dispensaries been opened. At this rate, could we take Ministers seriously when they make promises with specific details that they do not even fulfil?

**Mr. Konchella:** Mr. Speaker, Sir, we mean what we say when we make promises. The only problem we have is the critical shortage of nurses in those facilities that are operational. Currently, the Ministry is strengthening those facilities that are operational, so that *wananchi* may be served while we wait for recruitment of nurses. As far as the hon. Member is concerned, I promised that four nurses would be posted to the dispensaries in his constituency. I even spoke to the Medical Officer of Health (MOH), whom I will discuss this issue with to find out why those nurses have not been posted to those two dispensaries.

**Mr. Samoei:** Mr. Speaker, Sir, the issue of nurses and clinical officers in dispensaries and health centres in rural areas is a very serious one. It is not possible for us, as a country, to imagine health facilities without personnel to man them. I have written to the Minister about 11 health centres in my constituency that were built by the community, but there is nobody to man them. When will the Ministry employ nurses and clinical officers? It is not enough for the Assistant Minister to keep on saying there is a shortage of personnel. There is no shortage of personnel who can do this job, it is just that they have not been employed. When will this crucial personnel be employed?

**Mr. Konchella:** Mr. Speaker, Sir, the hon. Member is right. This problem is all over the country and it is very critical. We have taken up this issue, in fact, with our development partners.

Mr. Speaker, Sir, in the latest negotiations with them, we requested that the embargo that they have put on the Ministry of Health be lifted. We hope that, as a result of these negotiations, we will be able to employ more personnel. However, we must know that it is also the resources that---

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

**Mr. Speaker:** What is it?

**Mr. Billow:** Mr. Speaker, Sir, you heard the Assistant Minister say that the Government is under an embargo. He actually said that if the embargo is lifted, the Ministry will be able to employ. We want to know the Government is under embargo by who?

**Mr. Konchella:** Mr. Speaker, Sir, the World Bank (WB) and the International Monetary

Fund (IMF). The hon. Member knows this!

**Mr. Sambu:** On a point of order, Mr. Speaker, Sir. Is the Assistant Minister in order to surrender our sovereignty and independence? Are we an independent nation, or we are a colony of the two bodies?

**Mr. Speaker:** Mr. Konchella, who rules Kenya?

**Mr. Konchella:** Mr. Speaker, Sir, I do not want to talk for the Minister for Finance because he is here. However, I would like to say the restriction on recruitment is chiefly based on our economic development. This is an issue that is based on the ability of this country to pay its staff. We cannot recruit more people when we are not able to pay. We depend on development partners to support us when we are recruiting people because we have to provide salaries and allowances.

**Mr. Speaker:** Very well! Last Question, Mr. Kimeto.

**The Assistant Minister, Office of the President** (Mr. Shitanda): On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Mr. Shitanda, I am sorry we have to move on. We do not have all the time to dwell on this Question.

**The Assistant Minister, Office of the President** (Mr. Shitanda): On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Mr. Shitanda, what is it? Does it concern your Ministry?

**The Assistant Minister, Office of the President** (Mr. Shitanda): Mr. Speaker, Sir, I would like to clarify one thing. I am an Assistant Minister in charge of Public Service. However, I am not aware that we are under embargo to employ. I just wanted to correct that.

*(Applause)*

**Mr. Konchella:** Mr. Speaker, Sir, let me withdraw the word "embargo". However, I would like to say that the wage bill for Government employees in this country currently stands at 9.3 per cent of the Gross Domestic Product (GDP). That is not sustainable, it has to come down to under 8 per cent for us to sustain it based on our current economic development.

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

**Mr. Speaker:** Order, hon. Members! I am afraid we have a lot of unanswered Questions. I can understand your agitation.

Mr. Kimeto, could we finish this matter!

**Mr. Kimeto:** Mr. Speaker, Sir, could I request the Assistant Minister, out of 342 nurses they want to employ, to post at least four nurses to Sigorian Dispensary? Although the Assistant Minister seems to have sold the sovereignty of this country to foreigners, I urge him to be independent enough and allocate some funds from the Ministry of Health to constituencies, so that we are in a position to employ nurses and post them to our dispensaries and health centres as soon as possible.

**Mr. Konchella:** Mr. Speaker, Sir, that is a very brilliant idea. We have to look for ways of privatising our institutions to reduce the Government Budget. I agree with the hon. Member. Mr. Kimeto, thank you for that suggestion.

However, 342 nurses will be posted based on priority. Should the priority index of your district allow the MOH to post one or two nurses in that dispensary, it will be done. So, discuss that with the MOH and see whether it is possible.

**Mr. Speaker:** Very well! Let us move to the next Question.

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

**Mr. Speaker:** Mr. Mwenje, we are running short of time. Are you taking me back to the Question concluded or it something different?

**Mr. Mwenje:** Mr. Speaker, Sir, I would like the Chair to clarify a few things to us. This morning, there was confusion where one Minister was correcting another. Now, this afternoon another Assistant Minister has tried to say the other Assistant Minister is wrong. It appears this Government is very confused. Could you make a ruling using Standing Order No.1 on what should be the proper procedure to be followed when a Minister wants to correct another and both of them are wrong, or one of them is wrong?

**Mr. Speaker:** Hon. Members, using my powers under Standing Order No.1, I would suggest to the Vice-President and Minister for Home Affairs to take his Ministers to a seminar!

*(Applause)*

**The Vice-President and Minister for Home Affairs (Mr. Awori):** Mr. Speaker, Sir, I agree with you!

*(Applause)*

**Mr. Speaker:** Thank you!

Next Question, Ms. Ndung'u!

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

**Mr. Speaker:** Order, Mr. Kimeto! Let us, please, follow the rules. We are now back to Ms. Ndung'u. Your time was up a long time ago.

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

**Mr. Speaker:** Order, Mr. Kimeto! If you take to the Floor of the House without permission from the Chair, I will make it impossible for you in the next few hours to interfere with the business of the House.

Ms. Ndung'u, you may now ask your Question!

*Question No.052*

KENYA'S RATIFICATION OF  
THE PROTOCOL ON WOMEN RIGHTS

**Ms. Ndung'u** asked the Minister for Gender, Sports, Culture and Social Services:-

- (a) when Kenya will ratify the Protocol on Women Rights to the African Charter on Human and people's Rights;
- (b) why Kenya has not ratified this Protocol which it signed in Maputo in July, 2003; and,
- (c) whether he is aware that sanctions from the African Union may apply to Kenya for failure to ratify this Protocol.

**The Minister for Gender, Sports, Culture and Social Services (Mr. Ochilo-Ayacko):** Mr. Speaker, Sir, I beg to reply.

(a) Kenya will ratify the Protocol to the African Charter on Human and People's Rights on the rights of women in Africa once certain provisions of the Protocol, which are inconsistent with Kenya's existing law, have been amended.



(b) Kenya has not ratified the Protocol which it signed in Maputo in July 2003, because of certain clauses which require further clarification, amendment or reservations *vis-a-viz* Kenya's Constitution and other laws.

(c) I am not aware that sanctions from the African Union may apply to Kenya for failure to ratify this Protocol because the provisions of sanctions are not stipulated in the Protocol.

**Ms. Ndung'u:** Mr. Speaker, Sir, both the written and oral answers are extremely disappointing. The Minister has shown us that whoever his advisers are in the Ministry are not only incompetent but also not experts in this field. If there have been no reservations on any other protocols and conventions that we have adopted in Kenya - we have adopted one on tourism and corruption and we never had this problem. We sent delegations of Ministers to Addis Ababa and our President to Maputo who put his signature to the Protocol yet it has taken two years for us to ratify it. What is the problem? If there are amendments to be made in the law, what are they? Could he, please, tell us what they are and whether the lethargy is in his Ministry or in the Office of the Attorney-General? What is happening?

**Mr. Ochilo-Ayacko:** Mr. Speaker, Sir, certainly the hon. Member does not know how the Government operates and it may be easy to call public officers incompetent without knowing. However, if we look at Article 13, Paragraph 3 of the Protocol, it reads, in part:-

"State parties to reduce military expenditure significantly in favour of spending on social development in general and the promotion of the women---"

This particular phrase is very wide and does not give any indication of what is considered to be significant and does not take into account the economic position of the country.

If you look at Article 11, Paragraph 3, it reads:-

"State parties to undertake to protect asylum seeking women refugees, returnees and internally displaced persons and treat offenses against them as genocide."

You will find that the offences are treated as genocide on the basis of the identity of the person. Article 14 of this Protocol says:-

"The right to control their fertility and right to choose whether to have children."

If this is construed generally, it may mean that this country has agreed to things like abortion. We have taken this issue before the Cabinet and it has noted it. It has asked the Attorney-General to make sure that general provisions of this Protocol conform with our Constitution and laws. The Attorney-General in due course, I gather, will come to Parliament to provide a way forward.

*(Applause)*

**Mr. Munya:** Mr. Speaker, Sir, some hon. Members may not know how the Government works, but I am surprised that a Government signs a protocol which it seems not to have read in advance to understand the clauses that it needs to change, then backtrack in the middle. Is the Minister telling us that when the Government was signing the Protocol, it was not aware that these provisions were there?

**Mr. Ochilo-Ayacko:** Mr. Speaker, Sir, the Government agrees with the general spirit of this Protocol and our Government is committed to promoting the rights of women. However, this Protocol needs to be domesticated so that it conforms to the general laws that we have in this country.

**Ms. Ndung'u:** Mr. Speaker, Sir, when will the Government bring the proposed amendments to the laws that will be in conformity? He should give us a specific timeframe.

**Mr. Ochilo-Ayacko:** Mr. Speaker, Sir, we have moved with speed and on 21st October,

2004, the Cabinet noted all the concerns and I am in touch with the Office of the Attorney-General. The information I have is that, that office should be able to do this within three months from today.

**Mr. Speaker:** Very well! Next Question, Mr. Rotino!

*Question No.074*

LACK OF ELECTRICITY IN SIGOR  
CONSTITUENCY

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

- (a) whether he is aware that there is no electricity in Sigor Constituency;
- (b) what rural electrification programmes the Ministry has earmarked for the constituency; and,
- (c) whether he could inform the House the potential for tapping solar energy in the constituency.

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

- (a) I am aware that Sigor Constituency has no electricity.
- (b) Ortum Market, Mission Hospital, Secondary School and Polytechnic are projected to get electricity under Phase II of the French-Funded Rural Electrification Programme (REP), which will commence in the financial year 2005/2006. My Ministry is also undertaking preliminary surveys for other priority projects in Sigor Constituency which have been recommended by the West Pokot District Development Committee (DDC) for funding consideration during the next two financial years.

(c) As in most parts of the country in the semi and arid areas, Sigor Constituency receives very good amounts of solar radiation for about 10 hours per day throughout the year. It is, therefore, a high potential area for tapping solar energy for both heating and electricity generation.

**Mr. Rotino:** Mr. Speaker, Sir, I asked a similar Question in 2003 and the Assistant Minister gave me a similar answer. I do not know whether the Assistant Minister is aware that Turkwel Dam is in Sigor Constituency and we give to the Exchequer Kshs700 million every month yet we do not even have even a kilowatt of electricity. Could he tell me how much it is going to cost to bring electricity from Kapenguria to Ortum, which he is talking about, which is not even half way of the constituency? How much is that going to cost?

**Mr. Kiunjuri:** Mr. Speaker, Sir, it is true that we might have given the same answer. However, these funds are not Government funds. We are relying on donors. For this French REP Phase II, we would have to wait for them to implement it from July this year.

**Mr. Rotino:** Mr. Speaker, Sir, is it in order for the Assistant Minister to say that he relies on the French money yet Turkwel Dam remits Kshs700 million to the Exchequer? Could he not use even Kshs200 million to supply electricity to Ortum? Does he have to wait for the French Government to give him money?

**Mr. Kiunjuri:** Mr. Speaker, Sir, the hon. Member clearly asked whether I am aware that there is no electricity in his constituency and I have answered him. He did not ask whether I know we are getting Kshs700 million from his constituency or whether we can consider, at least, utilising some of this money to supply electricity to his constituents. However, we already have a priority list from the West Pokot DDC and in the next three months, we are going to disburse money to some of these projects. The hon. Member can come and check with us once the survey is completed.

**Mr. Manoti:** Mr. Speaker, Sir, the issue of electricity is very sensitive and everybody wants to know what is happening everywhere. I remember that in 2003 we passed a Motion in this House asking the Ministry of Energy to supply electricity to all dispensaries and trading centres. Could the

Assistant Minister tell us how many constituencies are benefiting from the French REP and how much money it is?

**Mr. Kiunjuri:** Mr. Speaker, Sir, that is quite a different issue. I can lay on the Table, a list of all the constituencies that will benefit from this project. The Government is committed to installing electric power in all market centres and public institutions. We have released most of the monies. However, we are trying to do adjustments on the distribution of work since the Kenya Power and Lighting Company (KPLC) has no capacity to handle it.

**Mr. Billow:** Mr. Speaker, Sir, mine is also a constituency without electricity. You have heard the Assistant Minister say that a constituency that generates electric power does not have access to electricity. There are concerns that rural electrification is done on the basis of politically-correct constituencies. Could he tell this House whether there are specific policies which are used by the Ministry to determine the prioritisation of rural electrification projects in this country?

**Mr. Kiunjuri:** Mr. Speaker, Sir, first of all, it is not true that the Government is only supplying electric power to areas which are politically-correct. If you look at the North Eastern Province, where this Government got only one Parliamentary seat, you will find that we have already given out generators to Moyale District which are worth over Kshs30 million. We have given others to Wajir District and---

*(Loud consultations)*

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

**Dr. Ali:** On a point of order, Mr. Speaker, Sir. Is it in order for the Assistant Minister to say that Moyale District is in the North Eastern Province? If he does not know where it is, then he should not talk about it!

**Mr. Kiunjuri:** Mr. Speaker, Sir, I am sorry. I was talking about the Northern Frontier Districts. Moyale is in the Eastern Province. If you look at the marginalised areas, you will find that we have given them generators.

**Mr. Billow:** On a point of order, Mr. Speaker, Sir. This Assistant Minister continues to blunder. The sooner we correct him the better. There is no district called the Northern Frontier. All the districts he mentioned have had electric power even in the past. The issue here is about replacement of generators.

**Mr. Kiunjuri:** Mr. Speaker, Sir, if the hon. Member wants us to play politics, then we will do so. It is true that we are now installing new generators in Garissa---

**Dr. Godana:** On a point of order, Mr. Speaker, Sir. It is sad that an Assistant Minister can stand in this House and fool the whole country by saying things which are not true. The Standing Orders are very clear about that. All those districts headquarters have had electric power for the last 20 years, run on generators. He is saying that they have never had power. That is untrue!

**Mr. Kiunjuri:** Mr. Speaker, Sir, all the hon. Members concerned accompanied us with the President to initiate this project. It is true that we are installing new generators, whether they had old or new ones. I know that Mr. H. M. Mohammed wants a Ministerial Statement in connection with the power black-outs in his constituency. The truth of the matter, which also deals with the problem of discrimination, is that we have given out new generators to the North Eastern Province as part of the affirmative action. We have also given all boarding primary and secondary schools solar panels. I can prove that. Hon. Members are not keen in following these issues. Tenders have already been awarded for all the 17 primary schools. If hon. Members are not interested in the project, we can withdraw it.

*(Loud consultations while Dr. Ali stood up in his place)*

**Mr. Speaker:** Order, Dr. Ali! We have to hear what the Assistant Minister has to say, unless you want me to move on to the next Question.

**Dr. Ali:** On a point of order, Mr. Speaker, Sir. Will you allow this Assistant Minister to misbehave in this House and threaten people by telling us that he will withdraw the solar panels from schools? That is blackmail! You should not accept that. He said he would withdraw solar panels from schools if we did not want them. Those things do not belong to him!

**Mr. Kiunjuri:** Mr. Speaker, Sir, I said that if they did not want the panels, I could withdraw them. However, because we are not serving hon. Members but the people of North Eastern Province, we shall continue doing so.

**Mr. Rotino:** Mr. Speaker, Sir, in answering the second part of this Question, the Assistant Minister said that markets, hospitals, secondary and primary schools would be provided with electric power. Could he extend this project to Sigor Market, the mission hospital and the schools which are there?

**Mr. Kiunjuri:** Mr. Speaker, Sir, we will provide electric power in the following areas: Mission hospital, market centre, boys' secondary school, boarding primary school, the medical centre and Holy Rosary Secondary School. We are doing very well.

*Question No.067*

REMITTANCE OF REVENUE BY  
PAN AFRICAN PAPER MILLS

**Dr. Kibunguchy** asked the Minister for Energy:-

- (a) how much revenue Pan African Paper Mills (PPM) - Webuye has remitted to the Government since its inception;
- (b) what other benefits the Mill has rendered to the country as a whole and to the communities living around its areas of operation in particular; and,
- (c) if he could confirm that the Mill's benefits to the country justify its existence.

**The Assistant Minister for Trade and Industry** (Mr. Miriti): Mr. Speaker, Sir, I beg to reply.

(a) Pan African Paper Mills has paid revenue to the Government worth Kshs2,357,878,992.70 from the dates shown as follows: In terms of Withholding Tax, from 1992 to date, the company has paid Kshs304,633,435.50. In terms of Corporate Tax, the company has paid Kshs340,570,507.00, from 1992 to date. In terms of the Pay As You Earn Tax (PAYE), since 1994 to date, the company has paid Kshs349,090,367.20. The company has also paid Kshs1,362,584,683 in terms of Value Added Tax (VAT), from 1996 to date. This makes a total of Kshs2,356,878,992.70.

(b) The PPM has benefited this country as the major source of supply for locally produced paper and paper products. In addition, the company has continued to support local community in terms of employment, education, health facilities, social amenities and training.

The location of PPM at Webuye has enhanced the growth of a once small market centre into a municipality. The company's presence has made Webuye a hub of diverse businesses that have boosted the livelihood of the local people. This is a great contribution on the part of PPM towards poverty alleviation. The company has also earned the Government foreign currency as a major

exporter of paper and paper products in the East African region.

(c) The details provided under part (b) above justify the company's existence. However, there is need for the company to restructure its operations to compete fairly in a liberalised economy and raise its levels of profitability. Some of the measures to be undertaken include, re-engineering its operations through proper management and planning to be more responsive to market demands, by exploring alternative ways of remaining competitive.

Another measure which has been undertaken is reducing operational costs; participating in the upgrading and maintenance of feeder roads in their areas of operation; identifying alternative sources of raw materials and identifying suitable land to grow tree species that can mature within a short period. This will ensure continued supply of raw materials and avoid over-reliance on Government owned forests. The company also plans to invest on quality improvement to ensure for example, re-capturing the market of newsprint. It also plans to have more aggressive human resource development and deployment programmes to ensure fewer expatriate personnel dependence.

**Dr. Kibunguchy:** Mr. Speaker, Sir, the answer that the Assistant Minister has given seems to have certain gaps. When you look at Withholding Tax from 1992, the others are starting from 1994 and VAT is starting from 1996. I would like the Assistant Minister to fill those gaps. Why is it that the taxes are being paid at different times?

**Mr. Miriti:** Mr. Speaker, Sir, VAT came in during that time and some of the taxes were not being paid before that time.

**Mr. Sambu:** Mr. Speaker, Sir, Pan African Paper Mills obtains its raw materials from the whole of the North Rift starting from Mt. Elgon and including hon. Dr. Kibunguchy's Constituency. But it puts nothing in return to those areas. Are they preparing to pack up and go when we get the new Constitution because none of their lorries will step into those areas because of the deforestation activities and environmental damage they have caused in that area?

**Mr. Miriti:** Mr. Speaker, Sir, let us wait until we get the new Constitution.

**Capt. Nakitare:** Mr. Speaker, Sir, this is a very serious issue. Pan African Paper Mills has destroyed Mt. Elgon Forest hence causing rivers that feed Lake Victoria to dry. Could the Assistant Minister tell the House how re-afforestation will be done in Mt. Elgon?

**Mr. Miriti:** Mr. Speaker, Sir, Pan African Paper Mills has been encouraged to plant trees where it has harvested them.

**Dr. Kibunguchy:** Mr. Speaker, Sir, in part of his answer, the Assistant Minister said "Pan African Paper Mills has continued to support local communities in terms of health facilities, social amenities, *et cetera*." Could the Assistant Minister give us several examples from various parts of the country where this company gets its raw materials as to what they have done in terms of health facilities, social amenities and education?

**Mr. Miriti:** Mr. Speaker, Sir, that was not part of the Question but if ---

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

**Mr. Speaker:** Order! Indeed, it is part of the Question.

**Mr. Miriti:** Mr. Speaker, Sir, in my reply, I said "the company has continued to support local communities in terms of employment." But I cannot name the people here because they are very many. The evidence is on the ground. If we went to Pan African Paper Mills, we would find people working there.

**Mr. Sambu:** On a point of order, Mr. Speaker, Sir. Is the Assistant Minister in order to mislead the House by claiming that Pan African Paper Mills is helping local communities when he cannot even name one health centre? We know that Pan African Paper Mills is instead destroying local roads.

**Mr. Miriti:** Mr. Speaker, Sir, if we went to Pan African Paper Mills headquarters, you would find a health facility there and people working, unless the hon. Member wants me to list those names.

**Mr. Ethuro:** On a point of order, Mr. Speaker, Sir. This Question is actually major. We wanted the Assistant Minister to name the projects that are benefitting Kenyans in general and the local Communities to be quantified so that we can locate them in terms of space. This is not a laughing matter.

Mr. Speaker, Sir, every student of economic development will tell you that you need to get a project's impact. That is why this House is asking for the benefits of Pan African Paper Mills to be named in Lugari, Mt. Elgon or wherever. If not, we will take it that this Question is not answered.

**Mr. Miriti:** Mr. Speaker, Sir, those who come from there know that there is a stadium---

**Mr. Speaker:** Order! Order, Mr. Miriti! I think you are addressing the House and the country. You do not have to come from Bungoma to be interested in this Question. So, it is not enough that you say you go to Bungoma. You are here because of the Question. So, are you able to do that or do I give you time?

**Mr. Miriti:** Mr. Speaker, Sir, I just wanted Members to know that Ilala Stadium is part of the social facilities which are there.

Mr. Speaking, Sir, I am actually reading the mood of the House. We also in the Ministry are not satisfied with the performance of Pan African Paper Mills. We are monitoring it very closely. Even in part "c" of my reply, we have said what we want the company to do.

**Mr. Bifwoli:** On a point of order, Mr. Speaker, Sir. You heard the Assistant Minister say that the Ministry is not satisfied with Pan African Paper Mills, yet he is not telling us the action the Ministry has taken?

**Mr. Miriti:** Mr. Speaker, Sir, if the Member was listening, in part "c" of my reply, I gave some of the measures to be taken. I gave a long list of the measures to be undertaken. That is what the Ministry is doing.

### COMMUNICATION FROM THE CHAIR

#### DEFERMENT OF QUESTIONS BY PRIVATE NOTICE

**Mr. Speaker:** Order! Hon. Members, the two Questions by Private Notice will come on tomorrow. Time is up. Next Order.

#### IMPORTATION AND SALE OF MAIZE THROUGH THE NCPB

**(Mr. K. Kilonzo)** to ask the Minister of State, Office of the President:-  
Considering that famine has become a disaster in the country, could the Government import maize and sell it through the National Cereals and Produce Board (NCPB) at an affordable price?

*(Question deferred)*

#### DEFERMENT OF QUESTIONS DUE TO MINISTERS' ABSENCE

**(Mr. Kingi)** to ask the Vice President and Minister for Home Affairs:-

(a) Is the Leader of Government Business aware

that many Questions are deferred due to the absence of Ministers in Parliament?

(b) Is he further aware that the assurances made to the House by Ministers during Question Time are not serious undertakings and hence many issues remain unresolved?

(c) What action is he taking to ensure that Questions are answered as scheduled in the Order Paper and the Ministers fulfil their undertakings to the House?

*(Question deferred)*

### MOTION

#### APPROVAL OF SUPPLEMENTARY ESTIMATES (RECURRENT AND DEVELOPMENT) 2004/2005

**Mr. Speaker:** Order! Order, hon. Members! I hope that all hon. Members have the Order Paper because the Minister is going to make an amendment on the second section to correct a mistake that appears on part (ii). So, please, be in possession of your Order Paper and a pen, so that when the Minister reads out the correct figure, you can effect the change.

**The Minister for Finance** (Mr. Mwiraria): Mr. Speaker, Sir, I want to amend the figure in part (ii) of the Motion.

The figure is not Kshs2,775,845,171. So, that figure changes to Kshs2,775,845,571. With that correction, let me proceed.

Mr. Speaker, Sir, I beg to move the following Motion:-

(i) THAT, a sum not exceeding Kshs9,376,111,810 be granted from the Consolidated Fund to meet expenditure during the year ending 30th June, 2005, in respect of Supplementary Estimates of 2004/2005 Financial Year (Recurrent) having regard to the proposed reduction of Kshs5,375,699,710 therein appearing.

(ii) THAT, a sum not exceeding Kshs2,775,845,571 be granted from the Consolidated Fund to meet expenditure during the year ending 30th June, 2005, in respect of Supplementary Estimates of 2004/2005 Financial Year (Development) having regard to the proposed reduction of Kshs8,828,857,399 therein appearing.

*(His Excellency the President  
has given his consent  
to these Motions)*

Mr. Speaker, Sir, the Budget for this year was prepared based on sound considerations and assumptions. One of those assumptions was that the negotiations with the International Monetary Fund would be concluded early in the financial year, so as to get back in the programme that would trigger additional flow of funds in form of budgetary support. That was, in turn, expected, together with other reform measures that are being instituted, to enable the economy to grow at about 2.9 per cent of the Gross Domestic Product (GDP).

That projection for the growth rate was realistic since the growth for 2003 was 1.8 per cent,

and that for 2004 was 2.6 per cent. We project a growth rate of, at least, 3.2 per cent for 2005. We expect to achieve that target partly due to good governance, financial reforms being undertaken and the prudent management of our resources.

Mr. Speaker, Sir, indeed, the Government relied entirely on ordinary revenues for the first half of the financial year. The realisation of those revenues was as a result of governance that enabled the sealing of tax loopholes.

Mr. Speaker, Sir, notwithstanding the above, since I presented the Budget to this House, several developments have taken place. Firstly, the country has been experiencing severe drought. The Government is expected to provide food to its citizenry during the times of drought. It is, therefore, due to that commitment that the Government had to re-organise its priorities to make resources available for purchase of food. The Government managed to achieve that with minimal assistance from other sources.

Secondly, during the first half of the financial year, I experienced difficulties in raising domestic revenue through the auction of Government securities. That was not due to control of interest rates but, mainly, it was due to speculation in the market that was pushing interest rates to high levels that were not acceptable to the Government.

Thirdly, the disbursement of externally funded projects and programmes has been very low. That is partly due to lengthy procedures for procurement that have resulted in slow implementation of programmes.

Mr. Speaker, Sir, the Revised Estimates have been prepared taking into account the above factors which have influenced the implementation of the Budget. Some of the effects of the above factors are as follows:-

(i) An urgent disbursement to the Office of the President of Kshs2.5 billion for famine relief.  
(ii) Low borrowings that have led to low cash balances and low interest rates.  
(iii) Reduced funding for donor-funded projects and programmes due to low disbursement trends.

(iv) Increased realisation of ordinary revenues. In fact, that has been the most positive aspect of our financial management.

Mr. Speaker, Sir, other issues that have been taken into consideration are mainly the need to provide funds for staff under the Office of the President, especially for the police, the Ministry of Health for medical staff and the Ministry of Foreign Affairs for the staff in our embassies abroad. The situation in our embassies abroad is really shocking and we need to do something to get our embassies out of very serious financial problems, which they appear to be experiencing at the moment.

Mr. Speaker, Sir, funds are also required for the purchase of Kenya Co-operative Creameries (KCC-2000) and the acquisition of the Agricultural Finance Corporation (AFC) Complex and for several services, operations and maintenance for various Ministries and departments.

I should add here that the AFC Complex was acquired from the AFC by the Ministry of Justice and Constitutional Affairs for use by the Kenya School of Law. The Kenya School of Law has moved from Valley Road to Karen.

The Motions before this House are, therefore, to seek approval for a net Supplementary Appropriations of Kshs4,000,412,100 for Recurrent Expenditure and a reduction of Kshs6,053,011,828 for Development Expenditure.

Mr. Speaker, Sir, approval is also sought for the proposed re-allocation and application of the Appropriations-In-Aid as reflected in the Estimates. The approval of these Motions will enable the Government to carry on its services to the nation without interruptions until 30th June, 2005.



The reduction reflected under the Development Estimates is due to adjustment downwards of funds committed by the donors and low disbursement levels.

Mr. Speaker, Sir, however, the Government of Kenya funds have not been reduced. I have instead increased allocations for specified programmes, including the Constituencies Development Fund (CDF), for which I have increased the amount by Kshs1.8 billion because we have collected much more than we had anticipated. Therefore, the percentage rate has gone higher.

**[The Minister for Finance]**

Finally, let me thank the hon. Members for their recognition and appreciation of the Government's efforts in managing the economy. I appeal for their continued support by approving these Motions.

With those few remarks, I beg to move.

**The Minister for Trade and Industry** (Dr. Kituyi): Thank you, Mr. Speaker, Sir. I stand to second the Motion.

First of all, may I thank the Minister for Finance for a very good job that he is doing. I say this with regard to a number of things. First, as an hon. Member, I think it is very positive for a Minister for Finance seeing better than projected collections of revenue, to see the significance and allocate more resources to the CDF. This is very important because of two things. Those of us who have been seeing the trends of the marketing of capital goods in Kenya, are witnessing a very strange occurrence. For the first time in nearly a generation, there is more consumption of building materials in rural Kenya than in urban Kenya. There is more purchase of cement, iron sheets and other building materials, thanks broadly to the money coming out of the CDF.

Mr. Speaker, Sir, it is evident that what is going down there, unlike the traditional architecture of donor support where there was grassroot to upward movement of resources, what is being taken to the constituencies is remaining at the grassroot.

Mr. Speaker, Sir, I want to thank the Minister also for another daring decision that he made. At a time when there was a slowing down of donor disbursement of promised resources, he had the option to go to the domestic commercial markets to make up temporarily for the shortfall of unavailable projected expenditure requirements, but he presented an argument to the Cabinet that he would rather slow down until we come to the Supplementary Estimates than borrow expensive money and let Kenyans down, compounded with the problem of escalating interest rates. I think this is responsible leadership.

I am also gratified to note that unlike many past Supplementary Estimates, the Supplementary Estimates presented before this House by hon. Mwiraria, do not reflect any single cent of the Kenya Government commitment to the Development Expenditure from the last Budget, now being re-located to something else. The fact that there is a reduction in the projected expenditure on Development is mostly because of the slowed disbursement of donor commitment. Every cent promised from the taxpayer is being spent on what it was promised for. That is an important signal. It is a statement of responsible management.

Mr. Speaker, Sir, I wish to make just three other remarks. First of all, while I join the Minister in celebrating, appreciating, acknowledging and approving the work that has been done by the Kenya Revenue Authority (KRA) over the past two years, going way beyond the projections in levels of taxes collected for the State, I want to urge him that the benefits to Kenyans are not just in the net amount of money that we raise through revenue, even when we start riding roughshod over business, it will be helpful that we stabilise at certain level, but also be a bit more flexible in order not to send a message of a Government agency as harassing enterprise. Some of the methods used, while they have been effective in increasing revenue, have raised signals of anxiety among some of the business communities that the KRA is very insensitive and not listening, even when cases seem

to be sensible.

This afternoon, I was joining in, in an interesting experience. As we commemorated 50 years of Blue Band manufacturing in Kenya at the Unilever Kenya, I noted with appreciation that Unilever is now able to sell more Omo in South Africa than in Kenya. In the past one year, we have exported to South Africa 15,000 tonnes of Omo as opposed to the consumption of 14,000 tonnes in Kenya. This is a statement of the competence and the capacity of the Kenyan enterprise, that in an appropriate policy environment, if we address the fundamentals and are committed to it, the Kenyan labour force can be competitive and send value added products into the South African market. It represents a challenge that we as leaders, on both sides of the House, have to enjoin ourselves in defining what is Kenyan and what is partisan.

Mr. Speaker, Sir, over the recent past, we have had a number of signals to the investor community; signals of a society which is so consumed with the desire of doing battle to itself that it is creating an impression of disinterest in what harm it is doing to its economy. As we encourage this Minister to continue in a competent management of public affairs in the economy, we should enjoin ourselves, as leaders in this country, to separate between partisan interests, over which we may fight, and the national interests, which should be sacrosanct above being threatened by our own little wars.

I say this because late last year, some five leading German investors who had been in this country as part of the entourage of Chancellor Schroeder were on the blink of rolling out major investments into Kenya. Then, there is a circular which is sent every quarter of the year by the Federation of Foreign Financing Banks of Germany, which said: "Hold your horses. Do not make major decisions on investments in Kenya. Circumstances and signals show that there could be a change of Government". Those who are interested in political intrigues can celebrate that may they have scored to make the Government look like it can fall. Those who were trying to make points domestic to each other maybe happy that there is a foreign bank which is also listening to them putting their Government on notice. Those who are genuine in their patriotic power that the creation of employment in this country and the opening up of opportunities for new value adding in Kenya is a patriotic duty that goes beyond like or hate of the Government and beyond the interests of any partisan groups in the Government, will join me in saying that we could have done better. It is not good enough to say that our target of creating employment and investments has not been achieved. It should be correct for us to ask whether we will be able to regain what we lose because of our own mishandling of our competition in a way that diminishes investor confidence. Will we be able to get back what went to other countries because Kenya was still embroiled in internal political competition when others were more ready than ourselves to attract investors?

Mr. Speaker, Sir, today, one of the fastest growing sectors in this country is horticultural export and yet, there has been a very dramatic expansion, particularly of flower farming in the neighbourhood of Addis Ababa in Ethiopia. Unless we singularly say: How do we maintain our eggs? How do we make Kenya attractive as a destination of such investment? We can go on like we have done in the past saying that we are good until we discover that neighbours who are supposed to be poorer than us, are over-taking us as attractive destinations.

Mr. Speaker, Sir, there are two things I want to mention before I finish. One, I want to assure the hon. Members that contrary to the anxieties that accompanied the rolling out of the Customs Union of East African Community, I am happy to note that early statistics are indicating very healthy expansion of outward trade from Kenya into the emerging Customs Union. I encourage hon. Members to pay a bit more attention. Do a bit more than leave this matter to the relevant Parliamentary Committee in identifying and associating yourselves with being East African. I would even go a step further and urge the Chair, in its wisdom, to consider what ways we can use to make

East African Members of Parliament across the board get to know and involved more in East African concerns.

Mr. Speaker, Sir, over the recent past, there has been anxiety about sugar in this country. As Minister who has been negotiating to slow down customs sugar from the COMESA region into Kenya, I have had very substantial anxiety about a number of things. One, business interest which in competing for super-profits from cheap imported sugar are paralysing the interest of Kenyan consumers by taking to court matters that are of policy and not interpretational nature. We are seeing an abuse of the court process. I am not in any matter dealing with what is right or wrong. But if litigation is an excuse to delay access to sugar by Kenyan consumers at a critical time, we, as Members of Parliament, are more hostage to the interests of Kenya than to which of the business interests are competing is right.

Mr. Speaker, Sir, similarly, I have given instructions to my Department of Internal Affairs to follow up all the leads to all the persons who are wholesalers of sugar in this country. If we identify any person hoarding sugar, I will cancel his or her trading licence. This is because, while some sugar may be held at Mombasa and some people are fighting for a share of super-profit, there is the reality that the dramatic disappearance of sugar from the shelves is not totally because of sugar coming from out of this country. There are some unfair trading practices being indulged in by some of the people at home.

Mr. Speaker, Sir, I want to finish by urging hon. Members to see that this is a normal and straightforward Motion. It is a matter reflecting a Minister who is competently and respectfully carrying out his duties. I want to acknowledge that he is a Minister who did me proud when I listened to the way he presented the substance of the consultative meeting over the past few days, contrary to speculation that it was about corruption. It was about how decently and competently this Government is managing public affairs.

Mr. Speaker, Sir, with those few remarks, I beg to second this Motion.

*(Applause)*

*(Question proposed)*

**Mr. Billow:** Thank you, Mr. Speaker, Sir. In spite of the flowery description by my good friend over the performance of this Government, I think it is clear that the growth of the economy does not reflect that flowery description that the Minister gave. Indeed, we have also seen that poverty in this country is still growing, let alone declining.

Mr. Speaker, Sir, descriptions about performance of a few institutions is not really talking about the performance of the country. Last year, we agreed that Supplementary Estimates are not necessary if the Budget is properly done. It is clearly an evidence of the fact that nothing has changed. We are doing business the same way we have done it all those years.

Mr. Speaker, Sir, we prepare a Budget and nine months later we have to do a substantial review of everything. Allocation of resources was not done properly last June. That is what it means. When we sat, went through the Budget and allocated resources, it is clear that we did not do a proper job. That is why we are having a Supplementary Budget. We do not like it for the simple reason that, we feel the process of supplementary budget or appropriation is, indeed, circumventing the main Budget. This is because we are required in less than two hours to approve the utilisation of up to about Kshs12 billion. That is the concern.

Mr. Speaker, Sir, the other aspect of it is that, we are being told that there is a reduction regarding Recurrent Expenditure of about Kshs5.4 billion. In addition, there is a reduction in

Development Expenditure of almost Kshs9 billion. In other words, there is a total reduction of about Kshs14.3 billion. What that means in very few words is that the Government is unable to spend Kshs14.3 billion that was voted by this House only nine months ago. Now there is re-allocation. This is the same thing that we saw last year. When a Question was asked in this House as to how much money was returned to the Treasury last year, it was also Kshs14 billion. So, clearly we have a capacity problem. We sit in this House and allocate substantial amounts of money, but at the end of the year, the Government is unable to spend it because of problems of capacity. Largely, when you go outside, you are told that the main problem is the Treasury. There are problems of disbursement, particularly Exchequer Releases. There are, of course, delays by the donors in disbursing some of the funds. But I think that a major problem has to do with liquidity. Last year, it could not have been worse. There was a major problem and we mentioned it in this House when the Government could not raise adequate money through the auction of the Treasury Bills and Bonds. Consequently, you will find that in the districts there is no money. They have AIEs, but there is cash. This is part of the reasons why we are not able to spend money. It is a perennial problem. It has been there all the years. I think we need fundamental changes in the way the Treasury operates its disbursements.

Mr. Speaker, Sir, there are also problems of efficiency in expenditure of public resources; both at the district and headquarters, in addition to the usual bureaucracies that we have seen. A Budget process is expected to improve efficiency, be accurate and reliable. We have seen that our Budget process has a lot of problems. If you will remember, last year, for the first time we found major errors. For example, the allocation of Kshs1 billion to the Ministry of Roads and Public Works was a mistake. Likewise, the allocation of Kshs3.4 to the Ministry of Education, Science and Technology was a mistake and so on. You will be surprised that today we have the same problem. I have seen, for example, in the Ministry of Health Recurrent Expenditure, emoluments for the district hospitals are being reduced from Kshs3 billion to Kshs1.175 billion. This is an expenditure that can be predicted and estimated very accurately if somebody took his time to do a proper Budget. Rural health centres would have had emoluments reduced from Kshs1.4 billion in the Printed Estimates, nine months ago to only Kshs307 million. How does that happen? We have that all over in the Office of the President, the Directorate of Personnel Management (DPM) and many Ministries. It is the same when it comes to Development Vote. For example, in the rural health centres and dispensaries, you will find that the actual allocation in the Development Vote was reduced by Kshs817 million in the Supplementary Estimates and yet, we have heard hon. Members complain the whole day that there are no workers, nurses and drugs in those institutions. You will also find the amount for important projects under the Development Vote, like the Special Global Fund for Tuberculosis (TB) and Malaria being reduced by Kshs490 million. In other words, that amount of money could not be spent on the prevention and cure of TB and malaria in this country. It has to be reduced nine months after this House allocated it. These serious problems show that the Government lacks the capacity. We agree that some of the changes are important, like the one on Kshs1.5 billion for the Strategic Grain Reserve. It is important that we look at our Budget processes and ensure that they are more reliable, equitable and accurate so that we do not have these problems in Supplementary Estimates.

Mr. Speaker, Sir, the Budget process must also march the policy objectives. We are told that the Government is committed to the pledges it made to the donors of retrenching civil servants. In June, 2004, we voted over Kshs2 billion for the retrenchment exercise, and yet Kshs1.6 billion is being eliminated in the Supplementary Estimates. This means that the Government has decided that it will not go ahead with the retrenchment programme. It is the question of the expenditures not marching with the policy. If there is a Government policy, the Government should

stick to it as much as possible. The Government's expenditure priorities should reflect those policies.

Another positive example is in the Ministry of Education, Science and Technology where the Government has allocated about Kshs165 million to technical education. This is something we mentioned in this House in June, 2004. We said that it was important for the Government to invest more money in technical education than in other areas because we take students who have not secured places in secondary schools and universities to polytechnics and technical colleges.

However, substantial amounts of money were allocated, for example, for the restructuring of the National Bank of Kenya (NBK), to offset debts of Muhoroni, Nzoia Sugar Companies and the Kenya Meat Commission (KMC). All these debts were to be written off but today they are being reversed and yet nine months ago, we were told that it was absolutely important to undertake that. I have raised this issue because last time I raised concern that we were facing famine, the Government was looking for Kshs10 billion to feed Kenyans. We had even proposed that the Kshs10 billion provided to the NBK to write off its debts should be utilised to feed Kenyans. Today, we are being told that because the donors have said that they need to do other exercises before the bank is privatised, the money is again being written-off. We do not have to stick to advice from the donors every time and fail to go by the priorities of this nation. There was a time when that money was required. If the Kshs10 billion was invested in productive sectors nine months ago, we would have done much better than cancelling it nine months later.

In general, I would like to say that efficiency in resource allocation is critical in decision making. It is that decision making process which is essential if we have to reduce our poverty, tackle development and efficiency in service delivery. I would like to say that Parliament has simply become an institution merely for dishing out resources to the Government. There is no other institution in this country where people just dish out money and there is no accountability. The PAC Reports is not a way of accounting for funds spent by the Government because the queries are raised four or five years later. The Government should, under law, submit quarterly financial expenditure reports to this House. Those reports will help us to determine whether the Government has spent the money we have voted for it properly. Now, the PAC Reports are brought before the House one year or nine months late because we use manual systems of accounting. This is the case and yet we have voted substantial amounts of money to computerise our financial management system. Last year alone, we voted between Kshs400 and Kshs500 million towards that system. The donors have been funding that system for many years, but it has not taken off. There are concerns that there are some officers at the Treasury who want the status quo to remain, or would like to see the manual system of accounting entrenched so that public funds can be stolen. It is important that we complete the computerization of our financial management system at the Treasury so that we can have timely financial reports in this House. That will help hon. Members of Parliament to determine whether we should vote for more money for a particular Ministry, or department or that project. Otherwise, we will continue experiencing the same problems we experience today.

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

**Mr. Speaker:** Yes, Mr. Laibon; Mr. M'Mukindia!

**Mr. M'Mukindia:** Thank you very much, Mr. Speaker, Sir, for recognising my other status other than being a Member of Parliament. There are few of us in this country.

I rise to support the Motion by the Minister for Finance. I would like to join my colleagues in thanking the Minister in the way he has steered the economy of this country in the past two years. All of us are aware that this has not been an easy task, coming as it does after many years of neglect, misuse and wastage. Therefore, we must recognise the very difficult task that this Government faced in the first two years in power.

We are, of course, disappointed that the economy has not grown as fast as all of us expected. In the coffee industry, even the money which was to be written off has still not been written off to date. So, we, the people from coffee-growing areas are disappointed that this exercise has not begun. Things have moved faster in wheat and maize growing areas and milk producing areas than in coffee-growing areas. I urge the Minister for Finance to look at this aspect critically. No matter the good job he does, in the area I come from, people will still say that the Government has done nothing because they are not paid the prices they expected for their coffee. This is the case and yet, all of us know that a lot is being done.

As I said last year, what the economic statistics say will not make any difference to wananchi if they have no money in their pockets. It will not make a difference whether our economy grew at 3 or 6 per cent per annum if mwananchi does not have a single coin in his pocket. So, the Government should come up with a deliberate policy to ensure that money gets into wananchi's pockets. It is as simple as that.

Mr. Speaker, Sir, we must ensure that all the funds which have been voted here are spent properly. All hon. Members of Parliament have a problem of disbursement of public funds. Our constituents are asking us: "The Government has collected 25 per cent more revenue than last year, which is very good news; where is that money?" Does the Government still keep it at the Central Bank of Kenya (CBK)? Where is the additional Kshs25 billion?

The Minister for Finance has said that he has increased the percentage of the Constituency Development Fund (CDF). Obviously, 2.5 per cent of a bigger cake is more than 2.5 per cent of a small cake. But even that does not go into the people's pockets. What we wanted from this Government right from the beginning is not a lot. Kenyans are not interested in all the hullabaloo that we hear about, all the political competition which we talk about and all the posturing that we have. The people in my constituency care less about who is in the PAC. However, they care if they have Kshs100 in their pockets. They also care when they go home while it is raining, like it is the case now. People in Meru Town will not get to my home now because the road is impassable. We still tell them that is better! But, obviously, they will tell you it is not true because, in practice, they cannot see it. So, we must move from rhetoric to action.

All too often, Kenyans seem to delight in rhetoric. We seem to take rhetoric as an end to itself. We think that by saying something, appearing in newspapers, appearing on television stations, we have served Kenyans. Service is not rhetoric. I would like to encourage hon. Members, especially Members of the Cabinet, to do more than just mere rhetoric. What we like are services.

*(Applause)*

Let us see actions. Let us have coins in the pockets of *wananchi* and not in hon. Members' pockets. If we do that, then we will truly make a change in the lives of our people.

Mr. Speaker, Sir, I must thank Eng. Muriuki for making a huge difference in the lives of Kenyans and the development of this country. Eng. Muriuki, by having moved that Constituency Development Fund Bill to become an Act, has touched every person in this country. For the first time in history, we have seen money going directly to *wananchi*. There is no bureaucracy regarding that money. In the past, no matter how much money was voted from the Treasury, probably three-quarters of it would disappear somewhere. If you were lucky, a quarter of that money would get to the constituencies.

Mr. Speaker, Sir, I would like to encourage the media and people living in urban areas, who are the greatest noise makers about the Constituency Development Fund (CDF), to go to the rural areas and see the impact that that money is making in the lives of people in those areas.

*(Applause)*

If they need a dispensary, they actually get it. If they need a classroom, they actually get it. Some people do not realise that to get to a police station in parts of my constituency, one needs to walk for over 40 kilometres. There is a place called Kiamuri in my constituency. For residents of that place to go to Meru Town, they have to travel 45 kilometres. There is no single police station in-between. I need to build a police station. To tell that to somebody who lives in Nairobi, he would think I am crazy! I am not crazy! Those people are Kenyans. They are the ones who voted us to Parliament. They are the ones who pay taxes.

Let the people who live in urban areas; the elite who are complaining so much, go to Kiamuri and look at that place. Let them live there for one day and they will realise the importance of the CDF to the people down there. Let them go to Turkana, Marakwet or Garissa! They will realise the importance of CDF.

*[Mr. Speaker left the Chair]*

*[Mr Deputy Speaker took the Chair]*

Mr. Deputy Speaker, Sir, it is absolute nonsense to say that hon. Members are wasting that money. That is totally ridiculous! Any Member of Parliament who misuses that Fund does so at his own peril! Absolutely! I do not think he or she will come back to this House. He or she does not even deserve to be an hon. Member of Parliament! You do not deserve to be here if you are going to mess up the money that is supposed to help your own people. You do not deserve to be a Member of Parliament.

*(Applause)*

For that reason, I believe that people should not worry too much about the CDF. If anything, I would like to encourage hon. Members to ask for an increment of the CDF 2.5 per cent to 5 per cent.

*(Applause)*

That will make sure that this country grows, not at the 3.4 per cent that the Minister is projecting, but, truly, at 7 per cent per annum. That will happen if we spend that money directly where it belongs, and not in Nairobi and other urban areas.

Mr. Deputy Speaker, Sir, I would like to tell the Minister for Finance and the Government as a whole that some of us - and even Kenyans - are tired of donor conditionalities. We keep asking ourselves: When are we going to be free of those people? Why is it impossible to work out a programme that can ensure we are truly independent of those people? If they wish to come on board, fine! If they do not, we move ahead. I must remind hon. Members again that the United States of America (USA) developed without the World Bank. The United Kingdom (UK) developed without the World Bank. So, why is it necessary that Kenya must develop with the World Bank? Is it because we cannot think? Is it because we are inherently incapable? That is not true! It is because we have tied ourselves in knots with those people. We must free ourselves. Surely, it is impossible

to create an infrastructure fund? Is it totally impossible to go to the bond market, both nationally and internationally, to raise that funding? Why are we not doing that? Why do we have to crawl day-in, day-out to the World Bank? Why is it that the Minister and the whole country have to be insulted by Sir. Edward Clay and we still keep quiet? For how long will the Clays of this world continue to insult Kenyans, while the Government, which is supposed to take care of our interests, watches?

Mr. Deputy Speaker, Sir, this is a challenge to the Government and the Minister! Please, free us from those insults. The only way you can do so is actually by getting away from those people. I am sure you have a way to do that. There are brains in this country. A friend of mine mentioned to me that he was in Tanzania only last week. The Tanzanian Government gets all that donor funding without any conditionalities. Why is that so? Why do we not use the same brains that Tanzanians use to get the same thing? What is wrong with us? We are not working and Mr. Minister, this is a challenge to you.

With those few remarks, I beg to support.

*(Applause)*

**Mr. Sambu:** Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to contribute to this Motion. I would like to support the Minister for Finance in what he doing. He is improving things from a situation that was not so good at the beginning. I want to say that we have to accept the fact that, we must have a Budget Committee in this House. Without a Budget Committee to scrutinise the Budget three months before it is tabled--- The Budget is tabled here one afternoon and, after that, we can only discuss it. We cannot amend anything apart from reducing the amount by one Kenyan Pound to show some concern about a particular expenditure. That is not right.

I want to appeal to my colleagues that, when the Motion for the Budget Office, which has already been moved, comes to the Floor of this House, we should all support it, so that we can scrutinise the Budget. That way, we can see where monies are spent.

Mr. Deputy Speaker, Sir, the way the current Budget has been done - even the previous ones - is ridiculous. You will find a district that receives 40 to 60 millimetres of rainfall getting about Kshs500 million for water projects. Then, a district in Arid and Semi-Arid Lands (ASALs) like Ukambani and North Eastern Province gets Kshs10 million for water projects. That happens because the Ministers has been allowed to have a free hand on the Budget. The Minister does not even draw the Budget himself. It is done by civil servants who do not know the problems prevailing in certain areas of this country. I want to say a Budget Committee is absolutely necessary in this nation, if the resources were to be distributed equitably and poverty eradicated.

Mr. Deputy Speaker, Sir, I understand that the Government has been importing maize for famine relief. That is ridiculous! The Government is not buying maize from people in the area that I come from; that is, the districts of Nandi, Uasin-Gishu, Keiyo and even parts of Trans-Nzoia and Lugari Constituency!

When farmers deliver maize to the National Cereals and Produce Board (NCPB) silos, they are told: "This maize is rejected because it is not good". Their lorries queue for three days in Kitale, Moi's Bridge and Eldoret only to be told that their maize is not good. They planted seeds from Kenya Seed Company which is a parastatal. It is ridiculous because we are importing maize and other areas are facing starvation due to lack of maize. In the North Rift, maize farmers are suffering because they have nowhere to sell their maize and people in the ASAL areas have a problem because they cannot get food. Why do we have to use so much money to support farmers elsewhere? For example, in South Africa, the price of maize is falling. The other day it was selling



at only 500 Rands per tonne which works out to about Kshs600 for a 90 kilogramme bag. Why do you want to support maize farmers elsewhere? We should support our own farmers.

Mr. Deputy Speaker, Sir, as a matter of fact, we should subsidise fertiliser prices. I see the Minister for Finance smiling. The World Trade Organisation (WTO) tells us not to subsidise the prices of farm implements and facilities but America does so. Go to any country in Western Europe and you will find that they subsidise prices for the farm implements. Why do we allow our coffee farmers to suffer? I am a coffee farmer and I have not been able to sell coffee for two years because the price of a bag of coffee is lower than the price of a bag of maize. We have to do something for our farmers. We should not listen to all these conditionalities. One of my colleague asked earlier: "Why do we have to be subjected to conditionalities"? Somebody said that Tanzania is getting funding because they have minerals. No! That is not the case. We also have minerals. If that is the case for funding, let us mine our coal which is lying idle in Kitui and use it to produce power. If we are to get aid through minerals, then let us mine them.

Mr. Deputy Speaker, Sir, we hear that funding for the Ministry of Health will be reduced. It is sad because as earlier said, there is a shortage of staff in health centres. You find that a dispensary operates with one nurse who will work from 8.00 a.m. to 5.00 p.m. because they are required to operate for eight hours. After that they go home and there is nobody to man dispensaries in the evening.

Mr. Deputy Speaker, Sir, let us not reduce funding to the Ministry of Health. I think this could have been taken care of if we had a Budget Office because it would be able to weigh all these requirements.

Mr. Deputy Speaker, Sir, on the Constituency Development Fund (CDF), I am happy that there will be an increase of Kshs1.8 billion. I want to say very strongly that it should be divided equally without those conditions being imposed on it from the Treasury because we are not sure if those conditions are fair. In any case, the CDF Act does not impose those conditions. In the first place, where did they come from? Just divide this Kshs1.8 billion by 210 constituencies and we will see development there because we are now using bricks in the construction of facilities. Through CDF, our boys are getting jobs. This CDF was first started during the days of the KANU Government. It is the power of the Back Bench that brought it. It is not the power of this Front Bench that brought it. You can look at the HANSARD and you will see that this Front-bench opposed it. If hon. Koech is trying to oppose me, let me tell him that I was in KANU at that time and I used to say what is right and what is wrong. I never used to tremble like some Ministers here. When they saw the KANU powers, they would shake in their legs. I would sit in that corner and say what is right and my record speaks for itself.

**The Minister for East African and Regional Co-operation (Mr. Koech):** On a point of information, Mr Deputy Speaker, Sir.

**Mr. Sambu:** Mr. Deputy Speaker, Sir, I do not want hon. Koech's point of information. I want to say that on CDF, let us divide the Kshs1.8 equally. Let us leave those conditions.

**The Assistant Minister for Foreign Affairs (Mr. Wetangula):** Equitably!

**Mr. Sambu:** No, Mr. Deputy Speaker, Sir. "Equitably" is an evil word which I do not want to hear. The Kshs1.8 billion should be divided equally amongst the 210 constituencies. We have the voting power and then we will see where hon. Wetangula will go. That is the Back-bench voting power.

Mr. Deputy Speaker, Sir, the Minister promised hon. Members money for the construction of CDF constituency offices in our so-called *kamkunji* meeting and to date we do not have it. I want to say that once we approve this Motion today, we should have the cheques this week. This money is not going to hon. Members as people presume. There are conditions which have been tabled here.

An hon. Member will employ almost ten people starting from the driver, computer expert, secretary *et cetera*. Hon. Members are now so overloaded because they cannot do all those things that appertain to the CDF and, therefore, we need this Kshs1 million per constituency to be able to employ the relevant staff who are required in the offices.

Mr. Deputy Speaker, Sir, finally, on education, I hope some money has been added because we want urgent recruitment of primary and secondary school teachers.

Thank you.

**The Assistant Minister for Education, Science and Technology** (Dr. Mwiria): Mr. Deputy Speaker, Sir, thank you for giving me this opportunity to contribute in support of the submissions by the Minister for Finance who I would like to join hands with the others to congratulate for the good job he has done for this economy since taking over.

Let me say that as we vote resources for development, I think the first start for us given the much talk that has been about inequality in this country, is to think of solutions on how to reduce the gap. The point was made very strongly by hon. M'Mukindia that the biggest problem in this country now is not that there is no development. It is that unfortunately in spite of whatever is happening and in spite of all the money that we have got with the CDF and so on, many of our people continue to be poorer. There must be something wrong somewhere. However, it is not surprising because even in those countries that have experienced tremendous growth, there has been clear evidence that really what happened in a lot of cases, is an extension of wealth for a few and poverty for a majority because the majority are part of those who are used to generate this wealth.

Mr. Deputy Speaker, Sir, therefore when you talk about drought in this country, even though we experienced drought in the last few years, we know that not all of us suffer the consequences of drought. Members of Parliament do not. The people that have good jobs do not. It is again the majority of the people especially in rural communities and where the greatest population of this country lives that are exposed to these difficulties and inequality. So, therefore, reducing the gap should really be the target.

In addition to the resources that we are voting through the CDF, I must say that I am glad that the Minister has given a lot of importance to education especially technical education which will be the basis of creating skills for leavers of academic institutions so that they can gain skills which they can use in the job market for employment and self-employment.

Mr. Deputy Speaker, Sir, the other point that was made strongly by hon. Members is the need to ensure efficiency. Although we have been making progress, it is quite clear that a great deal still needs to be done. A number of measures need to be taken to improve on efficiency. One of them is emphasising merit with regard to employment. This is an additional quality to investment in education which gives the majority of our people a chance to compete in the absence of other opportunities. However, once people are out of school, in spite of their qualifications, I think, merit and not connections, should be the critical determinant of who gets employment in this country. You could have attended university education in the University of Nairobi, but another student will come from a university in India, or some other place, and get a job before you simply because he or she is well connected. This does not contribute to reducing that gap. This is very common, indeed.

Mr. Deputy Speaker, Sir, another problem is bribery. As much as we are doing a great deal to eliminate this problem, I am sorry to say that there has continued to be complaints about anomalies in the recruitment of the regular police, the Administration Police and Prison Officers. I would like to give an example from my own constituency. Recently, during the recruitment of Administration Police Officers, somehow, through a strange coincidence, all the three people who were recruited from my constituency had attained grade D+ (Plus) in their Kenya Certificate of Secondary Education (KCSE) examinations. I called the prison offices to ask what

qualifications were required. It was a very strange coincidence because it cannot be that only people who attained grade D (plain) and D+ (Plus) went for the interview. We know too well that others with better grades went for the interview too. Is it that our disciplined forces are only good for people who attained poor grades in school?

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

**Mr. Deputy Speaker:** Order, Mr. Angwenyi! The hon. Member is not out of order. If you do not like what he is saying, hold it until I give you an opportunity to talk.

**The Assistant Minister for Education, Science and Technology** (Dr. Mwiria): Mr. Deputy Speaker, Sir, allow me to clarify what I have just said. I am not saying that having a D+ (Plus) is the problem. One is qualified to join the military for as long as one has a certain grade. What I said is that it was a strange coincidence that only people with grade D+ (Plus) were recruited. The only graduate in the whole district who showed up for the interview was not interviewed and yet every district was allowed to present one university graduate. So, I am just asking questions about the strange coincidence.

Mr. Deputy Speaker, Sir, that notwithstanding, yesterday, I got a call from one of the candidates who was recruited. He had been given permission to go home to see his sick father. Upon coming back, he was asked to surrender the letter that permitted him to go and see the sick father. He was then told to sign that the reason why he was away is that he could not cope with the training and would, therefore, like to be discontinued. What does that really mean? When he came to speak to me, I realised that there were three other recruits who had gone through the same process. He was strong enough not to sign the letter of discontinuation. However, the others were forced to sign the letter to say that they had given up and they could not continue. I am glad that we made this telephone call.

**The Assistant Minister for Foreign Affairs** (Mr. Wetangula): Were they immediately replaced?

**The Assistant Minister for Education, Science and Technology** (Dr. Mwiria): Mr. Deputy Speaker, Sir, I think that was the intention, but because of the telephone call I made, apparently, the three of them were recalled and asked to go back for training. There are people whose intentions are to find loopholes and excuses so that they can force those who have been newly recruited out and replace them immediately. I am in essence talking about efficiency and the fight against crime. It is very important that merit becomes the main criteria for determining who gets in these positions irrespective of the status of those positions.

Mr. Deputy Speaker, Sir, I believe that efficiency can also be improved if we follow, very strictly, the policy of one person, one job. This point has been made very clear several times. We have boards of directors, councils of universities, parastatals and so on. It is worrying to know that we have people who are directors in several institutions. Is that fair really? Do we have a shortage of Kenyans who could do one job more efficiently? It is impossible for one person to be a director in three or four companies and still expect efficiency from them. That is not realistic. But even more important, in terms of creating employment, we must begin to widen the net to ensure that not only those who are well connected are recruited in several positions.

As much as we want to blend experience with youth, we need to get more of the young people in positions of authority. In terms of making decisions, the younger generation has dynamism, the strength and the energy. You can expect more efficiency from younger people as opposed to old and retired people. The best situation really is that of a blend. I think we can borrow from the experience of those who have already retired, but we can use them better in advisory capacities and emphasise much more on having younger people who are dynamic in critical positions of decision-making.

Mr. Deputy Speaker, Sir, we also need to challenge donors. However, this cannot be done by people who are used to business as usual and lack confidence. The donors also have their problems. This holier-than-thou attitude is not acceptable. We are supposed to ask them questions about the low disbursement rates. The time is now for them to approve grants. Donors use both local and international consultancies to arrive at the decisions they make for us. Therefore, we need to be given an opportunity to sign the contracts before we implement the projects they come up with. We also need to ask them questions about the duplication of projects, especially if they are NGOs. We would like to call upon them, in collaboration with the Government, to ensure that there is more co-ordination because duplication of projects is becoming a big problem. We cannot, therefore, talk about equity if there is no co-ordination to ensure that areas that have benefitted from NGO based donor projects are not the same ones that continue to benefit year in, year out. It is not so much because the Government is not interested in ensuring equity, but it is because there is limited co-ordination of all the major partners. Some of them do not want to come aboard to be part of the Government's plans. We need to hold them accountable for many of the white elephant projects that they started. They ask questions about us, but do we ask them questions about Kerio Valley Development Authority (KVDA) or the Turkwel Dam Project where foreign Governments might have supported the projects and used contractors who were not necessarily clean and, therefore, making us not benefit as a country? We need to go back historically and ask the donors what kind of projects they support as much as they blame us. Of course, we cannot stand up to them. We have adequate resources, only that we do not manage them efficiently.

Mr. Deputy Speaker, Sir, we must do something about our embassies. We must ask ourselves questions: "How many embassies do we need?" "How many staff members do we need in those embassies?" "What kind of staff members do we need and what kind of support do they have?"

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

**Mr. Kipchumba:** Mr. Deputy Speaker, Sir, I have been here the whole afternoon!

**Mr. Deputy Speaker:** Mr. Kipchumba, I know you have been here, but I am obliged to give this opportunity to the Deputy Leader of the Official Opposition and then you will be next.

**Dr. Godana:** Thank you, Mr. Deputy Speaker. I stand to support the Motion before the House because it is tradition really. We have no intention of bringing the Government to a standstill by not supporting the Supplementary Estimates. It is the tradition of the House to support it. However, that does not mean that all is fine and whereas I thank the Minister for Finance for having announced that because of increased revenue he is allocating Kshs1.8 billion more---

**An hon. Member:** It is Kshs1.1 billion.

**Dr. Godana:** Is it Kshs1.1 billion? I will have to re-do my calculations. I was hoping that the Minister was going to increase the Constituency Development Fund (CDF) by 40 per cent. If the increase is by Kshs1.1 billion, then, that will reduce the 40 per cent to 25 per cent. I thank the Minister for Finance for that. However, I think that is the only positive thing I can say about the Minister's Supplementary Estimates.

Mr. Deputy Speaker, Sir, our able shadow Minister for Finance actually pointed out certain glaring failures. Yesterday, the Minister was at the Donors Consultative Group Meeting, which I had the privilege to attend in his presence. One of the issues that we raised there was the fact that, despite increased Government revenue through better performance in the collection of taxes, and despite the stalled growth of the public service - if not outright reduction of staff over the last couple of years under the retrenchment programme and freeze on new employment - we have not reduced the percentage of the GDP which goes to personal emoluments.

I think there is really a sad paradox about that. On the one hand, in response to the pressure

by donors, we have a freeze on public sector recruitment with the stated goal of reducing the percentage of GDP which goes to emoluments from 9.1 per cent to about 6 per cent, which we are told is the standard ratio in the rest of the Continent. So, we have punished our people by keeping them out of employment, but we have not achieved that percentage because the gains have been taken up by very incongruous salary adjustments, transforming us into being in the most unenviable position of being the second most unequal society. I do not think this is something to be proud of for the Minister during his watch.

Mr. Deputy Speaker, Sir, in the same discussions yesterday, it came out that we have a severe shortage of critical staff in many areas, and the Ministry of Health was the most glaring. We are told that we have a shortage of about 6,000 nurses, and that is why many rural dispensaries are closed; because the Government cannot afford to post one nurse to a dispensary. Yet, we have figures here where the Minister is telling us that the Ministry of Health itself has to have cutbacks in projected expenditure including, under current account, as Mr. Billow said earlier, and including monies which were voted initially as part of emoluments are being cut back. I do not understand what the logic is.

**The Minister for Finance** (Mr. Mwiraria): On a point of information, Mr. Deputy Speaker, Sir. I want to inform the hon. Member that the reduction which appears in the Ministry of Health is counter-balanced by increases elsewhere. What happened is that the Ministry did not keep their records properly, but we are now correcting that problem and, indeed, the Minister herself admitted the other day that they have 1,500 ghost workers who, hopefully, once removed, we will give additional staff to the Ministry.

**Dr. Godana:** I am very glad to hear that and we do hope that the story of ghost workers is not just a repetition of many that we have heard before, and where we have not seen follow-up in terms of placements. I think it would have been good if, with that knowledge, the Minister would have told us as part of these Supplementary Estimates; now that we have realized so much savings out of the supposed payments to ghost workers, the Ministry of Health should immediately employ 500, 600, 1,000 or 2,000 nurses. The same goes for the Ministry of Agriculture. I think we have been taken for a ride here, and it is really unfortunate that the Minister for Livestock and Fisheries Development is not here, because he banged the table here so many times to assure us that the Kenya Meat Commission (KMC) will be opened, not the day after tomorrow, but tomorrow. I am sure that Mr. Speaker can remember how many times the Minister gave us the promise here. We were pleasantly surprised that the Minister followed up with a budgetary allocation which, in fact, indicated that the Minister for Livestock and Fisheries Development was not just blowing hot air. He indicated that Kshs2.2 billion would be paid to the National Bank to lift the clampdown by the receivers and open the KMC. But alas! We were taken for a ride, the Government was never serious. Because among the proposals that the Minister has now is to revert the Kshs2.2 billion which should have gone to the KMC. The message we are getting, therefore, is that the KMC will never be opened, maybe, for valid technical reasons. I think it is time the Government came out and honestly told Kenyans: "Forget it, it is not workable and we are not going to throw good money after bad money". I think it is important that the Government has that integrity.

Mr. Deputy Speaker, Sir, the story of Kshs1.4 billion which was allocated for the control of Tuberculosis (TB) and malaria; perhaps two of the most important killer diseases after HIV/AIDS and, in fact, opportunistic infections in HIV/AIDS patients. It is really a sad one! I think we need a much better explanation than this; which really confirms the story that we are being told; that we badly lack capacity to absorb resources. Yet we have all the qualified people in all the sectors of this country.

Mr. Deputy Speaker, Sir, the Minister and the Government have boasted here and elsewhere about a much more efficient tax collection performance. I think they are right and we say

"kudos" to them. But I think we will need certain explanations. Once again, I remember that I raised this issue yesterday at the meeting I referred to earlier and the hon. Minister, being an experienced former technocrat and an experienced politician, parried the question. It will be interesting, not just for academic reasons, to know actually how much of this additional revenue has been captured as a result of bringing within the tax net, millionaire and billionaire crooks who were evading taxes; how much has been captured by closing the loopholes of Customs Duty evasion at the borders and, in particular, at the Port of Mombasa; and how much has been captured or realized by bringing into the tax net, the people at the lower end of the economic scale. Why do I say this?

Mr. Deputy Speaker, Sir, tax regimes are difficult for all Ministers, but I think it is important that in a society like ours which is bedeviled by poverty, we should re-engineer the tax regime to ensure that additional revenues are squeezed out of those who have and not by generalized systems out of even those who cannot afford to pay. The story on the streets now; the common man's story is that money has disappeared. Is it possible that the Minister, through his tough tax collection procedures which he has introduced, has actually milked the cow until all the milk is out and he is now milking blood from the man on the street? I think it is important for us to know exactly, the profile of these new tax realizations.

Finally, Mr. Deputy Speaker, Sir, I want to touch on the subject which my colleague sitting opposite me here talked about; the question of corruption, nepotism and recruitment. I think we have come to a stage where, firstly, Kenyans have come to be very intelligent and alert. If you employ 76 people in a particular parastatal and 70 of them come from one region, it will be known down to almost every village. I think we have reached a time when there should be some kind of public policy that, the profile of the public service down to the departmental level should, roughly, reflect the national geographic cum ethnic profile. It is really unacceptable that you will go to certain departments today and you will find that, because the Minister comes from a particular region, the entire top echelon has to come from his region. I think this is a serious problem and let us not take it for granted. Kenyans have realized what is going on. I know that this is not a problem that I am blaming the Minister for, and I want to make it very clear; I do not have him in my mind, although I am yet to study the profile of the top echelon in the Treasury. But frankly, when I said this, the Ministry of Finance was not in my mind. So, with those few remarks, I beg to support.

**Mr. Deputy Speaker:** I think it is only fair that I choose a Member from the Back Benches now.

Therefore, proceed, Mr. Gachagua!

**Mr. Gachagua:** Thank you very much, Mr. Deputy Speaker, Sir. I rise to support the Motion. But I think it is important at this time that, even as we have limited funds, we do actually look into how these funds are dispensed and used. The Office of the President and particularly the Vote related to operation and maintenance of police vehicles and the Provincial Administration is a case in point. We all know that the Government has spent a lot of funds in the acquisition of new Landrovers and other vehicles for the use of the police and the Provincial Administration.

However, Mr. Deputy Speaker, Sir, everyone of us here knows that the language is all the same in all the constituencies; police vehicles are unable to move, the District Officer's vehicle cannot move merely because the allocation on fuel is clearly inadequate. On average, you will find that a police division gets about Kshs500,000 per quarter; that is three months. Generally, you will find that police divisions have about 20 vehicles per division. A quick calculation will give you an allocation of merely Kshs300 to Kshs400 per vehicle for police operations. It is clearly inadequate and you cannot justify why we would spend a lot of money in acquiring vehicles, and yet, deny the police money to operate. As we fight corruption, and continue announcing loudly how good we are doing this, how do the police work? The people who seek help from the police still get the same

problems; the police will always request for money to operate and buy fuel for their vehicles. Could the Minister note, with a lot of concern, that, that is a vote that needs immediate attention.

Mr. Deputy Speaker, Sir, on the issue of the way funds are allocated, we had the District Focus for Rural Development (DFRD) as a strategy. It is obvious that strategy did not work very well, but we continue to use it long after everybody has agreed that it does not work very well. The money on police operations is normally disbursed to the districts. It is for the DC to disburse this money to divisions. Unfortunately, that is where the problem lies because if you go to every divisional headquarters the language is that they do not have money from the districts. Now that we have agreed that the constituency is the focus of development, we should have these funds immediately disbursed to the division, so that it can be utilised more effectively. This will also allow hon. Members to be in tune with operations of these finances.

Mr. Deputy Speaker, Sir, on the issue of funds related to the Ministry of Health, we know that the Kshs10 for dispensaries and Kshs20 for health centres strategy has already been implemented. However, before that, we had the cost-sharing programme where these dispensaries and health centres were able to generate enough funds to deal with non-surgical operations. However, since we went to the Kshs10 and Kshs20 strategy, the Government has not disbursed any money to health centres and dispensaries. The situation on the ground now is that most of these institutions are actually collapsing. It is time now that this is reviewed, either the Government is able to allocate money for these operations or we reverse to a situation whereby these institutions are able to charge a reasonable fee, so that they are able to give services to *wananchi*. It looks a bit ridiculous to me where under the Constituency Development Fund (CDF) you are allowed to give Kshs1 million to a dispensary and that dispensary is not operating because it does not have a nurse or other necessary equipment and yet under the fund, because it is a Development Vote, you are not able to help that dispensary. Perhaps, there is need for consultations between the two Ministries to see how some of these funds can be utilised to make these institutions operational.

Mr. Deputy Speaker, Sir, on the issue of the Ministry of Agriculture, this is another area where even as we cry that we do not have enough funds, could we ensure that funds allocated to that Ministry, though they are not coming from the Exchequer are actually collected? A case in point is the money related to cess, especially in coffee growing areas. The KPCU is today "sitting" on over Kshs100 million belonging to coffee farmers. That is a lot of money. It can make a big impact in developing access roads in those areas. I have raised this matter in this House several times and the answer is the same. You are told the cheque has been written, that it can be collected next week, but six months down the line it is not ready. Could we also improve the system of making sure that farmers' dues are given to them in time even as we cry about shortage of funds within the Exchequer?

Mr. Deputy Speaker, Sir, on the question of the Ministry of Roads and Public Works, this is a sorry state of affairs. This is one of the Ministries, as far as I am concerned, that is most inefficient. I talk with authority because this is an area where I am competent in. I can say that we have instances in that particular Ministry where it takes a whole year from the time the engineer starts preparing documents for construction of a certain road to the award of the tender. Now, if you have a whole year, we are not talking about the money, but preparing on how to use the money. If that is the case, you find that even if we have enough funds, we simply will not have the capacity to absorb those funds. That is not a monetary issue. That is an issue that needs to be addressed seriously. I know that the Government has plans to introduce performance contracts for Permanent Secretaries and heads of departments, but as far as I am concerned, that is not enough. It is not the Permanent Secretary or the head of department who will do the work. We need to overhaul this system, so that the Permanent Secretary and heads of departments are able to get worth out of their officers or

engineers. This will mean a total overhaul where the Permanent Secretary and his heads of department are able to discipline and reward good service. However, as it is now, it is impossible to get anybody to work in the Civil Service because we do not have the tools. It is even impossible to dismiss a messenger. He will challenge a very senior officer. Unless we go into the matter of actually looking at how work gets done elsewhere where there is success, it will not work. This is a serious issue because it is very easy even for the Permanent Secretary and his officers to be willing to move, but they are clearly sabotaged by officers for reasons that are there.

Mr. Deputy Speaker, Sir, the money that constituencies receive under the District Road Committees (DRC) is vital. It is a mere fixed Kshs1 million, but if you go on the ground and look at the effects of that money, it can be seen because, for example, Kshs500,000 may be used for gravelling and so on. However, if you look at the money allocated in the Budget to the Ministry of Roads and Public Works for carrying out major contracts, it is about Kshs300 million to Kshs400 million. That is a lot of money, but yet we cannot see what that money is doing. There is need to decentralize the vote related to the Ministry of Roads and Public Works so that we have more money going to the DRC. That is the only way we can ensure that this money is going to vital areas that will be able to open up roads and improve access.

Mr. Deputy Speaker, Sir, on the Ministry of Water and Irrigation, there is again shortage of funds. However, in some areas, especially where I come from, we have systems that were working, but have since collapsed. There is need to provide money for rehabilitation of water systems. We know these systems are there because when it rains we can get some water from them. This means that there are pipes laid under. Millions of shillings have been invested under the ground and yet there is no piped water. The money related to rehabilitation is very little. We do not need millions to do this. A mere Kshs20 million in a constituency is, perhaps, enough to provide water. There is need to decentralize the use of funds related to water. Once we do this, access to water and roads will have a major effect.

Mr. Deputy Speaker, Sir, I now would like to comment on Recurrent Expenditure. This is money that goes to fund a lot of things in the district. Even as we, the NARC Government, brag of having achieved so much, if you go to the DO's office, you will find he does not even have a pen or other facilities to work well.

Mr. Deputy Speaker, Sir, it seems my time is over. However, with those few remarks, I beg to support.

**The Assistant Minister for Environment and Natural Resources** (Prof. Maathai): Mr. Deputy Speaker, Sir, I would like to support this Motion and complement the Minister for the good work he is doing.

I would like to comment on the issue of efficiency. It is extremely important for the concept of efficiency to be entrenched in the management of our affairs. There is extreme wastage in the way we manage our affairs in many areas. I just want to mention one that I have been pursuing for a very long time in this House. That is the issue of paper. I say this because the issue of paper is closely connected to the issue of environment, which I am very concerned about. Paper is produced from trees. As you know, our forest cover is less than 2 per cent. Our country is threatened with desertification. We are constantly saying that we need to protect our forests. We cannot protect our forests if we are not using paper efficiently. When I think of the amount of paper that is used in Government offices, I tremble at the cost. I am quite sure, as I have said before, if we used both sides of the paper, we could easily cut into half the budget in the entire Government, at least, as far as paper is concerned.

Mr. Deputy Speaker, Sir, the Head of the Civil Service and Secretary to the Cabinet, Amb. Muthaura, sometime back issued a circular to all the Ministries that required them to use both sides



of the paper. I want to commend the Ministries that are following this instruction but I want to request that this directive be implemented throughout Government institutions, including Parliament. I am saying so because here in Parliament, we continue to produce massive amounts of paper and they are all used on one side. That, to me, is extreme inefficiency. Sometimes it seems like we speak but we do not really mean what we say. If we want to see our resources used efficiently, then we, as leaders and legislators, must set the example. Therefore, using both sides of the paper should be implemented throughout Government institutions including here Parliament.

I also want to emphasise, as my colleagues have done, about recruitment. Even though we fight corruption and we tend to think of it as being in the big offices that are usually pointed out, it is true that corruption is a habit and we can practise it in many ways. I see habits that are easily an example or a culture that is so much in our system that when we do "big" corruption, we do not think about it. I am thinking of the fact that recently there was an uproar in this House about recruitment of the Kenya Wildlife Service (KWS) rangers and we all complained. There were complaints that some constituencies had many candidates while others had none. I would like to recommend that in order to avoid the habit of hon. Members going into Ministers' offices and asking them to recruit candidates for them and, therefore, ending up with some constituencies having many candidates while others have none, we must introduce a system where people being recruited for any of the Government services are recruited by constituency. This will ensure that all constituencies have an opportunity to send, even if it is only one young person, who would eventually be recruited into the police force, the Army, Administration Police (AP) or wherever the Government training is going to go on. It is extremely important that we all feel that there is equity and fairness in recruitment. During that particular recruitment of the KWS rangers, it was quite clear that some hon. Members were quite willing to send many candidates while their colleagues do not have a chance. I personally do not have time to visit Ministers' offices to plead for my constituents to be recruited. We need to introduce a system where young people are recruited by constituencies. It is time that we implemented the changes that we want to see. We have to promote transparency and accountability that we talk about. It is not just the offices of Ministers that are required to be accountable and transparent; it is every one of us. Unless we practice this, especially as leaders, then quite, obviously, we are speaking from both sides of our mouth.

Mr. Deputy Speaker, Sir, I want to say that even in some areas like in the appointments of boards, I am very sorry to say this because it is often us; Ministers, who are responsible for appointing members of various boards. It is quite clear sometimes that people use those boards to reward their friends and cronies. You see that all the time and you wonder if a Minister, a Permanent Secretary or senior Government officer does that, that is corruption. It does not have to be that there is Anglo Leasing. That itself is an Anglo Leasing of its kind. Transparency must be everywhere. Unless we are truly honest, we are just speaking to be heard but when we go back to our Ministries, we do just the opposite of what we were saying in this House. Of course, members of the public and other colleagues get to know about it and so they know that we are not serious and they too, stop being serious. We really must be examples and until we set these examples and become the change that we want to see, we shall continue to be supervised by other nations.

I want to commend the Minister for Finance for the very excellent manner in which he handled the donors. However, I also want to say that sometimes it is actually embarrassing to see people from other countries literally supervising us and telling us that we must manage our affairs more responsibly, accountably and transparently; that we must be accountable to our people; we must use resources for the benefit of our people; we must not cheat our people and that we must not steal from our people. Why should we have to be told by other people that we must be good leaders to our people? I really look forward to the day that we will not see our leaders put on the carpet by

donors. It is true that we need the money but we do not see that happening when other countries want to borrow money. They do not have to be put on the television to prove to the people of other countries that they are good leaders. This, to me, is an embarrassment and it is away of demonstrating that we are not mature enough; we are not capable of managing our affairs and, therefore, we need to be supervised by those who know how to manage our affairs better.

Mr. Deputy Speaker, Sir, this is something that, as leaders, we need to think very seriously about and learn to manage our affairs the way other people do so that we do not see ourselves being treated when donors supervise and audit us as if we cannot do that by ourselves. We disempower ourselves, our children and those who look upon us because they figure that we have to be supervised. When shall we mature sufficiently to manage our affairs like adults and leaders of a country that can talk at par with other leaders and not to be constantly suspected that we might steal? This, therefore, means that we have to be given terms of service and conditionalities that we must follow so that we can be assisted. It is for that reason that I know many Kenyans pay their taxes very happily. Others are very angry when they pay their taxes because they are not quite sure that their money is used properly. It is extremely important for leaders, and especially those who are holding positions, to do our business in a responsible manner so that we are not only examples to ourselves but also to our children and others.

With those few remarks, I beg to support.

**Mr. Kipchumba:** Thank you, Mr. Deputy Speaker, Sir. I rise to support this Motion on Supplementary Estimates. There is some additional information which has been included in these Estimates which I think the Minister should clarify when replying. This information includes the Kshs30 million, which has been allocated for the Pending Bills Committee. I thought that this Committee would be composed of hon. Members from the Cabinet. Therefore, I want to know why we should pay the hon. Members Kshs30 million. I would also want the Minister to explain the issue of harmonisation of civil servants' salaries. The figure has been reduced by Kshs3.4 billion. I do not know why that has happened. I would also like the Minister to clarify why salaries for Government Clearing Agencies have been increased by Kshs1.1 billion. The Government Clearing Agency is a small entity and, therefore, it would be interesting to know why they have been given that kind of money.

I am happy that we have been given money for the Constituency Development Fund (CDF). Money which was earmarked for the refurbishment of Parliament has been reduced by Kshs300 million. I think that Kshs600 million was a lot of money. I hope that the Kshs300 million allocation will be sufficient to refurbish these Parliament buildings to the standards they should be at. There is an additional Kshs241 million for the National Assembly, which has been allocated for travelling allowances. One would wonder why we should give the National Assembly that kind of money because we basically have the same people travelling all the time. There are about 20 people only who are always airborne. Why would we allow them to consume this kind of money? We need to have a better explanation to this. Parliament should be seen to be more transparent than other Government institutions. I am happy that there is Kshs34 million which has been set aside for computerisation. It is very embarrassing that hon. Members have to visit cyber cafes to access their email. This is unacceptable. I hope the computerisation project includes installation of internet services.

There has been a movement of the Policy Research and Analysis Department to the Office of the President. I do not know why that has been done. Maybe, the Minister could give us a better explanation regarding that.

The Kshs400 million, which has been given to our foreign embassies may not be enough. If you visit our foreign embassies, you will find that most of them are in a dilapidated state. Most of

their buildings have leaking roofs. Recently, an article appeared in one of our local dailies saying that staff members in those embassies have not been paid salaries in a long while now. As much as I would want us to make a saving, it is important that we make these people as comfortable as possible. When one is at home, they can borrow what they do not have from people they know. However, when they are out there, they may not have anyone to borrow anything from. We need to ensure that people who are serving in our foreign embassies are well catered for all the time. We would also like them to expand their mandate and focus more on bringing business to this country. We do not just want them to be public relations officers. They should be able to do much more.

I have seen a reversal of about Kshs15 million for Community Service order, which I thought was a good idea because it was decongesting our prisons. We are now removing that money from the service. I thought we would, in fact, give the service more money. There is no need of giving the National Security Intelligence Service (NSIS) more money. The Department has enough; Kshs4 billion to me is more than enough for the Department. The Department has not demonstrated that it deserves more money. Kshs50 million should be spent elsewhere, maybe, to build a primary school or carry out another project. I think the Minister should look at this issue. The NSIS Department and the police force should have given us information concerning the insecurity we are having. However, they seem to be as ignorant as we are. There is no point of giving them more funds.

There is reduction of Kshs1 billion on global funding. I know that is money from donors. But, losing Kshs1 billion is quite a blow to our fight against HIV/AIDS and malaria. I hope the Minister will consider ways of raising funds so that, that can be catered for.

I know that interest rates have gone up. There is no dispute about that. The Minister should not be worried about interest rates. Eight per cent is still quite reasonable compared to three per cent. Interest rates at three per cent would cause inflationary pressure in this country. People will borrow money, use it for consumption and finally, inflation will go up. The rate of eight per cent, to me, is quite reasonable. We should not get worried. What should worry us is the stability of our shilling. When you borrow money knowing you will pay at an interest rate of eight per cent, you will be able to budget. However, when the interest rates are unstable, they become a cause of concern. That is why I would urge the Minister to focus more on this micro-economic factor. This would enable us to predict the inflation rate of our money. It would either move up or down by Kshs2 as opposed to Kshs10, as was witnessed recently when the shilling became strong. This caused a lot of problems to our exporters.

Mr. Deputy Speaker, Sir, another area of concern is that of salaries for our civil servants. As much as all of us want to have better salaries, I think we must swallow our pride and assess our salaries. Kenya is one of the few countries that salaries account for over 35 per cent of its regular revenue. That is a lot of money. At the end of it, we have no money left for development. If you look at the Budget for this financial year, there was only Kshs21 billion which was allocated by the Government for development. Kshs30 billion was to come from donors. How do we expect to develop as a country when, indeed, most of our money goes to Recurrent Expenditure? People will argue that this has to start with hon. Members. However, it has to start with the President too. It has to start somewhere so that all Kenyans, Permanent Secretaries, Judges and other people may follow suit.

If you go to Britain, you will find that Tony Blair earns a salary equal to our President's, yet the economy of that country is almost 20 per cent higher than ours. Somebody has to address this issue in one way or another. We may evade it for now. However, we will come to a point where we will have no money for development. We will be consuming everything that we collect. I must commend the Kenya Revenue Authority (KRA). It has done a commendable job. Mr. Waweru has

carried on the reforms that were started. He has made sure that they were implemented fast. We have seen the reforms. I am worried that we are only giving KRA 1.5 per cent of what they collect. It is a shame that we are giving the least allocations to the cow that gives us milk. I want the Minister to re-look at that issue and allocate more money to KRA so that it can collect more. If we had a deficit

of Kshs20 billion, where would we borrow it from? We are lucky that we were able to collect Kshs20 billion which we can use to finance projects.

I want to say that insecurity in this country will not go down merely, by increasing the salaries of the police. We must look at the terms of service of the police. If a policeman is earning Kshs10,000 which he can collect from motorists on the road, then the salary would not make a difference to him. However, if he knows that his child is assured of education, a good house, medical care, and a good retirement package, I do not think that he would risk taking Kshs10,000, which would only help for a day, as opposed to long term benefits. I want to say that salary increments have not been known to improve or stop corruption. It is a shame that we have to pay Kshs2.5 million to the Customs and Excise Duty boss. Who would want to steal when they are earning this kind of money? Even the worst thief would stop stealing. These are the kind of radical things that this country must address. I do not know whether this Government has that will or capacity to do it. But it must be done at some stage.

With those remarks, I beg to support.

**Mr. Muite:** Thank you, Mr. Deputy Speaker, Sir. In supporting this Motion, I wish to make the following points. First, could we ask this Government to find out whether there are ghost workers in Ministries other than the Ministry of Health, because that is one way of saving money. Let them carry out the same exercise that was carried out in the Ministry of Health with regard to each and every Ministry. Sometime ago when hon. Nyachae was the Chief Secretary, there was an exercise like that carried out to audit how many genuine civil servants the Government had. I think time has come to request each and every Ministry to do an audit to find out whether they are losing money through ghost workers.

Secondly, it is not enough to be told that they have discovered about ghost workers. We want to see the individuals who are pocketing that money in Court No.1. If the Government has been losing taxpayers' money, it means that for every ghost worker, somebody else who is not a ghost is pocketing that money. We want to see those individuals in court.

Mr. Deputy Speaker, Sir, let me talk about corruption. I want to appeal to the Government to fight all forms of corruption including old corruption, new corruption, internal and external corruption. I would like to take this opportunity to appeal to the British High Commissioner, Sir Edward Clay, that he should employ the same vigour he has shown in asking us as Kenyans to fight corruption in asking Her Majesty's Government in the United Kingdom to ratify the United Nations Treaty Against Corruption. Kenya signed and ratified that treaty which requires particularly the developed countries to co-operate in repatriating the money which is banked in those countries. Why has the United Kingdom refused to ratify that treaty? We want to hear the voice of Sir Edward Clay telling us why Her Majesty's Government is refusing to ratify that treaty.

The money that is stolen from most former British colonies is banked in the United Kingdom. We see some hypocrisy when it comes to proceeds of drug trafficking. The developed nations have been very quick, thorough and efficient in ensuring that you cannot do money laundering in respect of drugs. How come we do not see the same efficiency and concern when it comes to corruption? Is it because drugs ruin their children there but corruption money assists their economy? So, we want to see the United Kingdom ratify that treaty and it should be in the front line in repatriating all the money from corruption which is kept in their banks.

Now, coming to this Supplementary Budget, I would have expected the Minister for Finance to be sensitive about the crisis which is facing this nation with regard to magistrates. You know, the courtrooms in Kwale and Mombasa are padlocked because the magistrates were suspended. Magistrates have been agitating for the improvement of their terms of service for the last 15 years. Do you know that there are magistrates who earn Kshs12,000 per month? Others earn Kshs20,000 per month. They cannot even afford a motor vehicle. You will see them in the same *matatu* with a suspect and criminal. It is a fact. As we fight corruption in this country, for all criminal cases, the first court of core is the Magistrate's Court, not the High Court. Yet, the judges are getting Kshs90,000 to pay their house-helpers. This is the irony. It is better off for a magistrate to be a maid to a judge because she will be paid more. So, I would have supported a very urgent allocation to the Judiciary in order to start paying them immediately. I would urge the Minister for Finance to look at that issue as a matter of urgency. The Judicial Service Commission does not have money. It depends on the Treasury to get adequate funding in order to look after the Judicial staff.

Hon. Members talked about our foreign embassies. I had occasion not too long ago to go to Kinshasa. During the days of Mobutu Sese Seko, Kenya had a very prime property which used to be the residence of our ambassador. But the building is now dilapidated and unoccupied. We visited it with the current ambassador there, a very effective man from Gusiiland. We need the Government to evaluate the properties we have in our embassies and make a decision. That property should have been rehabilitated. The building should even be demolished and construct some flats to generate income. Do you know the only one good thing former Ugandan President, Idi Amin did was to buy property in the City of New York, which is now worth a lot of money? In fact, the Ugandan Embassy is the one that sub-lets to many other African embassies.

I am asking for a rationalisation of our embassies, including the property. When we are carrying out that rationalisation, embassies should not be prestigious. It should not be a place to send people as "political rewards." This Government should even consider renaming the Ministry of Foreign Affairs as Ministry of International Trade and Foreign Affairs. The criteria should be what trade the ambassador is promoting between Kenya and the country where they are serving. That is what the other countries do. They actually place a premium on the issue of trade. The bottom-line is that they must ensure that the balance of trade is in favour of their own countries. I think time has come for us to go that route.

Mr. Deputy Speaker, Sir, I wish to agree with hon. Prof. Maathai that it is humiliating to see our Ministers, including the President--- In fact, there was a cartoon in today's *Daily Nation* depicting a man in his underpants begging for money and the donor tells him "hata hiyo toa, nataka kuona yote before I can release the money." What we are subjected to is humiliating. We want to see a road-map from this Government telling us how they intend to take this country and the economy of this nation from donor-dependency so that we become independent and be able to stand on our own feet. That should be the destination. We should not be celebrating that donor aid has been resumed. We have had this thing since 1963. What is there to show for it, as far as our people are concerned?

We must move towards negotiating and re-negotiating terms of trade. We must be focused and have a clear mind that our destination is to steer Kenya out of the need for donor support. It is possible. We can do it, but we need a road-map from this Government. We should not go through the cycles of kneeling and begging, in order for donor aid to be given. The starting point is: If you want to resuscitate the economy - and I am a lawyer and not an economist - it is not time to talk about balancing the budget. It is time to rebuild the infrastructure.

With those few remarks, I beg to support.

**The Assistant Minister for Foreign Affairs (Mr. Wetangula):** Mr. Deputy Speaker, Sir,

thank you for giving me an opportunity to contribute to the Supplementary Budget. I will start from where Mr. Muite left; that is, on the issue of the Judiciary. As a lawyer who has practised in this town and country for over 20 years, together with my brother, Mr. M. Kilonzo here, I can tell you that magistrates conduct a minimum of 90 per cent of all the work in our courts and yet, the Judges are paid salaries akin to those of Cabinet Ministers or, perhaps, more. They are given security, cars and everything. The magistrates who do everything live lives of total squalor. How do we stop them from being corrupt? I think the Minister for Finance should look at the remuneration of the lower cadre of the Judiciary, and ensure that they are well paid because they do a commendable job. I can assure you that tomorrow, if the Judges laid down their tools and the magistrates continued working, there would be no crisis. But if the magistrates laid down their tools and the Judges are working, there will be a terrible crisis in this country. So, we need to address that issue.

Mr. Deputy Speaker, Sir, I thank the Minister for allocating money to my Ministry, to cater for foreign missions. But as we do that, we are only dealing with a symptom. We need to address a much larger policy issue. We have said that over and over again and I think that, the Committee on Defence and Foreign Relations in this Parliament is not also doing its oversight role properly. Committees of this House seem to be much more pre-occupied in travelling than doing their oversight duties. I have not seen, for instance, the Committee calling, prodding and telling us that if we do not accelerate reforms, this House has the last word on our budget. We are talking about reforms in our Ministries. The Ministry of Foreign Affairs is trying to reform the orientation of our missions. But we need to ask ourselves, as a Government, why the Germany and United States of America (USA) Ambassadors in Kenya are driven by Kenyans, cooked for by Kenyans and have their house workers as Kenyans. Why should our missions---

**Mr. G.G. Kariuki:** On a point of order, Mr. Temporary Deputy Speaker, Sir. For the proper record of this House, is it in order for the Assistant Minister to make allegations that the Committee on Defence and Foreign Relations has never invited them to a meeting, including officers from the Department of Defence and the Chief of General Staff and gave them a lecture.

**The Assistant Minister for Foreign Affairs (Mr. Wetangula):** Mr. Deputy Speaker, Sir, it is very nice to invite the Ministry, but it is another matter to talk of the outcome of the invitation. But what I was saying is that it is not proper for us---

**Mr. G.G. Kariuki:** On a point of order, Mr. Deputy Speaker, Sir.

**Mr. Deputy Speaker:** Order, Mr. G.G. Kariuki! It is not fair to engage in that exchange.

**Mr. G.G. Kariuki:** Mr. Deputy Speaker, Sir, it is the arrogance of the Assistant Minister---

**Mr. Deputy Speaker:** Order! What is it, Mr. G.G. Kariuki?

**Mr. G.G. Kariuki:** Mr. Deputy Speaker, Sir, is it in order for the Assistant Minister to suggest that a Committee of this House has the power to compel the Ministry to do certain things? For example, we have demanded---

**Mr. Deputy Speaker:** Order, Mr. G.G. Kariuki! Let the Assistant Minister respond to what you have said. Now, you are trying to defend what you have said.

**The Assistant Minister for Foreign Affairs (Mr. Wetangula):** Mr. Deputy Speaker, Sir, it is with great humility that I am talking about my own Ministry. I am saying for the record that it costs the people of Kenya and the Government a whole Kshs6 million to look after a cook or a driver in a foreign mission. It would cost us about Kshs400,000 to hire a local driver in the countries where we have missions. Those are the reforms that we are talking about. As I had said, the money we are being given is only curing a symptom. I think we have a much large disease that we are trying to cure. I want to assure my colleagues here that the Ministry is pro-actively working on a policy that is going to reduce the over-loading of our missions with irrelevant staff. Equally, I think the programme of management contracts should be extended to our ambassadors and high

commissioners. They should account to this country as to what they are doing to increase the traffic of trade between the country they are accredited to and our country. What rules the world now is commerce and trade.

Mr. Deputy Speaker, Sir, I want to talk about security. After 8.00 p.m., if you drive through the streets of Nairobi - the hub of everything in this country - the City centre is a ghost town. People run away because of criminals. I would want a situation where the law enforcement agencies are properly empowered to battle criminals. If you sit here and listen to the Questions that are asked in this House, over 60 per cent have to do with security. If we want the economy to grow, we must have proper security. An investor who wants to come to Kenya will not come when he hears that a farmer in Naivasha had a bullet blown through his head by some criminals.

When we passed a Bill here to establish the National Security Intelligence Service (NSIS), one of the underlying principles was that they were going to participate in the security of this country externally and internally. That organ is very well funded. But are they assisting the Government in tracking down intelligence about criminals and assisting the police to fight them? I want them - and I can see my colleagues from the Office of the President here - to take a more proactive approach in joining other forces in fighting crime.

Mr. Deputy Speaker, Sir, we have the issue of infrastructure. It is now more than two years since the NARC Government came into power. I have yet to see a road that we can say we have constructed! Infrastructure is impacting very negatively on the growth of this economy. I want this House to evaluate the performance of our Ministries. If it is a question of procurement problems, we have the duty and the ability to change them. If it is a question of slow movement of funds, we can accelerate it, so that we get the construction of our roads done.

Mr. Deputy Speaker, Sir, we have the issue of the Constituency Development Fund (CDF). The Minister has said that he has given us an additional sum of money, but in allocating this money, it is my humble submission that we must have equity and not equality. We already have a problem on the distribution of bursary funds. Some constituencies, with one secondary school and hardly any population to talk about, are getting equal sums of money with constituencies with very large population. At the end of the day---

**Dr. Shaban:** On a point of information, Mr. Deputy Speaker, Sir.

**The Assistant Minister for Foreign Affairs** (Mr. Wetangula): Mr. Deputy Speaker, Sir, I do not want any information.

When we talk about the CDF, the poverty index, the population and the size of the constituency must be taken into account before the money is distributed. Hon. Muite has talked about ghost workers. We have a lot of unnecessary employees in this Government. If you go to some Ministries, you will find that there are three fellows waiting to salute anybody going to the Ministry, two colliding on how to drive the lift and two more saluting as you get out of the lift. This is totally unnecessary. We need to rationalise and find out how many employees we need to have in the Government, so that we can save money and put it into other gross areas.

Today, I was listening to the British Broadcasting Corporation (BBC), and there was a comment about a country called Argentina. About three years ago, Argentina went bankrupt. Three Presidents failed within a span of four months. Today, the economy of Argentina is growing at eight per cent because of just one single issue; they are growing Soya Beans and exporting them to China. This country has the capacity to grow food and export to China, India and other countries, so that the economy can grow. We want the Ministries which are responsible for growth, such as the Ministry of Agriculture, the Ministry of Trade and Industry and the Ministry of Livestock and Fisheries to give us quarterly reports on their performance in this House, so that the House can monitor what they are doing.

With those few remarks, I beg to support.

**Mr. Rotino:** Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to say something about the Supplementary Estimates. In supporting the Budget, I just want to make a few comments.

First, I want to talk about the honesty and the trustworthy of our civil servants. If you go to a country like Israel, you will find that school children are taught how to be patriotic and how to love their country. They are taught how to speak good about their country and to be honest in their service delivery to their people. This is something that we need in our Civil Service. We need a strong Civil Service, so that even if there is a change of Government, the Civil Service does not change. We need a Civil Service that can deliver to our people and one that can be trusted. We want to be sure that when you call any Government office, you get a good response from the other side.

Mr. Deputy Speaker, Sir, this afternoon, I was with one of my constituents who retired about five years ago. This old man comes from a very remote part of my constituency. He has been coming to Nairobi for more than five months, trying to chase his retirement benefits. When he came to my office this afternoon, I called the Ministry of Agriculture and I talked to an officer there and the response I got, left a lot to be desired. I went further and asked the officer to tell me his name, but he could not even do that. This shows how our people are suffering in the hands of civil servants. They are taken round and round. We need our Civil Service to be strong. We are talking about the need to increase the civil servants' remunerations. This must be commensurate to the service they deliver to our people. Every Ministry should educate its employees, so that they can deliver to our people.

Mr. Deputy Speaker, Sir, I come from an area where we grow pyrethrum. Since 2003, the pyrethrum farmers have not been paid. The Pyrethrum Board of Kenya owes them more than Kshs108 million. When I tried to follow up the issue, I was told that they are paying for pyrethrum which was delivered in 2004/2005 and yet, they have not paid for the pyrethrum which was delivered in 2002/2003. The farmers are suffering and the pyrethrum acreage is reducing every year because farmers are demoralised. I expected the Government to provide some money to the Pyrethrum Board of Kenya, so that the Board can advance small loans to the farmers. I have talked to the Minister for Agriculture and he has told me that he is looking for some money from the Treasury, so that he can pay the farmers. I want to plead with the Minister for Finance to allocate some money for the Pyrethrum Board of Kenya, so that the poor farmers in my constituency can be paid their dues.

Mr. Deputy Speaker, Sir, it is good Prof. Maathai is here. I want to talk about the Ministry of Environment and Natural Resources. If the Assistant Minister is serious about conserving our environment, she should begin by closing down the Panpaper Mills. This is the cause of destruction of forests in Cherangany Hills and Mount Elgon. The company's contract with the Government has expired and we should not renew it. I was fortunate to accompany a group of Ugandan and Kenyan hon. Members who toured the Mount Elgon and saw what we are doing with the eco-system. situation is pathetic. The environment around these areas has been completely destroyed. The Forest Department claims that its hands are tied and that it can only act on instructions from the top. The Forestry Bill will be coming to this House very soon. We should give the Forest Department powers to manage our forests.

Mr. Deputy Speaker, Sir, hon. Members should lead by example. They should plant trees in their constituencies now that the rains have come. Our forests have been destroyed because our chiefs have no powers to stop the destruction. They cannot arrest anybody or implement any policy. It is one thing to allocate money and another one to implement the policies. I want to plead with Prof. Maathai to tour the entire country.



**Mr. Deputy Speaker:** Order, Mr. Rotino! The gracious lady has a title!

**Mr. Rotino:** Mr. Deputy Speaker, Sir, I apologise to the hon. Member.

I want to emphasize that the National Environmental Management Authority (NEMA) is not doing enough. It should go round the country and see the destruction that is taking place. We are destroying ourselves. I have even invited the Minister to visit my constituency and see the destruction of our forests. It is a pity that we have the District Commissioner, Forest Department and the NEMA representatives, but the destruction of our forests goes on unabated. At this rate, our children will inherit nothing. When roofing classrooms in my constituency, I encourage my people to use steel instead of timber which is more expensive.

Mr. Deputy Speaker, Sir, I want to talk about electricity. Ever since I came to this House in 1992, I have been raising similar questions to the effect that my constituency has no electricity. It is sad that we do not have even one megawatt of power, and yet, we take care of Turkwel Dam. My people have even been deprived of grazing land. They keep on moving to Turkana and Uganda in search of grazing land.

We are using some CDF money to buy generators for schools in the constituency. I was surprised to learn that schools in North Eastern Province are being given generators by the Ministry of Energy. Why can the Government not do the same in my constituency? KenGen sells power to the Kenya Power and Lighting Company (KPLC) and gets Kshs700 million every month, but they give the Kerio Valley Development Authority (KVDA) which takes care of the environment, only Kshs40 million per year. Why are they not even ashamed to reinvest 1 per cent of that money? Councillors in my constituency have gone without salaries for the last seven months. There are no tourism activities there because of insecurity which is caused by the lack of re-investment of the money by KenGen. I was working with the KVDA when Turkwel Dam was constructed. Therefore, I know that there was to be an irrigation project on the lower parts of Turkwel Gorge which was to be funded by the French Government. However, that has not taken place up to now. We are given false promises all the time that the Government will get donors to fund that project.

I am pleading with the Government to look into this issue. The Government had to borrow money from the French Government to provide electricity under the Rural Electrification Programme. It is unfortunate that the Government has not included my constituency in that programme. I want to appeal to the Minister to include my constituency in the programme.

Mr. Deputy Speaker, Sir, I want to talk about police vehicles. In my own constituency we do not have even a single police vehicle.

**Mr. Deputy Speaker:** Order, Mr. Rotino! Your time is up.

**Mr. Rotino:** Mr. Deputy Speaker, Sir, with those few remarks, I beg to support this Motion.

**Mr. Deputy Speaker:** Hon. Members, we have only seven minutes.

Proceed, Dr. Khalwale!

**Dr. Khalwale:** Thank you, Mr. Deputy Speaker, Sir. I rise to support this Motion. As I do this, I recall that during the December holidays my Committee on Health, Housing, Labour and Social Welfare went round the provinces to inspect hospitals. What we discovered is that most of the buildings in this country that house our hospital facilities were actually put up long before the 1950s. Every time hon. Members raise Questions in this House about the state of these buildings in their respective areas, we are told that rehabilitation is either going to be done or is being done. I see in these Estimates that the same culture of pumping millions of shillings into old buildings in the name of rehabilitating hospitals is being promoted at Embu Provincial General Hospital and many other hospitals. My thoughts on these are that, it is important for us to abandon this culture and start putting up modern hospitals. When you look at the state of hospitals in the country, you will find that there are only two provincial hospitals that are in a very bad condition; the ones at Machakos

and Kakamega. It is important that we put up two modern hospitals in Machakos and Kakamega for them to reflect the importance that the people of these areas play in the economy of this country.

Mr. Deputy Speaker, Sir, the other feature in all these hospitals is the shortage of doctors. It is a pity that when you take a census in the Ministry of Health, you will find that for a population of 100,000 people, we only have 15 doctors on average. This is very unfortunate and I submit that some of the marginal degree on which we spend money in our universities training professionals, that money should instead be used to train more doctors, so that we take care of the health of our people.

Mr. Deputy Speaker, Sir, talking about the issue of health one cannot do it without the question of priority. The real threat to our population is the issue of HIV/AIDS pandemic and malaria. All other things are secondary. But when we look at these Estimates, we see that in the area of HIV/AIDS Prevention and Care Programme, which mainly goes towards provision of Anti Retroviral (ARV) drugs, the Minister is to spend only Kshs16 million. On malaria, the Minister is to spend only Kshs25 million. On the prevention of maternal to child transmission of HIV/AIDS pandemic, the Minister is to spend only Kshs44 million. However, it is a big wonder that the same Minister wants to spend Kshs465 million on family planning. On some fringe subject called Female Genital Mutilation (FGM), the Minister wants to spend Kshs28 million. Since when did the population become a threat greater than HIV/AIDS scourge, so the we spend Kshs16 million on HIV/AIDS and Kshs465 million on family planning? HIV/AIDS scourge if not being a killer, maybe, has become a family planning method. Let us commit those funds for family planning on fighting HIV/AIDS pandemic.

Mr. Deputy Speaker, Sir, I would like to mention something about education. We must really compliment the Government on the issue of bursaries because the approach we are using currently has made the bursaries, not only more relevant, but we have also sensitised our communities so much so that even those people who do not necessary deserve it, expect today, the Member of Parliament to give them money. Since this particular project is very helpful, I request that having raised the money on CDF, the Minister should, in future, also consider raising money for bursary fund allocation. In a place like Ikolomani where we have many children going to school, the Kshs3.3 million that I was given for bursary has already been disbursed. If you try to attend all the children in need, you cannot give more than Kshs1,000 per every deserving child. So, we are forced to leave out many children. I am, therefore, appealing to the Government to come to the aid of these very deserving people.

Mr. Deputy Speaker, Sir, we cannot pump so much money in form of bursaries into schools without considering the issue of quality. On this, I want to talk about poor Kenya Certificate of Secondary Education (KCSE) results and the issue of nullification of results. It is wrong for us to discipline students alone when the issue cheating in examination takes place and leave the heads of those schools and departments to go scot-free. It is important that individual headmasters be inspected in schools that are not performing well. I want to give two examples in my constituency. In my constituency---

**Mr. Deputy Speaker:** Dr. Khalwale, you time is up!

**Dr. Khalwale:** Mr. Deputy Speaker, Sir, with those few remarks, I beg to support the Motion.

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

**Mr. Deputy Speaker:** I regret, hon. Members. I wish I could cover everyone. It is now

time for the Mover to reply!

**The Minister for Finance** (Mr. Mwiraria): Mr. Deputy Speaker, Sir, I have several appeals from hon. Members to donate to them a few minutes of my time. Therefore, I would like to donate five minutes to Mr. M. Kariuki.

**The Assistant Minister, Office of the President** (Mr. M. Kariuki): Thank you, Mr. Deputy Speaker, Sir. I thank the Minister for Finance for donating five minutes of his time to me.

I just want to underscore two points. The first one relates to how we assess our economic growth rate. The question of Gross Domestic Product (GDP) has been raised in this House. I would like the Minister to look at the example of Brazil and Venezuela. For the last 10 years, those two countries have enjoyed a GDP of not less than 8 per cent. On the other hand, they have quantified their poverty at about 35 per cent. I would like to caution that the GDP is not a measure of economic growth. We have to be very careful. We have to learn the lesson that the Bharatiya Janata Party (BJP) of India learnt. That party called an early election because the GDP stood at 10 per cent but it lost the elections. This is because the benefits which were being reflected on the GDP had not trickled down to the grassroots. So, let us not be deceived by the fact that our country will register a GDP of a 3, 5 or 7 per cent. Let us also look at the other side of the coin.

The gap between the rich and the poor has to be bridged. I would like to acknowledge the two measures which have been put in place to bridge the gap between the rich and the poor; the Constituency Development Fund (CDF) and the bursaries. I think the Minister for Finance has now published the Micro Finance Bill. This is a good effort in terms of bridging the gap between the rich and the poor.

Mr. Deputy Speaker, Sir, I am not aware of any country in the world which has developed through donor funding. All the good examples of development have come outside donor funding. We can look at China, Japan, Thailand and Singapore. As long as we continue to beg and borrow loans which we have to repay ten times more, we will not develop. We should realise that all the negotiations we are holding with the donors are short-term measures. As long-term measures, we must have a budget which we can manage with the little resources we have. The West always come up with a new outfit. The former British Prime Minister, Margaret Thatcher, came up with her outfit on how to save Africa. Prime Minister Tony Blair also has a new outfit on how to save Africa. We must be very wary of these outfits.

At the end of the day, these organisations are created to benefit the western or donor economies and not the persons who are supposed to benefit from it. I would like to say something about the Local Authorities Transfer Fund (LATF). I come from a unique constituency whereby the boundaries of the municipality and the constituency are the same. I get Kshs22 million from the Constituency Development Fund (CDF), and my municipal council receives Kshs140 million. I am able to show the projects for the Kshs22 million I receive but the municipal council cannot show a single project it has initiated with the Kshs140 million. It is amazing how Kenyans can get excited about the CDF and forget the real money which is given to the local authorities. Most of that money goes to waste. All that we see in our respective jurisdictions is people cleaning up trenches every year. There is no other project which is visible.

*(Applause)*

I think we have to put our focus on the LATF and monitor it because they are substantial and can bring tremendous development to our areas. I call upon the Minister for Finance to put a spotlight on the expenditure of these funds because they can make a big difference as far as development is concerned.

Mr. Deputy Speaker, Sir, let me say something about the Ministry of Foreign Affairs. This Ministry requires serious rationalization. We are still living in the Cold War era. We spend a lot of money today to post defence attache in different countries. Who needs a defence attache today? This is a phenomenon of the Cold War because we have to know whether we are in a friendly country or not. Some of these offices, for example, defence attache should be done away with. We should use officers who are multi-task; officers who can deal with visas and handle foreign affairs matters. We should rationalize these missions. The question of drivers and cooks in foreign missions is a sad thing to say.

Most of our officers in the Ministry of Foreign Affairs have been recruited from the rank of DOs who have least diplomatic training. These officers do not add value to their work because they have no skills when it comes to negotiations. We should reduce the expenditure in our foreign missions by ensuring that we post the officers with the right skills in those places. We should also invest in buildings other than paying rent and getting our officers evicted for failure to pay rent. We should ensure that we invest in permanent buildings in order to save on high rents.

Mr. Deputy Speaker, Sir, I beg to support the Motion.

**The Minister for Finance** (Mr. Mwiraria): Mr. Deputy Speaker, Sir, I will donate five more minutes to Mr. Munyao.

**The Minister for Livestock and Fisheries Development** (Mr. Munyao): Mr. Deputy Speaker, Sir, I thank the Minister for Finance for donating five minutes to me. I also congratulate him for the manner in which he has handled the donors in the last four days. I was at the Safari Park Hotel from the first day up to the last day. The manner in which this Minister handled the donors is worthy and we should congratulate him. We should move in that direction.

Mr. Deputy Speaker, Sir, having said that, I would like to appeal to the Minister for Finance and the Minister for Roads and Public Works, now that we are debating the Supplementary Estimates--- I am aware that the District Roads Committees (DRCs) are being allocated money, but the roads in Mbooni Constituency are impassable. We require some additional money right now so that we can do these roads. I know that there are emergency funds in every Ministry. Could the Minister for Roads and Public Works do something so that the roads in that Mbooni Constituency can be repaired?

Mr. Deputy Speaker, Sir, we produce milk which we sell in Machakos and Nairobi. However, the milk which is transported in a pick-up lorry from Kikima to Machakos ferments on the way because of the shaking. In order for us to get out of this mess, the Minister for Roads and Public Works should act so that the few roads in Mbooni Constituency can be made motorable.

Now, that we are debating the Supplementary Estimates which we will pass, I would like to request the Minister for Finance to support the Agricultural Society of Kenya (ASK). In the past, the ASK organised agricultural shows in the whole country. The promotions done by the ASK to market Kenyan products is good. The ASK supports farmers all over the country and I would like it to be supported by the Treasury so that it can perform better.

Last year, I led a delegation to the Royal Show in Britain where the ASK was represented. We even negotiated to be allocated a stand, which was history in the past 25 years when KANU was in power. We were allocated a stand this year and the farmers displayed their fish, honey and many other products. The farmers have now gone high-tech and require to be supported so that they can perform well.

Mr. Deputy Speaker, Sir, finally, I am happy that the Minister for Finance is here. The other day, when I was contributing, it was the Assistant Minister who was here. I made an appeal to the Minister for Finance. There is a bank called Daima Bank. It is one of the best banks in Kenya. It

was started by professional people. It has very innocent depositors. That bank and its depositors have really suffered. I request the Minister for Finance to take up that matter personally and assist the depositors who have put their money in that bank. They are Kenyans. We will be very happy to see the Minister for Finance assisting Daima Bank depositors. They should be allowed to sell out their holdings.

Mr. Deputy Speaker, Sir, we are in a season where animals require good treatment, so that they can remain healthy. I am appealing to all hon. Members to make sure that their Constituency Development Fund (CDF) assists in that.

With those few remarks, I beg to support.

**The Minister for Finance** (Mr. Mwiraria): Mr. Deputy Speaker, Sir, let me thank all hon. Members who have contributed to this debate for giving very constructive suggestions. I would like to make a few points regarding what hon. Members have said.

Several Members of Parliament have talked about the Ministry of Finance having a reduction of Kshs3.4 billion. Actually, that figure represents the distribution of money for payments of salaries throughout the Civil Service. That allocation moved out of my Ministry to the relevant Ministries. Normally, when we do not have enough time or some money cannot be allocated due to exigencies of service, we put it in the Ministry of Finance and distribute it later. We have done the same with the CDF. An amount of Kshs1.1 billion is in the Ministry of Finance. It will, ultimately, be sent to where it belongs.

Mr. Deputy Speaker, Sir, there is one hon. Member who contributed - I think it was Mr. M'Mukindia - who said that we had not waived the coffee debts. I want to inform this House that the Cabinet approved the waiver of debts owed by the coffee farmers. But the Co-operative Bank will be assisted in repaying the debts to the World Bank, the European Union (EU) and some other debtors.

Mr. Deputy Speaker, Sir, there was also information that the Ministry of Health has lost a lot of money through personal emoluments. They have not lost anything. We have the number of people and the salaries and allowances they earn. Personal emoluments is one item that is budgeted accurately. What actually happened was that in the Ministry, there was some confusion. They did not keep proper data. So, they would show some people in a department where they do not belong. As we attempted to do what we call "payroll cleansing", some people were found in wrong departments. They have now been moved to the appropriate departments and, therefore, the budget allocations have been adjusted. The important thing here is to try and get rid of ghost workers. The exercise of payroll cleansing is going on throughout the country.

Mr. Deputy Speaker, Sir, let me make one point on the question of Budget itself. We have been accused of business as usual, repeating the old practices and not being innovative. Let me tell the House that, for the first time, we are moving away from old practices. For the first time, we have prepared a Budget Strategy Paper which will help us align our budget to our economic recovery strategy.

*(Applause)*

For the first time, we are going to lay emphasis, within the Budget, on the sectors that matter. Those are the pro-poor sectors like agriculture, health and education. We have already indicated that, in the course of the next three years, we are going to have additional Budget of about Kshs5 billion more than we had in the financial year. We are really shifting and changing our budgeting procedures, so that we have a strategy which states which way we are moving and gives emphasis to the pro-poor items. We can trace those items. We want to be able to tell this honourable House: "We budgeted so

much money for curative health and so much was spent!" We are not interested in moving monies around. We believe that, once we budget, the money should be spent on what it is budgeted for.

Mr. Deputy Speaker, Sir, let me talk about the CDF. I must say that we have received very encouraging reports on how the money is being spent.

*(Applause)*

I know, and I am aware because, when I sit in the Treasury, I receive many letters from your political opponents who think that you are misusing the funds. We have sent our main Committee chaired by the Permanent Secretary to the Treasury around the country. They have gone and talked to your committees. They have been told what is being done and have even inspected some of the projects on the ground. That has really given us a lot of encouragement.

*(Applause)*

Mr. Deputy Speaker, Sir, on the issue of the Kshs1 million for the constituency offices, I talked to the Clerk of the National Assembly. The Clerk, together with the people at the Treasury, assured me that there is enough money in the budget for the National Assembly to give what is required for those offices. Given the fact that we do not have enough money to do other jobs, it is only fair that we do not budget for any more additional funds, when you already have got adequate funds. So, we have already agreed that, if the Parliamentary Service Commission deems it fit to spend part of this year's budget, all they have to do is to apply for re-allocation.

**Mr. Angwenyi:** On point of order, Mr. Deputy Speaker, Sir. We are ready to spend the amount as long as the Ministry of Finance gives us the Exchequer issue

*(Applause)*

**Mr. Deputy Speaker:** I will take that! But, Mr. Angwenyi, from your experience, you know that, that is not a point of order!

*(Laughter)*

**Mr. Angwenyi:** It is a point of information, Mr. Deputy Speaker, Sir.

**Mr. Deputy Speaker:** Whatever it is! Mr. Minister, please, proceed!

**The Minister for Finance (Mr. Mwiraria):** Mr. Deputy Speaker, Sir, I believe that we have had teething problems, particularly with the way the Fund has been implemented using the District Development Officers.

*(Loud consultations)*

**Mr. Deputy Speaker:** Order, hon. Members! Let us listen to the Minister, please! Continue, Mr. Minister!

**The Minister for Finance (Mr. Mwiraria):** Mr. Deputy Speaker, Sir, I was saying that, we have teething problems with the way the CDF has been implemented by the Government officials. They want to apply every rule in the use of the money.

Mr. Deputy Speaker, Sir, I want to inform this hon. House that when we give that money for use in the constituencies, we do not give it, so that we can take back part of it as Value Added Tax

(VAT)!

*(Applause)*

When we give it, we do not want the Government to control it. We believe we have already proved through the education budget that the school committees can look up to the little resources they are given and do it well. So, what we intend to do---

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

**Mr. Deputy Speaker:** Order, Dr. Khalwale! Follow the rules of the House!  
Proceed, Minister!

**The Minister for Finance** (Mr. Mwiraria): Thank you Mr. Deputy Speaker, Sir, for the protection. Let me say that what we really intend to do as a Government is to make sure that several things happen. The first one is that *wananchi* elect the committee which will select the project and not the chief, District Officers or councillors. Once they elect the committee then the projects they chose will be evaluated according to the law and those which are approved will be financed. However, more importantly, we have no intention of asking the district accountant or any other Government official to administer the funds other than releasing them to the agency selected.

*(Applause)*

So, my plea to the Members of this House is that you make sure that if you are supporting a dispensary, there is a dispensary committee which is well staffed and manned and which can take care of the money and be able to account for it.

Mr. Deputy Speaker, Sir, there was a question raised about the Kshs30 million we have provided for the Pending Bills Completion Committee. I cannot remember who talked about it but I just want to assure this House that it is not a committee of Cabinet Ministers. Ministers do not have time to do that kind of work. What the Cabinet did was to select a team under the chairmanship of D.G. Njoroge, the former Controller and Auditor-General, comprising professional road and civil engineers, accountants, members of the Chartered Institute of Auditors so that we have in one group, a professional team that can actually look at all the bills and claims and assess them reasonably. We did not include the budget of this committee in the earlier budget. That is why we have provided some money for that team.

Mr. Deputy Speaker, Sir, regarding the payments to magistrates and other junior members of the Judiciary, I must own that we have already held discussions with the Judiciary. They have given us proposed salaries for the magistrates which we think the Government can afford to pay. Something must have gone wrong somewhere. Maybe there has been lack of communication hence the striking magistrates.

Let me conclude my remarks by talking about the perceived dependence on donors. I want to say that Kenya as a country does not depend on donor aid to survive.

*(Applause)*

At the rate our revenue collection is moving, in another year we will be able to finance our Recurrent Expenditure fully from within our own resources. We may need the occasional addition but I am very confident that we would not be worried very much. However, on Development Expenditure, we will need to borrow because development projects should be able to pay for themselves if they are properly chosen and executed.

Mr. Deputy Speaker, Sir, during the meeting we just completed yesterday, let me say that

we asked the development partners to do their part too. We asked them to facilitate identification and repatriation of monies stolen from this country and hidden abroad.

*(Applause)*

I think it is important to pick on a point made by hon. Muite and say that Britain, according to an Overseas Economic Community Development (OECD) report, is one country which has not prosecuted one company for corruption and yet we know that they have a lot of corrupt companies. So, really, when people come here and talk, they should know that what is good for the goose is good for the gander.

With those few remarks, I beg to move.

*(Applause)*

*(Question put and agreed to)*

### **ADJOURNMENT**

**Mr. Deputy Speaker:** Hon. Members, it is now time to adjourn the proceedings of the House. The House, is, therefore, adjourned until tomorrow, Thursday, 14th April, 2005, at 2.30 p.m.

The House rose at 6.30 p.m.