

NATIONAL ASSEMBLY

OFFICIAL REPORT

Thursday, 28th April, 2005

The House met at 2.30 p.m.

[Mr. Deputy Speaker in the Chair]

PRAYERS

PAPERS LAID

The following Papers were laid on the Table:-

Sessional Paper No.3 of 2005 on Sports Development.

*(By the Assistant Minister for Gender,
Sports, Culture and Social Services
(Mrs. Chelaite), on behalf of the Minister
for Sports, Culture and Social Services)*

Annual Report and Accounts of Kenya Tourism Board for the year ended 30th, June, 2003, and the Certificate thereon by the Controller and Auditor-General.

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

*(By the Assistant Minister for Gender,
Sports, Culture and Social Services
(Mrs. Chelaite), on behalf of the
Minister for Tourism and Wildlife)*

Annual Report and Accounts of the National Hospital Insurance Fund (NHIF) for the year ended 30th, June, 1999, and the Certificate thereon by the Controller and Auditor-General.

Annual Report and Accounts of the National Hospital Insurance Fund (NHIF) for the year ended 30th, June, 2001, and the Certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Gender,
Sports, Culture and Social Services
(Mrs. Chelaite), on behalf of
the Minister for Health)*

Annual Report and Accounts of Ewaso Nyiro North Development Authority for the year ended 30th, June, 2002, and the Certificate thereon by the Controller and Auditor-General.

Annual Report and Accounts of Ewaso Nyiro North Development Authority for the year ended 30th, June, 2003, and the Certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Gender,
Sports, Culture and Social Services
(Mrs. Chelaite), on behalf of the
Minister for Agriculture)*

NOTICE OF MOTION

ADOPTION OF SESSIONAL PAPER
NO.3 OF 2005 ON SPORTS DEVELOPMENT

The Assistant Minister for Gender, Sports, Culture and Social Services (Mrs. Chelaite):
Mr. Deputy Speaker, Sir, I beg to give notice of the following Motion:-
THAT, this House adopts Sessional Paper No.3of 2005 on Sports Development.

QUESTIONS BY PRIVATE NOTICE

STATUS OF DEVELOPMENT BANK OF KENYA

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

(a) What is the status of the ownership of Development Bank of Kenya?

(b) Is the Minister aware of the intended merger of the bank with Housing Finance Corporation of Kenya?

(c) If the answer to part (b) above is in the affirmative, could the Minister confirm that there are adequate measures to protect the interests of the Government?

The Assistant Minister for Finance (Mr. Obwocha): Mr. Deputy Speaker, Sir, we have held discussions with the hon. Member. Since he raised this Question by Private Notice, we require some more information. We have requested him to allow us to answer the Question next week.

Mr. Deputy Speaker: Mr. Billow, what do you say?

Mr. Billow: Mr. Deputy Speaker, Sir, if we can agree on Tuesday, next week, I have no problem.

Mr. Deputy Speaker: Very well. The Question is deferred until Tuesday afternoon.

Mr. Assistant Minister, htis being a Question by Private Notice, we expect an answer on Tuesday!

(Question deferred)

Next Question! The hon. Member for Muhoroni Constituency!

"GHOST" WORKERS IN
HEALTH MINISTRY

Prof. Olweny: Mr. Deputy Speaker, Sir, I beg to ask the Minister for Health the following Question by Private Notice.

(a) Could the Minister confirm that the Ministry has discovered "ghost" workers in its payroll and, if so, how many are they?

(b) Could she further inform the House how much has been paid to the said "ghost" workers in form of salaries and other benefits?

(c) What immediate steps has the Minister taken against officers involved in processing and payment of fraudulent claims?

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

(a) It is true that following a staff mapping exercise undertaken by the Ministry with logistical and financial support from the United States Aid for International Development (USAID) and Department of Foreign Investments and Development (DFID), from August to September, 2004, 1,447 employees could not be accounted for because they did not turn up for the mapping. Immediately, the report was released to the Ministry in December, 2004, a verification exercise commenced. It has so far been established that out of the 1,447 employees, 1,133 employees who had not been mapped for various reasons were *bone fide* employees of the Ministry. That left only 314 employees who have not, so far, been accounted for. The verification exercise is still going on and it is expected that, by 31st, May, 2005, it will be known who are not the real employees of the Ministry.

(b) Since the actual number of "ghost" workers has not been established, it is not possible, at this moment, to point out or determine the amount of salaries and other benefits paid to the said "ghost" workers. It is expected that, by 31st, May, 2005, the Ministry will have completed the verification exercise. That is when the amount of erroneous payments will be determined.

(c) It has been established that 27 employees who were in our payroll for October, 2004, had left the Ministry earlier. However, for reasons yet to be established through the ongoing investigations, they had not been removed from the payroll. They were deleted from the payroll from 1st, March, 2005. Those responsible for their retention in the payroll will be held responsible and the necessary disciplinary action taken. The investigations to establish those responsible are still ongoing.

Prof. Olweny: Mr. Deputy Speaker, Sir, the answer is not satisfactory because the Ministry knows that a total of 300 people have not been accounted for. It also knows the stations where those people are working. Could the Assistant Minister inform this House why, up to today, they have not verified the stations where those problems occurred? Each person has a station---

Mr. Deputy Speaker: Order! Professor, when you ask a question, it is only fair that you put a question mark, then it will be answered!

Mr. Assistant Minister, it is your turn to respond.

Mr. Konchella: Mr. Deputy Speaker, Sir, I said that this is as a result of many problems within the Ministry and the Department of Personnel Management (DPM). For example, the 231 employees who were recruited in the year 2004 were not given personal numbers by the DPM. So, they were being paid salaries, yet their numbers were not appearing in the payroll. It was very difficult to try and adjust this at a go. There was also a confusion that was caused by 166 workers who had been laid off. What we suspect is that, the confusion between the DPM's payroll and the various accounting officers or heads of departments within the Ministry of Health caused this problem. However, we assure this House that by 31st of this month, we will have received returns from all our departments and we will have accounted for all those workers, whom we do not know where they are now.

Mr. Oparanya: Mr. Deputy Speaker, Sir, the Ministry of Education, Science and Technology has units all over the country and has continued to use District Accountants---

Mr. Deputy Speaker: We are dealing with the Ministry of Health.

Mr. Oparanya: Mr. Deputy Speaker, Sir, I meant the Ministry of Health. It has units all over the country and has continued to use District Accountants as its accounting officers. Why can the Ministry not consider employing its own accountants, so that such a problem does not arise again?

Mr. Konchella: Thank you, Mr. Deputy Speaker, Sir. The hon. Member is right. Through the Global Fund and other donor-funded projects, we will employ our own accountants. We will buy computers for them and they will be managing our staff members within districts.

Mr. Serut: Thank you, Mr. Deputy Speaker. It is common knowledge that you cannot be paid a salary in the Civil Service if you have no personal number. There is no one who is deemed to be employed in the Civil Service without a personal number. How are the employees who were employed

in the year 2004 being paid salaries without personal numbers?

Mr. Konchella: Mr. Deputy Speaker, Sir, this was as a result of a verification exercise. As a result, the Ministry has already rectified the anomaly and those workers now have their numbers.

Dr. Godana: On a point of order, Mr. Deputy Speaker, Sir. It is obvious that the Assistant Minister has not understood the question or he is just avoiding it. The hon. Member asked a very simple question. No public servant's name enters in the monthly payroll without a civil service personal number. How were these people paid salaries without personal numbers?

Mr. Konchella: Mr. Deputy Speaker, this has been happening. The reason why the Ministry had to conduct a verification exercise was because it detected that there were some workers who were fraudulently receiving money. The workers would quote certain personal numbers, which were originally from the DPM, but did not belong to them. There are 231 people without personal numbers, who were earning salaries but have been discovered by the DPM.

Mr. Deputy Speaker: Last question, Prof. Olweny!

Prof. Olweny: Mr. Deputy Speaker, Sir, this is a very popular Question. My I give my chance to hon. Billow?

Mr. Deputy Speaker: Order, hon. Members! I will not allow hon. Members to donate their time when they are given opportunities. That is out of order.

Next Question!

(Loud consultations)

Order, hon. Members! If you want to ask a question, ask me. I have made that ruling. I will not allow that.

Dr. Godana: On a point of order, Mr. Deputy Speaker, Sir. We understand that you have to budget time for Questions. But we request you to exercise discretion in a matter like this, where an Assistant Minister gives an answer which is reminiscent to a criminal offence. The Assistant Minister owned up and said that there are 231 people who have no personal numbers, yet they are paid salaries. That is the question he should answer. He should be asked to go and bring a better answer.

Mr. Konchella: Mr. Deputy Speaker, Sir, while I accept what the hon. Member has said, I want to say that this is a mistake of the previous Government and which we are trying to correct.

(Loud consultations)

Mr. Deputy Speaker: Order, hon. Members. It is apparent that the answer is not satisfactory. But you have other avenues of pursuing further answers to Questions which are not satisfactorily answered in accordance with the Standing Orders. The House cannot spend a whole--- We are not getting anywhere.

REMOVAL OF KENYATTA
NATIONAL HOSPITAL DIRECTOR

(Mr. Angwenyi) to ask the Minister for Health:-

(a) Is the Minister aware that there is a move to remove from office, the Director of Kenyatta National Hospital?

(b) If the answer to "a" is in the affirmative, could the Minister inform the House the grounds for such a move?

(c) Could she further inform the House what measures she is putting in place to insulate and protect efficient and performing officers under her charge?

Mr. Deputy Speaker: Is Mr. Angwenyi not here? This Question is dropped.
Next Question!

(Question dropped)

Mr. M. Maitha: On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the Minister of Health to ask Mr. Angwenyi to walk out of the Chamber when he is supposed to be asking his Question, so that he does not present it?

Mr. Deputy Speaker: Mr. Maitha, the Chair knows nothing to do with what you are saying!

Hon. Members: We have eyes!

Mr. Deputy Speaker: Order, hon. Members! You know that I called out Mr. Angwenyi's name several times and he was [**Mr. Deputy Speaker**] not here. The only other thing I could have done is drop the Question.
Let us move on to the next Question.

ORAL ANSWERS TO QUESTIONS

Question No.246

DISMISSAL OF MR. STANLEY
MAINA NDIRANGU

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

- (a) whether he is aware that a civil servant working in the Office of the President, Stanley Maina Ndirangu, P/No.79227506, was dismissed from the service on 8th January, 2002;
- (b) if he is further aware that the officer was dismissed on grounds of absenteeism from office, despite the officers under whom he was working maintaining that he was on duty during the period in question; and,
- (c) if he could take urgent steps to correct this injustice and have the officer reinstated.

(Mr. Angwenyi walked into the Chamber)

Hon. Members: Shame! Shame!

The Assistant Minister, Office of the President (Mr. M. Kariuki): Mr. Deputy Speaker, Sir, I think I need the protection of the Chair because I cannot be heard.

Mr. Deputy Speaker: Order, hon. Members!

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

(a) I am aware that a civil servant working in the Office of the President, Mr. Stanley Maina Ndirangu, was dismissed from the service with effect from the 17th November, 1997, and not 8th January, 2002.

(b) I am also aware that the officer was dismissed on grounds of absence from duty without lawful authority in accordance with Regulation No.28 of the Public Service Commission Act, in that he had absented himself from duty without lawful authority for approximately one year.

(c) There are no urgent steps to be taken to reinstate the officer in the service since he was dismissed in accordance with the law. Mr. Ndirangu was dismissed from service by the Public Service

Commission with effect from 17th November, 1992, on account of absence from duty. His first and second appeals against the dismissal from the service were considered but disallowed by the Public Service Commission and the case closed as granted under Regulation No.32 of the Public Service Commission Act, Cap.185. The same was conveyed to him, vide Ref. No.C/79227506/28 dated 18th August, 2003.

Mr. Gachagua: Mr. Deputy Speaker, Sir, it is obvious that the Assistant Minister has not had a chance to look at this particular file because he says that the officer was dismissed in 1997. In the same answer, he goes on to say that the officer was dismissed in 1992. This is a case--- Mr. Deputy Speaker, Sir, can I have your protection?

(Loud consultations)

Mr. Deputy Speaker: Order, hon. Members! Consult in low tones! We are wasting a lot of time with Questions because hon. Members are not audible!

Mr. Gachagua: Mr. Deputy Speaker, Sir, this particular officer was dismissed in 2002, contrary to what the Assistant Minister said. This officer was dismissed despite the DC in the station where the officer was working having confirmed that the officer was actually on duty. Could the Assistant Minister confirm what records he has checked because I have letters to show that, that is when the officer was dismissed? He was dismissed despite the DC maintaining that the officer was on duty.

Mr. M. Kariuki: Mr Deputy Speaker, Sir, I wish to emphasise that the date of dismissal is 17th November 1997 and not 1992 as I read in part "c" of my answer. We have looked at the file and we are well aware that this person was employed on temporary basis on 5th December, 1979. He was confirmed and made permanent and pensionable on 1st July 1982. He was promoted to Accountant Grade II in Job Group "J" on 2nd October 1996, and he was dismissed on 17th November, 1997. According to the Public Service Commission Act, Cap. 185, one is allowed two appeals. The first appeal did not succeed. The second appeal was filed. In the second appeal, he was required to produce additional evidence and there was no additional evidence that was adduced, and he was dismissed in accordance with the law. Cap.185 provides for the independence of the Public Service Commission and the Ministry cannot interfere with a decision of the Public Service Commission. The Public Service Commission decision after the second appeal was final.

Mr. Bahari: Mr. Deputy Speaker, Sir, the hon. Member said that he has evidence that this employee was dismissed in 2002. The Assistant Minister says that he also has evidence from the file that the officer was dismissed in November 1997. Who among them is correct? Is the Assistant Minister giving us the right information, since all of them are claiming that this is official information?

Mr. M. Kariuki: Mr. Deputy Speaker, Sir, as far as the official position is concerned, I am the authority on this and take my word for what I have said. If there is any evidence to the contrary, it is up to the person making the allegation.

Mr. Gachagua: Mr. Deputy Speaker, Sir, I think it is very unfair for the Assistant Minister to ask an officer to bring evidence knowing very well that the officer does not have access to the private files in the offices. This is a case of where there is communication from the DC to the Nairobi office to the effect that the officer is on duty. How would that second appeal succeed when the officer does not have access to that information? This is a case where the answer is clearly inadequate and I ask for your indulgence to ask the Assistant Minister to peruse the file and come again to this House with all those documents, because unless that happens this particular officer will not take advantage or have the benefits of the correspondence that went on between the officer under who he was working, and the Office of the President.

Mr. M. Kariuki: Mr. Deputy Speaker, Sir, the insinuation that I come to read answers here is

in bad taste. I must satisfy myself before an answer is brought to this House that the facts are accurate and in this regard, I did satisfy myself that the facts are accurate. If the hon. did bother to read Regulation No.28 of the Public Service Commission Act, when you are making a second appeal you are entitled to bring additional evidence. If the case is that the DC knew that he was present during that one year he was alleged to have been absent, he should have brought the DC on board for the second appeal to testify to the effect that there is evidence to the contrary, that all the time he was at his place of work. During the second appeal, no additional evidence was adduced and the appeal was dismissed.

Question No.218

GOVERNMENT SHAREHOLDING
IN KENSALT COMPANY

Mr. Kombe asked the Minister for Finance what the value of Government shareholding in Kensalt Company was.

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

(a) The Government has no shareholding in Kensalt Company. ICDC and the Industrial Development Bank (IDB) held the shares of this company before it was sold to Celtec International through a pre-emptive right. The shares were as follows: ICDC, 3,078, 35 per cent; IDB 165 shares, 18 per cent; ICDC Investments, 72,875, 8 per cent; Celtec International, 228,096, 26 per cent and other investors, 98,935, 13 per cent.

Mr. Kombe: Mr. Deputy Speaker, Sir, Kensalt Company was a parastatal. Therefore, what the Assistant Minister says appears to be something totally different. Could he tell this House why Kensalt was using parastatal vehicles before it was sold?

Mr. Obwocha: Mr. Deputy Speaker, Sir, Kensalt is not a Government parastatal now. So, it is not using any Government vehicles. The correct position is: Through the ICDC, where the Government owns shares, Kensalt sells under that umbrella. Therefore, the Government did not have direct shares in Kensalt itself.

Mr. Billow: Mr. Deputy Speaker, Sir, the Government held almost 54 per cent shares in that company before it sold the shares through pre-emptive rights. Could the Assistant Minister tell the House the price at which those shares were sold through the pre-emptive rights to the other company?

Mr. Obwocha: Mr. Deputy Speaker, Sir, that is a good question. We contracted PriceWaterHouseCoopers through the executive secretariat and technical unit to value this company. The business valuation was Kshs150 million. The value of the assets was Kshs135 million. Its net worth was Kshs94 million. Therefore, we placed the shares at Kshs90 per share. When we sold those shares, the ICDC was Kshs27,700,020 and the Industrial Development Bank (IDB), Kshs14,850,000. The total sale that we approved was Kshs41,857,020.

Mr. Deputy Speaker: Last question, Mr. Kombe!

Mr. Kombe: Mr. Deputy Speaker, Sir, before a parastatal is sold, it is proved not to be viable. Could the Assistant Minister tell this House why Kensalt Company had to be sold at such a price? Why did the people who were working there not given a chance to buy it?

Mr. Obwocha: Mr. Deputy Speaker, Sir, if the hon. Member cares to look at the accounts of Kensalt, it was making losses all over the years. That is the exact reason why the Government sold it. It was not bringing any dividends to the Government.

Question No.266

SHORTAGE OF TEACHERS
IN THARAKA DISTRICT

Mr. Kagwima asked the Minister for Education, Science and Technology, since Tharaka District is understaffed by 400 teachers, whether the Ministry could urgently engage teacher training college graduates available and post them to ensure quality education in the area.

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

I am aware that Tharaka District is understaffed by 274 teachers and not 400. During the last recruitment of teachers' exercise done in August, 2004, Tharaka District was allocated 32 teachers, leaving the district with a shortage of 242 teachers. The Commission then had replaced a fraction of those who had left through natural attrition. But at the moment, the Ministry is compiling the list of all the teachers who have left through natural attrition and it will begin recruitment in August this year. This is in line with maintaining the teaching service at the same level of 235,000 teachers.

Mr. Kagwima: Mr. Deputy Speaker, Sir, if you look at the figure that we are short of and compare it with the number that we got last year; 32 teachers, you will find that it will take ten years, if the population of Tharaka District does not grow at all, to have enough teachers. What will the Assistant Minister do to ensure that we do not wait for ten years to have enough teachers in the district?

Mrs. Mugo: Mr. Deputy Speaker, Sir, the Ministry has embarked on a very serious programme of revitalising education in this country, as was witnessed in the Sessional Paper that we discussed here. We are going on with the programme and come August, we hope to recruit very many teachers and start as many schools as possible. It will be continuous. But, of course, we all know also that the Budget is coming to this House soon. I hope the hon. Members will pass it generously so that we employ more teachers.

Mr. Mwandawiro: Bw. Naibu Spika, huko tukikizingatia kwamba tatizo la walimu limekumba shule za msingi na za upili hapa nchini, ni mipango gani halisi Wizara inafikiria kuchukua ili kutatua tatizo hili kabisa?

Mrs. Mugo: Mr. Deputy Speaker, Sir, I missed part of the hon. Member's question because there was some loud consultation going on behind me. Could the hon. Member repeat his question?

Mr. Mwandawiro: Bw. Naibu Spika, tatizo la upungufu wa walimu wa shule za msingi na za upili limekumba Kenya nzima. Je, Wizara ina mipango gani ya kusuluhisha hili tatizo kabisa?

Mrs. Mugo: Mr. Deputy Speaker, Sir, it is true there has been that problem. As the hon. Member is aware, for over a decade there was a freeze of employing teachers. When the NARC Government took over power, it lifted that freeze and started recruiting teachers. We have a plan to recruit even more teachers. As stipulated in the Sessional Paper, we are putting a lot of effort. We have agreed also with our development partners on the size of the classrooms. It is a programme that we cannot do overnight. But we will attain the necessary numbers of teachers so that we maintain quality.

Mr. Onyancha: Mr. Deputy Speaker, Sir, since it appears like funding is the problem in terms of employing teachers in this country, could the Ministry consider hiving some money from the bursary kitty and free primary education, even for one year, so that we have these graduate teachers who have not been employed for so many years getting employed this year?

Mrs. Mugo: Mr. Deputy Speaker, Sir, I do not think the hon. Members here will vote for that. But let me add here that we have even sought an increment on bursaries to over Kshs1 billion because the children who need support are very many. Also, we definitely must keep up with the free primary education and get all those children who are still outside school. The hon. Member's

suggestion is good. However, even if we did it for one year, and since teachers are not employed only for one year, who will pay them the following year? We must have a programme that ensures that we will be able to continue paying the teachers we employ. But we are working on a sustainable programme, and it will be there.

Mr. Deputy Speaker: This Question has taken a lot of time. Last question, Mr. Kagwima!

Mr. Kagwima: Mr. Deputy Speaker, Sir, it is also a very important Question to the nation.

Mr. Deputy Speaker: Order, Mr. Kagwima! All Questions are important. May you, please, ask your last question.

Mr. Kagwima: Mr. Deputy Speaker, Sir, we are very happy that the Government is giving us free primary education. But we want quality education. That is why we are insisting that the Government employs more teachers, so that the free primary education has a meaning. Could the Assistant Minister assure this House that, come August this year, the country will get enough teachers to ensure that quality education is sustained in schools?

Mrs. Mugo: Mr. Deputy Speaker, Sir, I have already assured this House that we have a programme to recruit more teachers, so that the quality of education remains high. We have done very many improvements on that, including having a director for quality assurance, a department that was not there before.

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

Mr. Deputy Speaker: No! Sorry, Mr. Kagwima! You have had your chance!

The next Question was by Mr. Khamisi, but he called me earlier and said that he has a meeting with His Excellency the Vice-President. Therefore, he requested that we defer this Question until Tuesday. Do you want to answer it, Mrs. Ngilu?

The Minister for Health (Mrs. Ngilu): Yes, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: The hon. Member had called and said that he would not be there. So, he requested the Chair to defer the Question. Is that okay, Madam Minister?

The Minister for Health (Mrs. Ngilu): Mr. Deputy Speaker, Sir, that is okay! But you could just allow me to make something straight! Please, Mr. Deputy Speaker, Sir!

Mr. Deputy Speaker: No! You will get an opportunity. I will give you an opportunity, but not now.

Question No.162

UPGRADING OF VIPINGO HEALTH CENTRE

(Question deferred)

Next Question by the hon. Member for Yatta!

Question No.206

MONKEY MENACE IN YATTA

Mr. C. Kilonzo asked the Minister for Tourism and Wildlife:-

- (a) whether he is aware that farmers along Athi and Thika rivers in Yatta constituency often lose their maize crops to monkeys; and,
- (b) what measures the Ministry is taking to curb the menace and compensate the farmers.

The Assistant Minister for Tourism and Wildlife (Mr. Khaniri): Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware that there is a large population of monkeys around Athi and Thika rivers in Yatta, which have been raiding maize crops and invading homes.

(b) The Kenya Wildlife Service (KWS) warden based at Ol Donyo Sabuk National Park has deployed rangers to attend to every report. Some monkeys have so far been eliminated and patrols have been intensified with the aim of reducing human-wildlife conflicts. The area residents have also been asked to report any incidents to the KWS offices for appropriate follow-ups.

As regards compensation to the affected farmers, I wish to inform the hon. Member that in 1989, the Wildlife Conservation and Management Act, Cap.376, was amended through Bill No.16 which, among other things, officially outlawed compensation for crops, livestock and other related man-made farm infrastructure. As the current law stands, it is only lawful to compensate for human injury and death.

Mr. C. Kilonzo: Mr. Deputy Speaker, Sir, I wish to thank the Assistant Minister for that answer. However, monkeys are destroying the staple food for most of the farmers who live along those two rivers. I am aware that there is an Act which does not allow farmers to be compensated. If that is the case, could the Assistant Minister give us the greenlight to either shoot those monkeys on sight with bows and arrows or escort them to the highlands?

Mr. Khaniri: Mr. Deputy Speaker, Sir, as I have said here before, there are laws and rules governing this country. The hon. Member should know better that shooting wild animals is illegal. If he encourages his people to do that, they would face the full wrath of the law. But KWS is determined to protect the people and their crops. In the past, we had a problem with the number of rangers. We had a very thin staff. But, recently, we recruited a big number, and in a couple of months, they will be passing out. They will then be deployed in various areas and that problem will be curbed once and for all.

Mr. Gitau: Bw. Naibu wa Spika, wanyama tunaowazungumzia hawabagui Yatta peke yake. Pia, katika sehemu ya Kilimambogo huko Juja, wako wengi sana. Waziri Msaidizi amesema kwamba wamewaua wengi. Huo si ukweli. Kule Kilimambogo, kuna kiboko anawaua watu na kuhatarisha maisha ya wananchi. Askari wa KWS wakitumwa, wanakuja kunywa pombe ya chang'aa badala ya kuua wanyama. Je, ni siku gani watafanya kazi yao na kuwaondoa wanyama wanaohangaisha wananchi?

Mr. Khaniri: Mr. Deputy Speaker, Sir, I want to stand by what I said. The Government is, indeed, committed to the protection of the people and their property from wildlife. Any animal that is threatening human life and destroying property will be eliminated. As to the claim that our rangers engage in other activities other than the duties that they have been sent to, we are not aware of that. We would be very grateful if that is reported to our offices. We will take appropriate action.

Mr. Deputy Speaker: Last question, Mr. C. Kilonzo!

Mr. C. Kilonzo: Mr. Deputy Speaker, Sir, a law that allows wild animals to move around destroying crops and there is no compensation, is a law which is not for the good of our people in the constituency. Could the Assistant Minister then consider exporting those animals to the highlands?

Mr. Khaniri: Mr. Deputy Speaker, Sir, I want to agree with the hon. Member that the law is not adequate. That is why the Ministry has initiated a comprehensive review of Cap.376 - Wildlife Conservation and Management Act. Those amendments will be coming to this House very soon to be debated by hon. Members. Let the hon. Member put in the idea that he is suggesting now.

Question No.274

LACK OF TELEPHONE FACILITIES

IN KALAMA DIVISION

Mr. Mwanzia asked the Minister for Information and Communications:-

- (a) whether he is aware that Kalama Divisional Headquarters has no telephone facilities; and,
- (b) if the answer to part (a) above is in the affirmative, what urgent plans he has put in place to provide that essential service.

Mr. Deputy Speaker: Is the Minister for Information and Communications here? Is there a Minister who can say something about this? Mr. Tuju is not here and there is a Question to be answered.

The Minister for Health (Mrs. Ngilu): Mr. Deputy Speaker, Sir, I will communicate to the Minister.

Mr. Deputy Speaker: To be fair to the hon. Member, I will defer the Question to Tuesday.

Mr. Mwanzia: Mr. Deputy Speaker, Sir, you have deferred the Question up to when? Those people are suffering!

Mr. Deputy Speaker: There is nothing I can do.

Mr. Mwanzia: Mr. Deputy Speaker, Sir, could we defer it until Tuesday, so that Mr. Tuju could come? Probably, the newspapers are right!

Mr. Deputy Speaker: Order! Mr. Mwanzia, you know I am in charge here. I have said that Mrs. Ngilu has undertaken to ensure that the Minister for Information and Communications is here to answer the Question on Tuesday afternoon.

Next Question! The hon. Member for Isiolo South!

(Question deferred)

Question No.248

INSPECTION REPORTS FOR
ISIOLO COUNTY COUNCIL

Mr. Bahari asked the Minister for Local Government:-

- (a) how many extra-ordinary inspection reports have been conducted for Isiolo County Council;
- (b) whether he could lay the reports on the Table; and,
- (c) how the findings have been addressed.

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

(a) Two extra-ordinary inspections have been conducted for the Isiolo County Council. The first one was in January, 1975, and another one in October, 1996.

(b) Section 231, Clause 3 of the Local Government Act, Cap.265, requires that the inspector furnishes one copy of the inspection report to the Controller and Auditor-General, and one copy to the Minister, who shall report to the local authority on any matter that, in his opinion, should be drawn to their attention.

(c) Following the inspection of January 1975, the then clerk to the council, the late Njava Mbindu, was reprimanded by the Permanent Secretary in the Ministry of Local Government vide a letter dated 4th March, 1975. Following the conclusion of the 1996 extra-ordinary inspection, the Permanent Secretary in the Ministry of Local Government directed the council, vide a letter dated 17th January, 1997, to perform various activities as such, to prepare the abstract of the account, recovery of

imprest amounting to Kshs1.2 million, and adhere to tender procedures.

Mr. Bahari: Mr. Deputy Speaker, Sir, that answer is very unsatisfactory. The relevant section of the law that the Assistant Minister quoted does not say that you cannot produce that report in this House. I am particularly interested in the report for 1996. I have asked for this report to be tabled here and there is nothing in law that says this report should not be tabled here, so that we can have a look at it. Could the Assistant Minister be ordered to table that report?

Mr. Kamanda: Mr. Deputy Speaker, Sir, I do not know under which law I can produce this report here. Section 231 is very clear that the report has to be given to the Controller and Auditor-General. I would think that, that report has already been brought to this House through the Controller and Auditor-General.

Mr. Sirma: Mr. Deputy Speaker, Sir, we are aware that the money used for this inspection is public funds. The Assistant Minister has no basis of denying Parliament or the public access to this report. Could he, as a matter of urgency, table the report because it is public, and order that future reports which involve public funds are tabled in public, so that we can know how our money has been used?

Mr. Kamanda: Mr. Deputy Speaker, Sir, I would be happy to do that, but the law does not require me to table the report here. As I had indicated, it is very clear that the report has to go through the office of the Controller and Auditor-General.

Mr. Deputy Speaker: What is the nature of the report? Is it within the ministerial communication? Has it been released?

Mr. Kamanda: Mr. Deputy Speaker, Sir, it is within the ministerial work. The inspection team is sent by the Minister. So, the inspection team has to report to the Minister. The law requires that we give one report to the Controller and Auditor-General.

Mr. Sasura: Mr. Deputy Speaker, Sir, Government special reports are normally extracted from the headquarters. The actual work of the report is financed by our councils and that is public money. These reports are tabled in a full council meeting, which is a public meeting. Is it in order for the Assistant Minister to say that, as a House, we are not entitled to get a public document?

Mr. Kamanda: Mr. Deputy Speaker, Sir, if the law is amended, we will do exactly that. But for now the law has not been amended.

Mr. Deputy Speaker: I just want to be clear on this issue. If it is not a confidential report that is within the ministerial communication, what law do you want to refer to, so that you can lay the report on the Table of the House? Unless it is a ministerial communication, which is in most cases classified--- Is it a classified or public document?

Mr. Kamanda: Mr. Deputy Speaker, Sir, there is already a way which this report can be brought to the House. All the reports that are sent to the Controller and Auditor-General usually end up in Parliament. We cannot, as a Ministry, be able to do otherwise. This is in-house business of the Ministry.

Mr. Maore: Mr. Deputy Speaker, Sir, I think we need your ruling on this issue. It is only under Standing Order No.37(11), where the Minister can hide. It states:-

"A Question shall not seek information which is in its nature secret."

This matter does not involve bombs or classified areas. What is the Assistant Minister running away from? Parliament needs this information!

Mr. Deputy Speaker: This is why I asked whether it is a classified or public document. If it is a public document, then Parliament has a right to see it.

Mr. Kamanda: This has been the procedure all along, unless we want to amend it now. This Question has been asked here many times, even in the previous Government. There is no one time that we have been asked to lay the document on the Table of the House. So, I also need a clarification from

the Chair.

Mr. Deputy Speaker: Instead of wasting a lot of time, I will look at the report and I promise a ruling on the matter next Wednesday. The Question is, therefore, deferred to Wednesday morning.

(Question deferred)

Next Question by Mr. Wanjala!

Question No.264

MANDATE OF THE EAST
AFRICAN INTEGRATION FAST
TRACKING COMMITTEE

Mr. Deputy Speaker: If Mr. Wanjala is not here, the Question is dropped.

(Question dropped)

Mr. Deputy Speaker: Hon. Members, that is the end of Question Time.

POINT OF ORDER

QUESTION ON KNH DIRECTOR DROPPED DUE
TO ABSENCE OF QUESTIONER

Dr. Godana: On a point of order, Mr. Deputy Speaker, Sir. Standing Order No.35(1) states as follows:-

"Questions may be put to a Minister relating to public affairs with which he is officially connected to proceedings in the House or to any matter of administration for which he is responsible."

The Standing Orders need to be gender sensitive. Secondly it states:-

"A Question shall be of a genuinely interrogative character and its purpose shall be limited to seeking information or pressing for action".

This House cannot be expected to use its time in vain. When a Question has been asked on a matter which is of public concern and it is on the Order Paper, then the hon. Questioner comes in here and the Minister concerned is present, and then the two whisper and then the hon. Questioner decides to leave the Chamber for half a minute, to come back only after the noise made by hon. Members demanding answers; I think this is abuse of the process of this House. It does not reflect well on the dignity and integrity of the parliamentary process. I do not know about the background of this Question, but I think as a senior hon. Member of this House, I have a right to demand that the hon. Member who walked out should give us a satisfactory explanation. Otherwise, the nation, including the observers, much as we are supposed to be oblivious to what is going on beyond the Floor of the House--- We know the entire media is here. What picture does it portray to this country? Is it one of compromise on the Floor of the House or dealings?

Mr. Deputy Speaker: I will give Mr. Angwenyi a chance to speak because as the Chair, I called out the Question, but it has not been asked as we speak. Therefore, the Question has not been asked because it has been dropped. But on the allegation by Dr. Godana, I think Mr. Angwenyi can have a chance to say something.

Mr. Angwenyi: Mr. Deputy Speaker, Sir, I asked this Question in good faith because a career of a public servant is on the line. I had asked this Question before, and I was given an unsatisfactory

answer by the Minister. The Minister came to me with two messages: One, that she would like us to defer the Question until some other time when she can get me an adequate answer. Secondly, that I have got a phone call out there---

(Laughter)

I am just telling you. Listen to me.

Listen to me, Dr. Godana! So, I rushed out there for an urgent call.

Dr. Godana: Mr. Deputy Speaker, Sir---

Mr. Angwenyi: Listen to me! You must give me time.

Mr. Deputy Speaker, Sir, I assumed that if the Question was called out while I was still outside, the Minister would have stood up and explained to the Chair that we had consulted and agreed that the Question be deferred. However, when the Question was called out, the Minister kept quiet. I went out to take the call because it was truly an urgent one. I rushed back to the Chamber only to find that the Minister had not stood up to explain to the Chair what we had agreed on. So, since today is not a fools' day, I cannot claim--

Mr. Deputy Speaker: That is okay, Mr. Angwenyi. Could you sit down? Mrs. Ngilu, what is your position?

The Minister for Health (Mrs. Ngilu): Mr. Deputy Speaker, Sir, I take full responsibility for what Mr. Angwenyi has said. It is true that when the Question was called out, I should have stood up to explain that the answer that I had was not satisfactory. Therefore, I wish to assure the House that there is nothing sinister. I will ensure that I know exactly what the position is, because it is not what is stated in this answer. I will come back to the House and give an answer to the Question.

Mr. Deputy Speaker: Very well! In the meantime, the Question remains dropped.

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

Order, hon. Members! There will be no more points of order on that matter.

MINISTERIAL STATEMENTS

SHOOTING OF TEENAGERS IN MARSABIT DISTRICT

The Assistant Minister, Office of the President (Mr. M. Kariuki): Mr. Deputy Speaker, Sir, on 19th April, 2005, Mr. Sasura sought a Ministerial Statement on the shooting of teenagers on 18th April, 2005, at about 11.00 a.m., in Marsabit District.

The hon. Member wished the Statement to address particularly three issues: First, he wished to know under what circumstances citizens are killed in a situation where Kenya Wildlife Service (KWS) personnel, who were heavily armed, were only 500 metres away. Secondly, he wished to know the number of culprits that have been arrested so far. Thirdly, what measures are being put in place to ensure calm in the area.

Mr. Deputy Speaker, Sir, it is true that on 18th April, 2005, at about 10.00 a.m., a group of about 41 youths were attacked while heading to their homes in Songa Village, Marsabit District, after attending a Christian crusade at the African Inland Church, Logolo. At Badasa/Songa junction, two men emerged from the bush and started shooting at the group that was on foot. The youths dispersed in different directions. During the incident, four youths aged between 10 and 18 years were killed,

while the rest escaped unhurt. The motive of the attack is believed to be revenge as the attackers went ahead to chop off the ear of one Peter Mosor even after making sure that he was dead.

Mr. Deputy Speaker, Sir, the distance between the scene of the incident and the KWS camp is eight kilometres, and not 500 metres as alleged. Two suspects have already been arrested in connection with the killing of the four children and are assisting the police with investigations.

Mr. Deputy Speaker, Sir, I wish to assure the House that the Government is taking all measures necessary to ensure security. Security personnel are on high alert in the area, with intensified patrols and escort of transport vehicles being provided. However, our efforts can only succeed if fully supported by the hon. Member and other Marsabit District leaders. The issue of revenge killings as a cultural practice can only be successfully stamped out through genuine local leadership commitment to, and sensitisation on peaceful co-existence.

I believe the hon. Member now, more than ever before, greatly appreciates why leaders in northern Kenya must support the Government disarmament exercise that is to be launched in a short while. In the meantime, I wish to assure the House that even at this moment, as I issue this Ministerial Statement, the district security team, led by the Marsabit District Commissioner, is out there in the field in constant contact with the elders to ensure that calm reigns in the area.

Thank you, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: I will have Mr. Sasura and Dr. Godana seek clarification.

Mr. Sasura: Mr. Deputy Speaker, Sir, I must thank the Assistant Minister for his Ministerial Statement. However, I would like to inform him that the said KWS camp is not eight kilometres from the scene. He had better believe me because I am the hon. Member of Parliament of that area. I know the area's geography more than even the District Commissioner.

It is true that the District Security Committee (DSC) is doing what it can to arrest the situation. However, the DSC is disabled; the chairman complained that their funds are exhausted and that they do not even have money for fuel most of the time. Is the Assistant Minister aware of that situation, and is he doing anything about it?

With regard to the KWS, a day after the killing of these children, an elephant was killed, and they arrested suspects immediately. So, they cannot convince us---

Mr. Deputy Speaker: Mr. Sasura, you are seeking clarification. Please, could you do just that?

Mr. Sasura: Mr. Deputy Speaker, Sir, could the Assistant Minister convince me that the KWS are adequately manning that forest?

Mr. Deputy Speaker: I will have Dr. Godana and then, finally, Mr. Ngoyoni.

Dr. Godana: Thank you, Mr. Deputy Speaker, Sir. The killing of these four children in the centre of Saku Constituency represented by Mr. Sasura, on a busy road, which is at most 15 kilometres from Marsabit Town to Songa Village, where they were walking to, is about the 68th killing since 1992, when some young children were dismembered live. Last year, in the month of April, two school children were also killed on the same road.

I have already requested the Assistant Minister, and I would like him to confirm whether they intend to pursue special independent investigation from Nairobi, involving the National Security Intelligence Service (NSIS), the Criminal Investigations Department (CID) and the police, and not just to rely on statements being filed from the ground, which have made it appear that, over the last decade, every three or four months, somebody has to die without any successful prosecution, suggesting that it is a kind of ritual killing.

Unfortunately, the Assistant Minister referred to what he called leaders from northern Kenya. Maintenance of security is the responsibility of the Government. Leaders can only be auxiliary. Could he undertake a further step to actually appoint a special investigative team of men and women of integrity from Nairobi to unearth why there is return to violence there?

Mr. Ngoyoni: Mr. Deputy Speaker, Sir, the killing had a clear message, which was to inflict as much pain as possible and spark off further insecurity in the area. Definitely, the plans are well known to the Assistant Minister. I would like him to clarify two issues. He has talked about revenge. What were the assailants revenging for? Was there a similar incident previously in that area, which the assailants could have revenged for? Another issue the Assistant Minister must clarify is the fact that some of us in this House are today pressurising the authorities to release the few suspects that were arrested. Could he tell us the names of the persons who are pressuring the police to release the suspects and those who are behind this heinous crime? Revenge, in our own background--

Mr. Deputy Speaker: Mr. Ngoyoni, you have already sought clarification on two issues.

Mr. Ngoyoni: Let me seek clarification on the last issue, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: No!

Mr. Ngoyoni: The last one, Sir.

Mr. Deputy Speaker: No, we have to have some order. I know that the matter before us is very important. You requested to seek clarification on two issues, which you have done. You now want to seek clarification on a third issue. In fact, you should have sought only one clarification. I have been generous enough.

Proceed, Mr. M. Kariuki!

Mr. Ngoyoni: There is only one person in defence; not two.

Mr. Deputy Speaker: Order, Mr. Ngoyoni!

These are sensitive issues, and you should be very careful about what you utter in this House. The Chair has emphasised it many times. It involves security and lives of people. It is incumbent upon Members to be careful on their utterances in and outside the House on matters of security.

The Assistant Minister, Office of the President (Mr. M. Kariuki): Mr. Deputy Speaker, Sir, the issue of life is so fundamental that among other rights, it is the most important, because without life, you cannot enjoy other basic rights that the law provides for. I also appreciate that this is an issue that invokes a lot of passion and we should handle it with the necessary care.

Mr. Deputy Speaker, Sir, as part of the District Security Committee's concern, I can assure the hon. Member that even today, they had a meeting. There are the usual constraints of finances, transport or fuel. But so far, they are managing and we look forward to enhancing their budget in the near future. We also need to take care of the elders who are promoting reconciliation and we work very closely with the District Security Committee.

Issues about the Kenya Wildlife Service (KWS) are matters that I cannot speak on with authority because the docket of KWS lies elsewhere. But the KWS officers supplement police efforts in ensuring that there is peace and tranquillity in all the areas where they are doing their operations.

On the suggestion by Dr. Godana, we will take it on a very serious note. We do not want the investigations to be shrouded by any cloud of suspicion. If there is a feeling that some elements of the law enforcement agencies are not acting independently, we will certainly call upon the Director of Criminal Investigations Department (CID) to send a special team of investigators so that people can have confidence in the investigations. We will do that, and I undertake to ensure that the people who will carry out investigations are men and women of integrity and who are above board.

Mr. Deputy Speaker, Sir, on the issue of revenge, it would appear, and I believe the hon. Member knows better than me, that in most pastoralist areas, when the activities of cattle raids take place, or where there are killings, chances are that the other community tends to react with equal or greater force. These were very innocent, Christian children, walking from a crusade, going home, and somebody fires on them, kills and mutilates their bodies, even well after they were dead. That kind of bitterness cannot be explained otherwise. But we will leave no stone unturned in this exercise. It is our foremost duty to ensure protection of lives and those who were involved in these killings will be arrested. It is very sad that there have been 68 incidents from 1992, and I think it is time we put this to

a stop. Mr. Deputy Speaker, Sir, my appeal is also to leaders. I think the leaders of this area, particularly the Members of Parliament, should act as a team to promote peace. Do not leave it to the elders. It is good when we have leaders moving together and having meetings jointly. I commend hon. Billow and hon. Shaaban; when they had a problem in Mandera, they went out to hold joint meetings and to appeal for peace. I would ask hon. Members from this area to go out there and let your people see that you are united and that you are working for their welfare.

Thank you, Mr. Deputy Speaker.

REVIVAL OF KENYA MEAT COMMISSION

The Minister for Livestock and Fisheries Development (Mr. Munyao): Mr. Deputy Speaker, Sir, you are aware that hon. Members have on several occasions raised Questions and sought to know from my Ministry what plans the Government has regarding revival of Kenya Meat Commission (KMC). Indeed, when I was moving Vote 19 for my Ministry, I informed Members that the Government was exploring ways and means of how to revive KMC.

Mr. Deputy Speaker, Sir, I wish to inform hon. Members that the Government has finally taken a firm decision on the future of the KMC based on the promises in the NARC Manifesto and the Policy Framework outlined in the Economic Recovery Strategy. Based on the outcome of various studies in the livestock sub-sector, the meat industry and KMC itself, the Government is undertaking the following measures to revive KMC.

First, it will undertake the clean-up of the balance sheet of the KMC by off-setting the debts owed to the National Bank of Kenya (NBK), Mitsubishi Corporation (UK) Ltd and other creditors after due verification is carried out by an independent auditor commissioned by the Controller and Auditor-General. After verification, the Government will settle the debts owed to Mitsubishi Corporation and NBK in that order of priority. However, the payment to NBK, whether in part or whole, will facilitate the immediate lifting of KMC receivership to enable the revival preparations to commence and the KMC Board to assume ownership of assets and liabilities.

At this juncture, I wish to confirm that there are no other secured creditors besides Government of Kenya, Mitsubishi Corporation (UK) and NBK, respectively. There are, however, few outstanding unsecured creditors whose claims are being verified and thereafter settled accordingly.

Secondly, once the receivership is lifted, the Government will inject financial resources to undertake environmental appraisals and audit assets evaluation and rehabilitation of facilities, all to be accomplished within the next six months. As soon as this is completed, the Government will embark on the part of privatisation, initially starting with a leaseout of the facilities to transparently sourced private operator and ultimately total divestiture to be achieved in three years.

Towards this end, the Government has established an Inter-Ministerial Committee led by Permanent Secretary, Ministry of Livestock and Fisheries Development and membership drawn from the Ministry of Finance, Office of the Attorney-General, Ministry of Lands and Housing, Ministry of Roads and Public Works, Ministry of Water and Irrigation, National Environmental Management Authority (NEMA) and the KMC, to oversee a successful process. The Government expects the facility to be back in operation within the next two months; that is, as we cross over to the 2005/2006 financial year.

Mr. Deputy Speaker, Sir, in order to ensure that KMC is viable and, indeed, growth in the livestock sub-sector, my Ministry will be devoting substantial resources in the coming financial year towards eradication and control of animal diseases, to avail disease-free livestock to the export market. In this connection, my Ministry has marked out three disease-free zones in the country, namely, at the Coast, around Central Province; Laikipia area and the North Rift, from which to raise export quality animals.

Hon. Members, I am happy to inform you that we have already made good progress in the Kenya's export market, following the recent shipment of 8,000 head of livestock to Mauritius, and another shipment is coming, perhaps, next month. We intend to make this one a monthly scheduled activity.

Mr. Deputy Speaker, Sir, in addition to the revival of the Kenya Meat Commission (KMC), my Ministry is collaborating with the Ministry of Regional Development Authorities in its effort to put in place investment plans for development of a bigger abattoir in Wajir Town that will enable us have quality meat exports. The abattoir will fully utilise the Wajir Airport which is going to be a commercialised facility for the exportation of meat out of the country. Further, four export abattoirs are at a planning stage for development in ASAL areas with funding from the African Development Bank (ADB) in the next four years.

Mr. Deputy Speaker, Sir, in conclusion, these programmes are under way and I wish to assure hon. Members that the country will benefit from the steady growth of the livestock subsector. The subsector will increase contribution to the Gross Domestic Product (GDP), reduce poverty, and create employment. I will, therefore, repeat my appeal to this House that since we are committed to having disease-free livestock in the country, every hon. Member from each of the 210 constituencies in the country should commit Kshs1 million towards the revitalisation of cattle dips. That way, we will be top in the market.

Mr. Deputy Speaker: Very well. We will now allow hon. Kamama to seek further clarifications. After that, we shall allow hon. Maj-Gen. Nkaissery and then hon. Billow to do the same.

Mr. Kamama: Mr. Deputy Speaker, Sir, the issue of the revival of KMC is so close to the heart of pastoralists in this country. It has taken us about two-and-half years, since NARC came to power, for KMC to be revived. Mr. Deputy Speaker, Sir, the Minister has talked about a verification programme that will be undertaken by reputable firms. How long will the verification take? Will it take six months or one year? We need to be told that. Again, there was a holding ground that was grabbed in Athi River by some people. How will the Government get back that land?

Mr. Deputy Speaker, Sir, another thing is the issue of revival of dips.

Mr. Deputy Speaker: Order, Mr. Kamama! For the benefit of hon. Members, if you are given an opportunity to seek clarification, it is at the discretion of the Chair. You are now going on as if you are contributing to a Motion.

Mr. Kamama: Mr. Deputy Speaker, Sir, allow me to seek just one more clarification.

Mr. Deputy Speaker: I will allow you to seek just one clarification. Proceed!

Mr. Kamama: Mr. Deputy Speaker, Sir, the Minister raised a very important issue, and recently I forwarded a proposal to the Constituency Development Fund because in the pastoral areas we do not have dips.

Mr. Deputy Speaker: Order, Mr. Kamama! I am going to stop you now. Please, seek clarification from what the Minister said.

Mr. Kamama: Mr. Deputy Speaker, Sir, how is the new programme that is being initiated by African Development Bank connected with the revival of KMC?

Maj-Gen. Nkaisserry: Mr. Deputy Speaker, Sir, I thank the Minister for bringing this Ministerial Statement to the House. However, there are three points I want to raise. First, when is the Ministry going to re-open KMC? Kenyans are very anxious to know when the Ministry will re-open KMC. They are tired of hearing about hot air that the Minister is talking about.

Secondly, last year, we allocated Kshs2.7 billion to the Ministry of Livestock and Fisheries Development. The money was supposed to be paid to National Bank of Kenya (NBK), which is a parastatal. Why can the Minister not use that money to re-open KMC as soon as possible?

Thirdly, could the Minister look into the possibility of creating a regional supplier to sustain KMC once it is open?

Mr. Billow: Mr. Deputy Speaker, Sir, this Minister is not telling this nation the facts regarding KMC. He stood on the Floor of this House, twice, last year, to say that there was not even a dime

owed to NBK. Again he said that Kshs2.7 billion was actually owed to NBK and that the Ministry even took the matter to court to argue over the figure of Kshs2.7 billion. Could the Minister, indeed, assure Kenyans that KMC is not going to be revived for the simple reason that the World Bank has actually rejected the Ministry's plans, and that this is an exercise in politics? There is really no intention, whatsoever, to revive KMC. Could he, please, clarify that for Kenyans? He has taken many positions on this matter, which are not helping Kenyans at all. He should be courageous and accept that the World Bank has rejected his plans. That is the position we are aware of.

The Minister for Livestock and Fisheries Development (Mr. Munyao): Mr. Deputy Speaker, Sir, I thank the hon. Members who have sought these clarifications.

Mr. Deputy Speaker, Sir, with regard to the verification committee that I talked about, it is not my own decision to have the committee in place; rather, it is a decision that was reached at by the Cabinet. The Cabinet has decided that the KMC will be re-opened and start operating. If hon. Members listened carefully to my Statement, the verification committee will not interfere at all with this move because, already measures are being taken to make KMC operational. These other things will be looked into as KMC continues to operate. As I am talking to you now, the board of KMC is meeting to see how they can approach farmers and establish what needs to be done. Of course, you know that this project has been moribund for more than 12 years and, therefore, there must be a few things to be done, for example, clearing grass, connecting water and so on. That is why I said that within two months, a lot of things will have been done.

Mr. Deputy Speaker, Sir, with regard to the holding grounds, we know that they were grabbed. However, my Ministry has established a committee which has gone round taking note of all the holding grounds belonging to the Ministry all over the country. Plans are being made to recover the grabbed land and get title deeds for them. KMC land is included in these plans. In fact, we do not need such a big holding ground for KMC to become operational because we are now under a new Government. People will be allowed to bring their animals, say, from Laikipia on particular days for slaughter. However, we will recover all our holding grounds since we have the necessary documents.

[Mr. Deputy Speaker left the Chair]

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

Concerning cattle dips, for us to keep healthy animals--- In Wajir, we have an abattoir of international standards being set up. Other abattoirs are being built all over the country and so we need healthy animals. For the animals to be healthy, we must have good operational dips all over the country. To revive a cattle dip, one needs Kshs30,000 or Kshs40,000 only. I believe that with good committees, the dips will be in place and become operational.

Mr. Temporary Deputy Speaker, Sir, with regard to the time frame, I do not need to repeat that because, beginning Thursday next week, my committee will be sitting to finalise all the matters. So, it is not hot air as Maj-Gen. Nkaissery has put it.

It is true that the Kshs2.7 billion falls within our budget. This money alone is enough to revive KMC because all we need is an operational capital, which is about Kshs500 million. To revamp the entire KMC area, we need about Kshs200 million only. So, we have within our budget all that is required to revive KMC. We will not wait for other finances to come.

Mr. Temporary Deputy Speaker, Sir, it is true that we need to establish regional suppliers of livestock to sustain KMC when it starts operating. We already have a centre in Lokichoggio coming up. We are also developing other centres, for example, near Eldoret, Isiolo, Mariakani, and Ngong in Kajiado District. All these centres will be able to serve both the local and international markets.

Mr. Temporary Deputy Speaker, Sir, finally, the hon. Member wanted to know something about the National Bank of Kenya (NBK). I have talked about due diligence. An auditor has been

appointed by the Controller and Auditor-General to try and find out whether any money was borrowed from the bank, and if it was, how it earned interest from Kshs1 to Kshs2.7 billion. This is the clarification I am talking about. Both the Kenya Meat Commission (KMC) and the NBK belong to the Government and they should not fight each other. However, we want to get enough proof that some money was borrowed from the NBK by the KMC, so that we can attach the KMC assets. This will be done later after it has been proven that some money was borrowed from the bank.

However, I have no intention of standing here to contravene what I said earlier. The Statement I have made here reflects the Government position. This Government is not like the former Government which used to say things are black when they are white, or added two and two and it became seven. We know that two plus two is four and not seven. That is why we could not afford to provide free primary education because the Government could count all the children in Kenya and could not get the correct number. We mean business and we are clear in what we say. I hope the hon. Member will take this message back to Mandera.

Mr. Temporary Deputy Speaker (Mr. Khamasi): We have finished with that business. Next Order!

MOTIONS

ADOPTION OF SESSIONAL PAPER NO.2 ON DEVELOPMENT OF MICRO AND SMALL ENTERPRISES

THAT, this House adopts Sessional Paper No.2 of 2005 outlining Development of Micro and Small Enterprises for wealth and employment creation for Poverty Reduction laid on the Table of the House on Tuesday, 5th April, 2005.

*(The Minister for Labour and Human
Resource Development on 26.4.2005)*

*(Resumption of Debate interrupted
on 27.4.2005)*

The Temporary Deputy Speaker (Mr. Khamasi): Prof. Maathai was on the Floor. You have ten minutes.

The Assistant Minister for Environment and Natural Resources (Prof. Maathai): Mr. Temporary Deputy Speaker, Sir, I was talking about tourism and I was emphasising that kiosks represent a very developed network of small-scale enterprises that need a lot of support. The challenge that we have, as Kenyans, is first and foremost, to make kiosks clean and accessible to the people. We should not just have kiosks that cater for people who are not concerned about the sanitary situation in which kiosks find themselves. I particularly emphasised the need for us to address the issue of sanitation in our cities, so that people like you and me can feel comfortable when we go to kiosks to support our people. Also, tourists should not feel that kiosks are only for the low-income earning people who are not offended by the unsanitary conditions under which these kiosks operate.

It is very important for us, especially through the Ministry of Local Government, to understand that the way we present ourselves and we are seen by the rest of the world is the way we deal with our people, especially the ordinary people. The fact that we allow kiosk owners to operate under such unsanitary conditions, we do not have adequate sanitary facilities and our people are put in situations where they compromise their human dignity when they want to help themselves, are images that augur very badly for us as a country. As much as we would like to improve small-scale enterprises, it is at that level that we must start. We must pay attention to the sanitary situation and cleanliness.

Mr. Temporary Deputy Speaker, Sir, I, therefore, want to appeal to the Minister for Local Government to ensure that the sanitary situation is improved. I feel ashamed when I see the filth in our environment. I hope that other Kenyans will help the Minister to, for example, clear plastic materials from our environment. It is usually the very thin plastic materials that cause blockage in our drainage systems and cause the over-flooding that we see in our cities and towns. This also creates habitats for mosquitoes and gives rise to the unsightly scenes that we see in our cities, especially here in Nairobi. That is not something that can only be done by the Ministry of Local Government. All Kenyans can do this. I, therefore, want to appeal to all Kenyans to clean our environment. Sometimes when I am travelling abroad, I take a lot of pleasure walking around the city in the morning and it is very pleasing to see shop owners literally cleaning the pavements. We do not have to be pursued or policed to make our cities clean. We should refuse to use those very thin plastic bags that we use only once and then throw them to the environment and through this, we can make our environment clean.

Our Minister has already announced that we are going to launch the tree planting season. Now that the rains are here, it is important for every Kenyan to plant a tree. You should plant a tree by your house or on your farm. That is one way of making sure that our country is clean and green. If we want to help our school leavers to engage themselves in small-scale enterprises, it is very important for us to give them skills. You just cannot decide that because a young person has finished Form Four or Standard Eight, he or she can be a good business person. We need to give them skills, so that they can learn the basics of doing business. They should do accounts, so that they can know whether they are winning or losing.

Mr. Temporary Deputy Speaker, Sir, I have emphasised this before and I want to re-emphasise it, that we must practice honesty and fairness in doing business. We should learn these values very early. If we are honest, many people will support us through purchasing goods from us. We must support our *Jua Kali* Sector. I hope this Sessional Paper will focus on the *Jua Kali* Sector. We have been looking at the *Jua Kali* Sector as a ritual, promising the sector everything, but never giving it an opportunity to grow from *Jua Kali* to a more sophisticated industry. In many countries, the *Jua Kali* people are the people who eventually become big entrepreneurs, they start small industries which eventually become big industries. It seems like we are satisfied with our people just producing *jua kali* items without improving. This is because we do not invest in the *Jua Kali* Sector. I hope that the Ministry of Labour and Human Resource Development, through this Sessional Paper, will really make a genuine effort to assist the *Jua Kali* Sector so that for once, they can improve. These are our people and I have never fully understood why we just talk and we do not invest in them. We raise funds on their behalf saying that we want to improve the *Jua Kali* Sector, but when you go to Gikomba, you will see men doing metal fabrication the same way they were doing it 40 years ago, and you wonder what has improved. I hope that we, as a Government, will commit ourselves to help our *Jua Kali* Sector so that it can rise.

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

Mr. Kimeto: Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to support this Motion on Micro and Small Enterprises (MSEs). All that has been said here is timely, but the problem is; how are we going to support this? Will the international community, which is already developed, allow us to continue developing our MSEs in this country? This needs a lot of courage from this Government and the Minister who has brought it here.

Mr. Temporary Deputy Speaker, Sir, if we want these enterprises to succeed, first of all, we must itemize what we are going to do. For example, if we are to start by making rulers for use in the primary and secondary schools, we must completely stop importing them. We must be united on how to promote the MSEs.

Mr. Temporary Deputy Speaker, Sir, if you look at our agricultural centres, you will find out that Kenya produces a lot of maize, wheat and beans. But, unfortunately, there are no enterprising factories to assist the youth of Kenya. Let everybody be informed that the development of the MSEs will assist the people aged between 24 to 55 years, only if we can project it to the active working

population of this country, which is not fully utilized. By doing so, Kenya will develop. We must find other ways of bringing development, for example, by irrigation, which is another enterprising sector. If we can utilize all the rivers and then develop irrigation schemes for the production of food, then this country will create employment for everybody.

It is unfortunate that the moment an enterprise is started, sooner or later, liberalization comes in. But we should liberalize the economy of this country only to import those things which cannot be locally produced. We should not necessarily allow everything to be imported into this country in the name of liberalization, because we have not reached that stage where we can introduce competitive liberalization. If we allow this to happen, then we will have many unemployed Kenyans, and when people lack jobs and are idle, the easiest job to do is to become thieves. So, there will be a lot of thieves and a high rate of insecurity in this country. But if everybody is busy, there is no time anybody will think of stealing other people's property. Let us think; let everybody have an enterprising mind to enable us to utilize the local resources, for example, the untapped human resource in our youth. We should give these youths things to do; some of them should go into agriculture, others should become factory workers and others should work in the production of enterprising machines.

You see, we are importing everything. For example, we are importing car bodies, engines, vehicle tyres and everything else. Why do we not think of ways to stop the importation of many things? We should, first of all, stop importation and utilize the locally produced materials. We must teach our people how to produce, for example, spare parts of lorries, saloon cars or even bicycles. A bicycle appears simple to make, but where are the manufacturing factories in Kenya? We still import them from China. Even the spokes of the bicycles cannot be made here, and they are things which are straight and can be easily manufactured by our people! Is the Minister ready to encourage the youth of this country to make such items?

Mr. Temporary Deputy Speaker, Sir, there is another thing which we must be aware of. The moment we start the MSEs activities, the Minister for Finance will be persuaded not to give the youth loans to start businesses. They will create a problem by asking for guarantees or security in the form of title deeds. Where will the youth get title deeds from? We must give our youth loans without asking them to provide title deeds! Let their productive years guarantee the loans, because if we restrict the loans to only those people who have title deeds, then what will the youth of Kenya do? How will they obtain title deeds? Mr. Temporary Deputy Speaker, Sir, I am requesting this Government to constitute a Parliamentary Select Committee to deal with MSEs, which will generate information for the local people in this country from time to time. If we do not do this, then let me assure this House that we shall be coming here to talk, pass the Motion and then it will just be dumped on the shelves of the concerned Ministry, where it will be left to gather dust. We do not want this idea to die off; we want something that will be passed here, because I am ready to pass this Motion to become law immediately. But before we do that, we should constitute a committee to look into this issue. This committee should not necessarily be a Parliamentary Committee; it can also be in the form of district committees where people pass information on the MSEs activities. Money should be allocated for the MSEs. About 5 per cent of our total Gross Domestic Product (GDP) has been allocated to the Constituency Development Fund; so, we should have at least 10 per cent of our GDP allocated for MSEs from the Exchequer. This will enable Kenyans to prosper and in about 20 to 30 years, Kenya will be among the richest nations in this world. But so far, we are one of the poorest nations just because nobody has tapped into the vast wealth in our country in the form of human resource and energy.

I do not want to take a lot of time debating this Motion. Every Kenyan should know that the micro and small enterprises will help the economy of this country to grow so that it can compete with the Western World. The Government should avail money to micro and small enterprises.

Mr. Temporary Deputy Speaker, Sir, I beg to support this Motion.

Mr. Wambora: Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this very important Motion.

I have travelled widely having worked in the Ministry of Trade and Industry for over six years. I travelled widely to find out the success of micro and small enterprises sector in other countries. Some of the countries which I travelled to are Egypt, South Africa and Mauritius. We found out that those countries acknowledge the famous *Jua Kali* of this country. Therefore, we have something to be proud of in this country.

Sessional Paper No.2 of 2005 defines micro and small enterprises as those enterprises which employ between one and 50 people. What this Paper does not tell us is what the researchers call the "missing middle", which are industries which employ between 51 and 99 Kenyans. Our micro and small enterprises do not grow to medium enterprises. It is important to know why micro and small enterprises do not grow to the medium level. So, we are left with a missing middle. From the micro and small enterprises, we have the large enterprises which are mainly multinational companies. There is a big problem and this brings me to my next point. What is messing up this country as far as the micro and small enterprises are concerned?

Mr. Temporary Deputy Speaker, Sir, before I address that issue, I would like to say that this Sessional Paper was long overdue because poverty is rampant both in urban and rural areas. Over half of Kenya's population lives below the poverty line. We are also aware that the gap between the rich and the poor is widening.

In the 1970s, the famous late J.M. Kariuki used to talk about 10 millionaires and 10 million people.

(Applause)

This time, we should talk about 10 billionaires and 15 or 16 million poor Kenyans. So, the situation is worsening and the gap is getting wider. This calls upon the Government, private sector and political leaders to focus on the growth of micro and small enterprises.

We have another factor which affects the micro and small enterprises sector. This is globalization. It worsened the situation between the rich and the poor countries. This happens because some multilateral organisations, for example, the International Monetary Fund (IMF), the World Bank and the World Trade Organisation (WTO) have emerged. These organisations focus on creation of wealth for the rich countries, just as the Minister for Trade and Industry said in this House yesterday.

I have just arrived from Geneva where we attended a WTO symposium. I was convinced when I listened to the speakers who spoke there that the multilateral organisations are really not for micro and small enterprises. We have to be very careful, indeed, because those organisations have made it very difficult for the micro and small enterprises to sell their products in their countries. The multilateral organisations have put tariff barriers to make it impossible for small entrepreneurs from this country to sell their products overseas. So, this underscores the importance of upgrading Sessional Paper No.2 of 1992 to Sessional Paper No.2 of 2005. I thank the Ministry of Labour and Human Resource Development for bringing this Sessional Paper before this House. There may be loopholes but I am sure this is an effort in the right direction.

Mr. Temporary Deputy Speaker, Sir, I would like to turn to the importance of the micro and small enterprises sector as reflected in this Sessional Paper. Indeed, the figure of 5.1 million people in this sector in 2002 is very impressive. This reflects 74.2 per cent. This shows the importance of this sector and why all of us should support it.

Having said that, I would like to touch on the major challenges in this sector, and which the public and the private sector should look into. These challenges have frustrated the micro and small enterprises sector which is very important. The first challenge is the harassment of small traders by officials of local authorities. We have seen this through regular demolition of *kiosks*. We have seen small enterprises being harassed by local authorities in all urban centres in this country. This is detrimental to this sector. We have also seen costly licences being issued to small traders and which

are not proportionate with the services local authorities render. Local authorities collect levies from small *kiosk* owners and traders and do not give them any services. This is like harvesting from where you have not planted. Even the Bible is against this practice. This is very wrong.

There is a second problem which the micro and small enterprises sector face and the Government must look at it. This is lack of affordable credit. There is credit but is it affordable? First, the mainstream commercial banks do not want to advance loans to micro and small enterprises. However, we have plenty of micro-finance institutions which do a good job by giving loans to micro and small enterprises. However, those micro-finance institutions also do not give affordable credit. I know the Micro Enterprises Support Programme Fund (MESPF) which gives loans to micro and small enterprises at 6 per cent interest rate. However, these loans are given out to entrepreneurs at between 12 and 22 per cent. This is very ridiculous because the profit between the borrowing rate and the lending rate is very high. The profit runs up to 16 per cent. This is ridiculous, outrageous, indecent and exploitative to small enterprises. That is how we discourage small entrepreneurs to run their businesses. Secondly, the money given by the micro-finance institutions to micro and small enterprises is short-term. When those financial institutions lend out money for one or two years - and we have persuaded some of them to lend out money for three years but have not accepted - that money will only be useful to *mama mboga* who buys *mboga* in Limuru and sells it in *Soko Mjinga* here in Nairobi and a person who runs a *kiosk* and sells *maziwa* which he gets from a wholesaler on credit and pays the following week. That is not the only kind of economy we want. This is *kiosk* and salon economy. We want a bigger economy so that the economic growth rate can be registered across the board. The Government should encourage micro enterprises, which are under her influences, to give long-term loans because we are creating a country of traders. We do not create a country of industrialists by doing that.

A country like India started with the cottage industry, but we cannot get to that extend with short-term lending of one to three years. We cannot have an industrial base where a borrower gets a one-year grace period and pays that loan for five to ten years. That is the missing link which the Government should address.

Still on credit, there are areas which the Government can address. On page 11, the Sessional Papers talks about the possibility of amending the Post Office Act to enable Post Bank to lend out money to small entrepreneurs. That is a good recommendation but we should go a step further like Tanzania which is advertising for trust units. Since we are talking about micro finance trust unit funds, that will be very useful. This will ensure that small entrepreneurs are able to buy a trust unit at Kshs20 or Kshs100 because other shares are expensive. With that kind of a trust unit, the Government can avail money to micro and small entrepreneurs.

There are other areas which can be improved through the committee initiatives. The Government should prevail over co-operative savings and credit societies (SACCOs) so that they do not exploit farmers. They are the ones who are being supported by the MESPF at 6 per cent yet they lend to farmers at between 18 per cent and 22 per cent. The Government should prevail upon them not to exploit farmers.

Finally, I would like to look at the marketing aspect which has been covered in the report. The goods which are manufactured by the *Jua Kali* sector are still of relatively low quality. They cannot compete with quality goods from other countries. The Ministry should establish a technical training unit to offer *Jua Kali* entrepreneurs the necessary skills to enable them produce quality products.

Researching on market needs is another area which will help the *Jua Kali* sector to produce quality products per specifications that meet market requirements. If they produce quality goods, they will find a ready market for them.

Mr. Temporary Deputy Speaker, Sir, the infrastructure is also an impediment to this sector. The infrastructure they are talking about in the report is mainly the industrial sheds. However, the one I am referring to, is the state of the roads, especially in the rural areas. The report says that 66 per cent of micro and small enterprises are in the rural areas yet access to the market is very poor. Many

farmers have incurred huge losses because of this pathetic situation of the roads. As a result, their produce continues to rot in the farms. Transportation during the rainy season becomes extremely expensive when the infrastructure is very poor.

Looking at the Government's Budget of this financial year, I am aware that a lot of money is being spent in urban towns for the construction of roads. However, that money would be more utilised and better optimised by constructing rural roads which will boost the growth of the country. When the growth goes up, the surplus money will be used in urban areas. We pointed out that issue to the Country Director of the World Bank and he saw the point.

The exploitation by middlemen of micro and small entrepreneurs is also a hinderance and it should be looked at.

There are also issues of tariff and non-tariffs in developing countries which should be dealt with. There is also the issue of subsidy where developing countries are still subsidising their farmers. This is outrageous because it makes it very difficult for our farmers to compete with those from developing countries. The Government should point out these issues during fora like the World Trade Organisation's (WTO) Conferences.

With those few remarks, I beg to support.

Mr. Billow: Thank you, Mr. Temporary Deputy Speaker, Sir. I am, indeed, pleased and would like to thank the Minister and the Ministry for bringing this Sessional Paper, which I agree with the last speaker, was long overdue. This is a very important sector in our economy and there is no doubt about it. It is called the informal sector, *Jua Kali*, semi-organised, unregulated or whatever else we want to call it. However, this sector contributes 18.4 per cent of the Gross Domestic Product (GDP) in this country. It also provides close to 80 per cent of all the employment in this country. According to the Economic Survey of 2004, up to 94 per cent of all the jobs created, about 460,000, were in this sector. It is, therefore, a very important sector with 5.6 million people, according to the Economic Survey of 2004. However, this very important sector does not receive the kind of attention that it should from the Government. Every year we sit here and there are budgets presented, yet there are no incentives for this sector. There are huge amounts of incentives provided to the modern sector, but we do not hear any mention for the micro and small enterprises sector. In fact, in the last Budget presented in June last year, there was not a single mention of the micro and small enterprises sector. This is a sector that has great opportunity for employment creation and wealth generation.

I find the objectives contained in the Sessional Paper to be very good. Indeed, one of the three of those objectives I find very important are the promotion of the number and competitiveness of this sector by reducing the cost of doing business. Often times when the Government talks of reducing the cost of business for investors, it only talks about the modern sector; reducing the cost of business to M/S Unilever (Kenya), M/S General Motors and those kinds of companies. Nobody talks about reducing the cost of business to the micro and small enterprises. Those people who run small tailoring shops and artisans who run small workshops also have a cost that they need to reduce so that their products can be affordable to Kenyans.

Mr. Temporary Deputy Speaker, Sir, I also find the objective of integrating the micro and small enterprises into the national economic grid to be very important. This is because ours is a subsistence economy; 80 per cent of our people are in the rural areas yet that economy of the 80 per cent of the population is not captured in our national economic grid. It is important that this Policy Paper contains an objective of integrating this sector into the national economy.

Lastly, I also find the provision of legal and institutional framework for this sector to be very important. It is important that we must have a legislation that will govern the sector and not a legislation for the sake of controlling or regulating it, in the sense that will make it a hinderance. Let there be legislation for the sake of also protecting that sector. Let us protect and promote businessmen who are in that sector.

Mr. Temporary Deputy Speaker, Sir, the Government has to provide an enabling environment for the sector as it provides for the other business sectors, which include stable micro-economic policy

framework. We have to improve the infrastructure so that these micro and small enterprises can also benefit and have low costs of doing business.

We also have to ensure that the legal, as I mentioned earlier, and regulatory burden has to be removed. We have to provide incentives to the sector.

Finally, the Sessional Paper recognises that there are no institutional mechanisms in the Government for overseeing policy implementation and programmes. That is a very important observation. It is important that this Sessional Paper attempts to provide that so that there is co-ordination of players in that sector.

Mr. Temporary Deputy Speaker, Sir, what are the problems that affect the sector? The most important one that has been identified also by the Ministry is the legal or regulatory framework. The whole process of registration of business is a very tedious one in this country. Many times, the Government talks of concerns of registering a business when they talk in respect of big investors. When an investor comes into the country, he or she should not go through so many institutions to register a business. We overlook the fact that a small investor who wants to get a name for his small business, for example, in Mandera District, has to travel to Nairobi to get it registered. He has to provide a lot of details and information which is sometimes not available. We all know that these are people who do not even have a post office address, plot number and they may be operating on the road side and so forth.

Mr. Temporary Deputy Speaker, Sir, the cost of licences is also very prohibitive in this country, particularly in major cities and urban centres. Harassment by local authorities, as mentioned by the hon. Member, is a feature that we read about daily. We read of hundreds of *kiosks* which are being demolished and of various issues affecting hawkers. It is important that we appreciate that these are all part of the informal sector that we are talking about. These are the micro and small enterprises the Government keeps on talking about. I would urge the Ministry to ensure that there is protection of the micro and small entrepreneurs in this regard. The law or Act we plan to set up must protect them against demolition of their premises, the arbitrary destruction of their property or seizure of their assets and properties from the streets by the City Council or other local authority workers.

Mr. Temporary Deputy Speaker, Sir, in the same way, the issue of markets is very important. This sector needs to be assisted in terms of access to markets and marketing their products. Liberalisation has affected this sector more than any other. The single largest group that is in this sector are the farmers. We know very well there was a time and there is, indeed, a time even now when this country imports even eggs, tomatoes and other small products from South Africa and other countries. This makes it very difficult for our people to engage in a sound livelihood. We allow importation of such items at prices which are not competitive. We also know, at the same time, that those countries that produce those products at a very cheap price are, indeed, subsidized and supported by their governments. We must, therefore, address that issue.

We must also look at all market barriers in general which affect this sector. One of them that has been recognized in this Sessional Paper is with regard to procurement. The Government procedures relating to procurement do not favour the micro and the small entrepreneur. Indeed, the new Procurement Bill that is likely to come to this House - I do not want to talk about it, contrary to what the Sessional Paper says - does not address this issue. It is important that the Ministry looks at the Bill and ensures that the small and micro entrepreneurs are protected in that Bill. This will open up the market to international competition. When we start getting tomatoes, eggs and other things from all over the world, I do not think our people will survive that kind of competition.

Mr. Temporary Deputy Speaker, Sir, in terms of the markets again, you can assist this sector by providing incentives. We have to provide sheds and parks where these people can sell their wares. The issue of assuming that people have to find their own ways of surviving, allowing them to operate from *kiosks* as mentioned earlier by Prof. Maathai, *kiosks* which are not clean, in a dirty environment, this is really discouraging business in all sectors. We must as an incentive, provide industrial parks and sheds where people can sell those things in a clean environment.

The other most important thing to this sector is the issue of finance. My colleagues have mentioned about the unavailability of finance in this sector. Finance is unavailable because it is not affordable. Secondly, they have to provide collateral that they cannot afford and there is bias. The major banks in this country, as a matter of fact, do not provide credit to our small entrepreneurs. If you are running a small enterprise of a few millions and you are employing, for example, 10 to 15 people, you are contributing significantly to this economy and yet, you cannot go to a bank and borrow money because you will be told to produce security that will, probably, be two to three times the value of your assets. Where will you get that security? Banks in this country consider this sector to be high-risk and, therefore, they cannot lend money to it. This is a sector that contributes to one of the highest growths in the economy. It contributes up to nine per cent, according to the Economic Survey of 2004. It also contributes the highest, as mentioned earlier, in terms of employment and so forth. Yet, our banks consider this a high-risk area and they shy away from them. Banks do not give credit to this sector.

Mr. Temporary Deputy Speaker, Sir, in addition, there is also the problem of capacity to handle financial records and maintain basic books of accounts and so forth. This is a thing which can be provided through training.

Another aspect that I consider as one that acts as a disincentive to this sector is the taxation regime. We cannot have a taxation regime that treats small entrepreneurs in the same way it treats large entrepreneurs in this country. For example, a multinational in this country will pay Corporation Tax at 30 per cent and a small entrepreneur, who employs five people in the rural areas who makes beds or other things will also be subjected to the same tax at the same rate. This is unfair. In the same way, the Value Added Tax (VAT) that we charge somebody operating a small enterprise in a rural area in Kenya is also unfair. He does not benefit from the services that have been provided to you by the country in terms of sometimes electricity, water and roads. These are people operating in remote parts of the country, in fact, in the most uninhabitable parts of the country. If you visit Gikomba Market, for example, you will see the kind of life those people live. Those are the people generating employment and wealth in this country, but yet, they do not have access to basic services. When they buy goods or capital equipment, they are subjected to the same VAT rates that other international taxpayers are subjected to. Indeed, the modern sector enjoys considerable amounts of benefit when it comes to taxes. We all know well that when you import capital equipment; heavy machinery and plant today for the purpose of manufacture, it is duty and VAT free. At the same time, they also claim allowances after they have used them. This reduces the tax payable to the Government as a result of those importations. We also know that raw materials that are imported by those major companies in this country are largely free from duty. All those incentives have been provided, so that they can expand investment in the country, so that they can create employment yet, we are being told that 94 per cent of all employment in this country comes from this sector. We do not even have a single incentive in terms of taxes. It is important that the Minister liaises with the Treasury to ensure that during the coming financial year there should be a change in our taxation regime, particularly with regard to Corporation Tax, duties and other waivers for small entrepreneurs. You can do that in terms of making sure that when a small entrepreneur buys equipment for his or her restaurant for making juices, or any equipment that is charged duty, these entrepreneurs get a waiver for VAT and duty. This happens in many countries where small and micro entrepreneurs are given waivers of duty on capital goods as a matter of Government policy. This is the only way of encouraging them.

Mr. Temporary Deputy Speaker, Sir, this sector is also sometimes referred to as the *Jua Kali* sector. This is a name I find has a negative connotation and needs to be changed. I think the Minister should include in this Sessional Paper, a change to that negative perception. It is not *Jua Kali*. It should have another name. This is the sector that needs to be encouraged. All countries that have developed including Japan and countries in Asia, started from micro and small enterprises. They started making small things and parts or accessories for major manufacturers. It is not really a question of quality, but it is a question of being able to provide goods that are affordable to your people. That is the most important thing. That is one of the things that, that sector can provide.

I know the sector has management problems. Perhaps, the Minister needs to address this issue. The World Bank, for example, I know, loaned the Government sometime in the late 1990s up to Kshs1.2 billion to assist what they call the *Jua Kali* sector. This was money that should have been spent on capacity building for that sector. Unfortunately, the money was not spent well, from the knowledge I have. From my professional background, I know there has been quite a bit of misuse of that money--- It does not matter if the Government is still there or not. The fact of the matter is that money has not been spent well. We need to build capacity and develop skills to produce high quality products. The previous speaker said that there is deficiency of skills. There is deficiency in technology. That can be provided if you spend that kind of money. The money is available and we can get it tomorrow. That is an area where the Ministry needs to put considerable emphasis, so that we do not have the problem that the Professor mentioned earlier. If you go Gikomba Market, the artisans are hammering *mabatis* the same way they were doing it 40 years ago. I think if we give them skills, they can move away from that manual system to a more mechanical system. They could buy some equipment that could mould those things in the manner they want and, perhaps, even at a cheaper cost.

Mr. Temporary Deputy Speaker, Sir, there is the question of building capacity of the stakeholders' associations that are mentioned in the Sessional Paper. I think the *Jua Kali* Federation and the other organisations should be able to co-ordinate their activities for the benefit of that sector. I also would like to mention that in 2003, this Government set up a task force on micro and small enterprise sector to, among other things, review the policy document, financial reports and the concerns in the industry in general. It was supposed to review the effectiveness of projects in that sector and make policy recommendations. It would have been appropriate if the Ministry shared the report of the task force with this House. That way, on the basis of the findings of the task force, we can then input into this Sessional Paper. I am raising this concern because there are reports that the report of the task force was, indeed, rejected by the Ministry. I think the Minister needs to explain why Government money was spent to set up a task force which went round the country to collect views from Kenyans and then, when the report was submitted to the Ministry, it threw it in the dustbin. I think it is important that we have those kinds of reports, whether they are good or bad, look at them, and try and take action to remedy any problems that are highlighted there.

Let me now come to my own recommendations that need to be emphasised in this Sessional Paper. First and foremost, hopefully, the Government should implement the policy. If this Sessional Paper is passed, the Government must undertake a commitment to implement the proposed policy action. It is important. The first important factor is that we will have an Act of Parliament to regulate that sector. The Minister should bring a Bill within the time-frame that he has stated within this Sessional Paper.

Mr. Temporary Deputy Speaker, Sir, the Sessional Paper also recommends that 25 per cent of all Government procurement will be given to that sector. That is going to, fundamentally, change our livelihoods. That is because the Government spends billions and billions of shillings. If we take a simple example, the Government spends about Kshs100 billion on procurement of goods and services annually. If we passed a law, as the Minister says in this Sessional Paper, that 25 per cent of all procurement will be given to that sector, what we mean is that there is going to be an injection of about Kshs25 billion into that sector. I think that is going to change the livelihood of many Kenyans. The Government must remain committed to that. There should also be commitment to the market access and the removal of all the other barriers to the sector, including licensing.

*(Mr. Ndwiga consulted loudly
with other Ministers)*

Mr. Temporary Deputy, Sir, some Ministers are consulting loudly.

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

Mr. Billow, please, proceed!

Mr. Billow: Thank you, Mr. Temporary Deputy Speaker, Sir. With regard to concessionary funding; that is something that has happened in many countries. That is how countries in Asia like Philippines and Indonesia took off economically. They ended up being tigers by providing affordable credit to the micro and small enterprises in their countries. How do you do that? By providing concessionary funds to the Micro-Finance Institutions (MFIs), so that they can on-lend to the sector.

Mr. Temporary Deputy Speaker, Sir, you have heard the last speaker say that, that has not happened in our country. I think it is important that the Ministry takes note of that. It is not going to be an expensive thing. In the next Budget, if there is commitment, the Minister should ensure that up to Kshs5 billion or Kshs10 billion should be provided for the purpose of concessionary loans to the Micro-Finance Institutions. They can then lend money to the micro and small enterprises. I think we have done that through the Agricultural Finance Corporation (AFC) and several other institutions that have been allocated money in the Budget. So, there is no reason why we should not have a specific budgetary allocation this year, even at 1 per cent, to give to specific MFIs that are going to operate in the rural areas. They can then lend the money at an agreed rate that will minimize the spread between what they get and what they lend at. That is the only way we can provide cheaper credit to micro and small enterprises. That is the only way they can expand their activities.

Mr. Temporary Deputy Speaker, Sir, thirdly, I also want to mention and recommend that the Government should guarantee assumption of loan losses by MFIs as one way of assisting that sector. When micro-finance institutions lend money to that sector, the Government can, on some occasions, guarantee that lending. That guarantee will encourage the MFIs to lend as much as possible. If there are any losses that arise from that lending, the Government will undertake to indemnify the MFI. That has happened in many countries that I mentioned in Asia. That is one way in which they finance a majority of their entrepreneurs in that sector. I think this Government can afford that. We are spending money in many other ways that are wasteful and extravagant. I think there is no better way in this country--- If you want to deliberately create employment in the rural areas - and that is where we have problems--- The single most important problem regarding unemployment is that it is worse in the rural areas. The Government can, deliberately, encourage giving of loans by providing guarantees for assumption of loan losses by MFIs.

Mr. Temporary Deputy Speaker, Sir, the same can be done with banks. That has happened before in this country. At one time, banks were required to set aside a specific percentage of their lending to the agricultural sector. It has happened in this country where, as much as 17 per cent of all their lending, were made to the agricultural sector. The Government can enter into agreements with banks in this country to enable them to lend up to 10 per cent of all their lending portfolio to micro and small enterprise sector. They can do that by giving incentives to the banks. How do you do that? You can, for example, talk to the Central Bank of Kenya (CBK) to reduce the ratio that it requires from banks on condition that those banks will lend a certain percentage to MFIs. We need to move in that direction to ensure that those banks lend to those institutions.

Mr. Temporary Speaker, Sir, regarding taxation, I have already mentioned that there is need to reduce taxes. In particular, I think the Ministry should try to talk to the Kenya Revenue Authority (KRA) to provide tax incentives based on employment. That way, the more people you employ, the less tax you pay. That is one way of encouraging small enterprises to employ people. In a situation where you have the same tax regime for all companies, whether they employ one person or 1,000 people, that does not help the high unemployment rates. We must provide industrial sheds, parks and workshops in rural areas. As an incentive, the Government should provide basic services to the sheds and parks. They should provided electricity, water and other services. That is one way of encouraging people to set up businesses all over the country. It has happened in many countries in Asia. That is how you can encourage business. I think the Government should really concentrate on providing incentives in that sector. I have already mentioned the linkages in the industries.

Lastly, I want to say that institutions on the ground should be allowed and encouraged by law to lend to this sector. These are particularly institutions which are mentioned in the Sessional Paper;

the Post Bank, SACCOs and MFIs. They should be incentivised as much as possible, to encourage them to lend to this sector. Tax and duty incentives as I had mentioned earlier, similar to the modern taxes, should be provided to them.

With those few remarks, I beg to support.

Mr. Oparanya: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me a chance to contribute in support of this Motion. The fact that this sector employs 5.1 million people, which is 74 per cent of the total number of people in employment, shows that it is a sector which can change the economy of this country. Most of the small enterprises are located in rural areas and 48 per cent of them employ women. We have the Millennium Development Goals (MDGs) which were set up in the year 2000. It is hoped that in the year 2015, we will have eradicated poverty if we follow the target set up within the MDGs.

Quite a number of African countries have taken a step in contributing to this sector. Countries like Uganda and Botswana have very impressive economic growth because of developing small enterprises. It is important, as it is mentioned in the Sessional Paper, that the Government ensures that small enterprises have access to both local and international markets. Small firms do not have adequate information to make good business decisions. To help such small firms, we must create in each district, for example, an information centre where the small scale farmers and business people can get information. Here, they can get information on investment and about the opportunities which are there in the market plus the financial products which are available, so as to improve on their businesses.

It is good to note that the Government has proposed to provide 25 per cent of the procurement requirements to small scale businesses. This is not good enough; I know of small firms which are doing good business and are able to finance a contract of Kshs100 million. It is important that instead of providing 25 per cent of the procurement requirements, we have a provision where any contract worth Kshs100 million and below, within the Government, is left to the small enterprises. This can be done by encouraging the small businesses to have a consortium which would help them raise funds among themselves, so as to take up some of the contracts which we give to foreigners.

Small enterprises have encountered problems within the procurement system that we have. The tendering system that we have currently does not favour them. For example, you may find out that a tender is being advertised and applicants are asked to pay Kshs5,000 or more. Once they fill the necessary forms, a change may be made. The applicants are then asked to pay an additional Kshs5,000 to make fresh applications. This does not favour them. If a tender is advertised and there is a change in details, applicants should be allowed to use the old forms so that they do not incur more costs in tendering.

We could also remove the requirement of performance bonds. These bonds are prohibitive to small scale enterprises. These bonds have been a major hindrance to these enterprises. Most small enterprises have been experiencing financial problems. They have very weak capital base. They are also weak in financial management and controls. They are not able to employ appropriate experts in financial management. The only way that the Government can allow these enterprises to grow is by creating a pool in every district, of financial experts in the Ministry of Finance who can provide financial expertise to the small enterprises.

The small enterprises are disadvantaged in that they are unable to secure loans since there are many collateral processes required of them. We should develop these enterprises to create employment and also eradicate poverty. We should provide an avenue for them to secure loans for financial management.

As you know, most commercial banks do not have branches in the rural areas. We have to create small scale financial institutions that can be able to finance these enterprises. The taxation system of this country does not favour such organisations. For instance, the tax forms are very complicated for one to understand. We could simplify them. I have found out that quite a number of companies are penalised because they do not know how to fill the forms. We must simplify the taxation forms if we are to help these enterprises. The requirements of completing VAT returns are

very complicated. If we are to help the small enterprises, we have to ensure that the forms are simple to fill. When foreigners come here to invest, we give them incentives. We must give the small enterprises incentives to invest. I know that in Singapore, as long as one is able to invest in a small business and employ at least 10 people, they are given a tax holiday of two years. Why can we not also have loans for people who are willing to set up small businesses like the ones that are being proposed so long as the condition is that you have to at least employ a particular number of people and you keep them in employment for a minimum period of time that is set? If we have to make such small enterprises thrive, we must make sure that for the investment that is undertaken, especially the initial one, we have an investment allowance that is given over a period of time, for example, three years so that within those three years, they are able to finish their investments. They should also not be taxed within the three years to allow them finish their investments within a specified period of time. We should also allow these enterprises to import their equipment duty-free because I have known that there is that provision within the current Act but the procedure to import equipment duty-free is so complicated and bureaucratic that sometimes people give up.

Mr. Temporary Deputy Speaker, Sir, we have to ensure that these small enterprises have access to the current technology because they will not develop unless they have access to the technology that is appropriate. It is impossible for them to afford the technology unless, as a Government, we create an environment where they are able to access it. I know that duty on computers has been reduced to 2.5 per cent but VAT is still 16 per cent. It is important that this duty of 2.5 per cent is removed for the small enterprises. The VAT of 16 per cent should also be removed so that these businesses have access to the information through the internet and such services.

Mr. Temporary Deputy Speaker, Sir, we have to develop the rural economy because majority of our people live in the rural areas. It is important that this Sessional Paper has recognised that farm-based activities are part of the small enterprises. If we have to develop the rural economy, we need to streamline land ownership because land ownership in the rural area is still a problem. In fact, when we had the Pan-African Parliament Session last month, we agreed that the title deed system in Africa should be streamlined because this problem is in every country. It should be streamlined so that we have a standard way of issuing title deeds. This has been recommended. I am hoping during the next Heads of States meeting that will be approved and implemented by Kenya. Unless we streamline the Government ownership system, it will be very difficult for the rural people to develop without proper land tenure system.

Mr. Temporary Deputy Speaker, Sir, the Minister has proposed that an Act of Parliament will be coming up. It is important that as we pass this Motion, an Act of Parliament should come here immediately so that there is a proper legal framework which will assist these small enterprises. It is important and it has been mentioned in the Sessional Paper that registration of these enterprises be decentralised because you find that people travel from very far to come to Nairobi. The Nairobi office is very congested. They are forced to wait to register a very small business. A one-man business will take months to be registered. It is good that it has been suggested that registration will be decentralised to the provinces and subsequently it will finally be decentralised to districts and this will reduce high costs that are incurred by people who want to set up small businesses.

Mr. Temporary Deputy Speaker, Sir, there is no way that these businesses will thrive unless we also provide proper infrastructure. Since most of them are rural-based, we have to ensure that our rural areas have proper infrastructure that will reduce the operation costs of those small enterprises. It will ensure that they are able to access the market without a problem. That brings me to the issue of rural electrification. Rural electrification in this country has been a problem and some areas in this country have not received proper rural electrification. There is no way you are going to develop small enterprises without rural electrification programmes that will cover every area in this country because these small businesses will need the current technology and there is no way you can access it unless you use computers.

We must have proper programmes that will ensure that there is proper capacity building. This

should happen by ensuring that the Ministry is properly funded. In the last Budget, the Ministry of Labour and Human Resource Development was given a mere Kshs700 million. What is Kshs700 million if we have to develop such programmes? Out of Kshs700 million, about 70 per cent is spent on Recurrent Expenditure leaving only 30 per cent for Development Expenditure. In the process, you find that these labour officers do not have vehicles. How will they enhance the development of such enterprises unless they are able to move around and carry out their inspection? In fact, in my own district we do not have a labour officer. So, I do not know who does the inspection in that area. There is no way that these enterprises can stimulate the economic growth of this country unless there is proper funding of that Ministry and the Minister is here. I hope he will request for additional funding and use this Sessional Paper as an excuse so that when he brings his estimates here we will be able to support him.

Mr. Temporary Deputy Speaker, Sir, local authorities should be sensitised so that they are able to support these small enterprises. In fact, instead of the local authorities supporting them, they harass them. They do not create a conducive environment for these small enterprises to thrive. For example, in my own constituency, we find that the stock of a small businessman who is unable to pay the licence fee is taken away by officers from the local authority. Is that promoting the businessman or killing him? Local authorities have a licence that runs the entire 12 months of a year; that is, from January to December. Even if you start a business in December, you will be required to pay the licence fee from January to December. Likewise, if you start a business in September, you are supposed to pay the licence fee from January to December. This is a very unfair practice. A licence should be proportionate from the time an individual starts a business. Local authorities could assist small businessmen by allowing them to pay the licence fees in instalments. It is sad that local authorities only allow them to pay these fees for the entire year. Local authorities should work also with the Ministry of Labour and Human Resource Development and the Ministry of Finance, so that there is proper funding at the local authority level. This will ensure that we have enough sheds for people who are interested to start small businesses. Land should be allocated at the local authority level for the purpose of helping small-scale enterprises.

Mr. Temporary Deputy Speaker, Sir, the Ministry has a training department. However, this department has not been effective. I know of businessmen who have been training their manpower. However, they are supposed to write a letter to the Ministry, which in turn, is supposed to confirm and give the approval that they go ahead with the training. When they finish the training their manpower, the Ministry should refund them money. However, this has not been happening. People train and they are not paid. The excuse has been that there is not enough allocation of funds. If we have to develop these small enterprises, we must make sure that we have a proper budgetary allocation for either direct or indirect training; where reimbursement is done via the appropriate department in the Ministry.

Mr. Temporary Deputy Speaker, Sir, these small enterprises are the only ones that will ensure that we have gender equality in this country. Most of the women in this country are in the rural areas. Therefore, the only way we can ensure that we have gender equality is to set up small enterprises around the women. This is because they work very hard in a way. So, we must ensure that the women we have in the rural areas are properly trained and have access to land. The tradition we have in my culture, for example, that women are not allowed to own land, should be done away with.

Mr. Temporary Deputy, Sir, it is important that we also create a fair legislative system that will help the small-scale enterprises. These small-scale enterprises are unable to access the proper legal system because of the incapacity of their finances. If we have to deal with disputes fast enough, it is better we set up a system, specifically focused on small-scale enterprises. It is a pity that we import things that can be easily manufactured in this country. The Government keeps on saying that it will help. This is the most appropriate time for that help to come in. If we have to help these people, the Government must be committed. It must have a proper programme; whether it is for five years or ten years. This programme should be properly evaluated to ensure that when it is started, it is able to help our people to start various projects.

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

Mr. Rotino: Thank you, Mr. Temporary Deputy, Sir, for giving me the opportunity to contribute to this very important Motion. As my colleagues said, this Motion is long overdue. This is because the title itself reads: "Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction." The title itself has a lot to tell. When most of us drive in our constituencies and visit small centres, we find so many business premises empty. Business in this country is dwindling because, we, as a Government, have not taken this sector very seriously.

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

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

Mr. Temporary Deputy Speaker, Sir, many hon. Members have talked about the many things that we need to do to revitalise this sector. But I want to cite one example in India. When the late Indra Gandhi was the Prime Minister of India in 1969, she decided with the present Prime Minister who was then the Minister for Finance, that the only way they could finance small-scale enterprises was by nationalising banks and compelling them to lend 60 per cent of their deposits to the small-scale enterprises. It was not an easy decision because many of the banks by then were owned by politicians and strong people. There was hue and cry from those who owned big national banks and other financial institutions. But that was the beginning of the growth of the revolution that brought India to where it is right now. It needs courage for a government to make a decision. Many examples have been cited. Idi Amin was at one time the President of Uganda and many people thought he was a mad man. But one decision that he took made that country to prosper. He encouraged his people to buy buildings all over the country, so that they could not pay rent any more. Though some people called him a fool, he took a very bold decision. That decision earns fruits in that country up to now.

Mr. Temporary Deputy Speaker, Sir, I want to challenge the Minister that it will not be very easy for him to implement this Sessional Paper. It needs a lot of courage for him to do so.

Mr. Temporary Deputy Speaker, Sir, There are no policies to encourage small enterprises. This Policy Paper has been written very well. But it is one thing to write a very nice policy paper and another to implement. We might have nice write-ups by the staff from the Ministry, but we should implement policies that are going to help our people. That is the only alternative to alleviate poverty in our country. We should increase wealth for our people.

Mr. Temporary Deputy Speaker, Sir, many people have spoken about the legal framework and regulatory environment that is supposed to help our small scale enterprises. The bottlenecks, as far as the regulatory framework is concerned, is the bureaucracy that exists in our departments. It inhibits our small scale enterprises and businessmen from getting into business. If you go to our supermarkets, for example Uchumi, the wheelbarrows, water cans, and many other items are not produced in our *Jua Kali* sector. We should create conditions that hinder supermarkets from importing such items and selling them in our market. We should create a market for the goods that we produce. We should ensure that such goods are of very high quality. The Kenya Bureau of Standards (KBS) could go round checking those things.

Mr. Temporary Deputy Speaker, Sir, if you go to a supermarket and ask the staff: "Why can you not buy commodities produced by our *Jua Kali* sector?" They will tell you the standards are not good. Therefore, the KBS should go around ensuring that the goods we produce are of high standards, so that they can access our markets. Those young men suffer so much. If you drive along Jogoo Road, you will see them. They toil day and night and yet, we allow imported goods to come to our shelves to kill our local market. We cannot create employment by taking that direction. So, the Ministry should come up with laws and conditions for those who import goods and sell them in our

markets. That way, we can avail market accessibility to our goods.

The Ministry should set up market information centres. If you go to a country like India, there are information centres and libraries, specifically put there to provide market information. Our people do not know where our markets are. They do not know how to get access to big supermarkets and markets in other countries. If we can make market information accessible to our people, they can access those markets.

Mr. Temporary Deputy Speaker, Sir, many of my colleagues have spoken about the financial services. There is a bank called Kenya Rep (K-Rep). That bank started with a very small capital. That bank goes round trying to educate people on how a particular lady succeeded. They started by financing that lady to buy one tin of charcoal. At the moment, the lady operates a business worth Kshs4 million. Just because the bank took her as an example and assisted her--- She did not even have collateral! She was just a lady selling charcoal on the roadside. The bank took her in confidence, trusted her and assisted her to operate a business which is now worth Kshs4 million. We should learn how K-Rep started. We should learn the way they finance. We should ensure that our banks finance those small people without collateral.

Mr. Temporary Deputy Speaker, Sir, in this country, about 50 per cent of those who operate small scale enterprises are women in the rural areas. They do not have collateral or security to get a mortgage. Yet, they are the ones who support many of the activities in the rural areas. We should ensure that our banks are gender sensitive. Our small scale enterprises should be gender sensitive, so that women in rural areas are funded.

Mr. Temporary Deputy Speaker, Sir, Kenya Industrial Estates (KIE) started very well. I would like to impress upon the Minister to pump a lot of money in KIE. That particular enterprise was assisting a lot of people in the rural areas. But because of corruption, it collapsed and "died." The Minister can assist small enterprises through KIE.

Mr. Temporary Deputy Speaker, Sir, I would also like to talk about inadequate access to skilled labour and technology which is very valuable now. Many of those who engage in small scale enterprises are not very educated people. There are those who left school in Standard VII or III. Then, they got access to the village polytechnics. My constituency had about 30 village polytechnics. But, as we speak now, all of them, except two, have been closed down. When we talk about small enterprises, where do you expect those people to train? Where do we expect tailors to learn their skills, if we are killing village polytechnics. At the moment, the staff in the polytechnics that are still existing do not get salaries. They get what we call honoraria and allowances. We want to revamp the middle level section, so that we can improve the *Jua Kali* sector. How can we do that if we are not going to improve the polytechnics that we have? So, I want to appeal to the Minister that, as much as he speaks about finances and other sectors, we should pump a lot money in our village polytechnics. That way, we can improve the skills that our people need.

Mr. Temporary Deputy Speaker, Sir, let me talk about infrastructure. We know that it is one thing to grow crops and another to have the *Jua Kali* sector in a remote corner of the country. Therefore, we must have telephone services and electricity. We require electricity in the rural areas. Infrastructure is one of the limiting factors to the growth of this sector. It is now good that hon. Members of Parliament have the Constituency Development Fund (CDF). We should be able to use the funds from CDF to ensure that we have infrastructure that will facilitate transportation of goods to the market.

Mr. Temporary Deputy Speaker, Sir, I want to talk about disputes that normally occur in the sector among small businessmen who maybe have a capital of Kshs5,000 or Kshs20,000. When there is a dispute they do not have time to go to court. At the same time, the courts are very far. I want to request the Minister to introduce arbitration or mediation, so that when there is a problem in a rural area where the courts are very far, the Ministry should be able to have a system where they can arbitrate or mediate so that these small problems can be solved without going to the courts.

Mr. Temporary Deputy Speaker, Sir, most of these businesses are situated in the rural areas

where local authorities are supposed to issue them with licences and collect cess. The cess which these people are bound to pay is sometimes very high. For example, in my area we have cattle traders. They are told to pay cess of maybe Kshs200 per animal. You will find local authorities putting up roadblocks in order to collect cess. They keep on following trucks that carry these animals in such a way that it discourages those who want to enter into that kind of business. The Government should regulate and control local authorities in the way they collect cess. It should bring some form of civilisation in the whole exercise because they discourage most people who venture into that kind of business.

Mr. Temporary Deputy Speaker, Sir, land is sometimes used as collateral since most of those who do these businesses do not have any other collateral. It is very important that we find ways and means of controlling or softening the regulations regarding collateral that is required by the financial institutions. Mr. Temporary Deputy Speaker, Sir, I have spoken about arbitration as a way of addressing some of these issues. It is important that the Ministry looks at how it can resolve some of these disputes through arbitration and mediation.

To register a business in this country is very expensive. The Ministry should find ways and means of trying to decentralise the registration of businesses and small scale enterprises.

With those few remarks, I beg to support.

The Assistant Minister, Office of the President (Mr. M. Kariuki): Thank you, Mr. Temporary Deputy Speaker, Sir. I beg to support this Sessional Paper and I must say that it is timely. In 2003, I filed a notice of Motion proposing to create a legal framework for micro and small enterprises. I was not lucky to be heard. Last year, I filed another notice of Motion and again I was not heard. Happily this Sessional Paper has come and it has captured most of the things that I think are important for this country. For some of us who represent urban constituencies, more than 60 per cent of our voters are micro and small enterprise business people. I think we owe it to them when we come to this House to ensure that we push their agenda.

Mr. Temporary Deputy Speaker, Sir, persons that were retrenched in the last 10 years have found themselves on the streets as hawkers, *Jua Kali* artisans and *mitumba* dealers. Other persons who have been prematurely retired have found themselves venturing in small enterprises because the terminal benefits they get are inadequate to venture into a major business venture.

As we discuss this Sessional Paper, it is good to learn from some of the countries that have experimented in this area. I have in mind Bangladesh which is a poor Third World country, but which has done fairly well in micro and small enterprises. There are many lessons that we can learn; that somebody can start a small business as a maize roaster on the street and end up one day running a supermarket, if the avenues and opportunities are provided.

Mr. Temporary Deputy Speaker, Sir, I am aware that a former hon. Member for Nakuru Town was a small business person. He was actually a small fellow who would carry people in a hand cart and charge them a fee. Today, he is one of the millionaires we have in this country. He found his way to this House and became an Assistant Minister although he has never spent a single day in a classroom to learn. So, there are avenues through which our people can rise. We need to give them hope and faith, that if we create the necessary legal framework and we have the right policies in place, they will be able to move vertically in terms of promoting their economic welfare.

Mr. Temporary Deputy Speaker, Sir, the Government loses a lot of revenue because we classify businesses into formal and informal. I know that most people in the *Jua Kali* sector make quite substantial amounts of money. If you recall, before the Ministry of Transport and Communications moved in against touts we had people carrying on the business of touts and at the end of the day they would end up with Kshs2,000 in their pockets. That translates into an income of about Kshs60,000 in a month. Those people got away without any form of taxation because their businesses were classified as informal. The people who are formally employed are earning much less than half of what those people would earn because they were being heavily taxed. So, there is need, even on the part of the Government to put the so-called "informal sector" into a legal framework so that those who qualify to

pay taxes will do so.

Mr. Temporary Deputy Speaker, Sir, one of the major challenges we have in the micro and small enterprises is that we have not been able to find permanent places where they can carry on business. One of my major challenges in my CDF is to try and find an alternative way of ensuring that people in the informal sector are able to have a permanent place where they can do business. Given the experience we have had in the last 10 years, public utilities have been grabbed and consequently, it has become very difficult even for local authorities to provide alternative places to do business. We have had to invest Kshs4 million to acquire five acres of land where we propose to settle our hawkers, *mama mbogas* and maize roasters, because they are important contributors to the welfare of this country. If you look at the major enterprises we have in this country, they are in the hands of foreigners. More than 50 per cent of medium enterprises are still in the hands of foreigners. Therefore, the bulk of our people are to be found in this particular sector. It is, therefore, important that we invest our time and money to ensure that this particular sector prospers, even if it means acquiring land compulsorily from people who have land through the necessary legal framework to ensure that by the time we relocate hawkers from the streets, there is alternative settlement for them.

Mr. Temporary Deputy Speaker, Sir, it is, indeed, very sad that our people are loaded into lorries everyday by the Nairobi City Council askaris for doing legitimate business, trying to earn a living. They are then taken to court, where they are prosecuted for running illegal businesses. By doing so, we are actually pushing them into committing crime. If you cannot earn your livelihood in a legitimate way, and you are pushed to a corner, you will have no alternative but to commit crime, yet we are trying to ensure that everybody is safe in his places of business and work.

We have to be reasonable in the manner we handle our people. It does not matter how poor a person is, he is entitled to a means of livelihood. The Government and the local authorities have a duty to facilitate an enabling environment for business. Therefore, I call upon the various local authorities, as they deal with the question of hawkers, to see whether they can find alternative accommodation for them, even if it means investing in land that will be bought. All our people have a right to means of livelihood.

Mr. Temporary Deputy Speaker, Sir, an Indian court made a very unprecedented decision relating to people who live on the streets, and who did hawking businesses, in the City of Bombay. That was nine years ago. The local authorities wanted to evict those people from the streets. They went to vindicate their rights to life in a court of law. In a historical and landmark decision of an Indian constitutional court, it was said that the right to life means right as well to means of livelihood. So, if you deny a citizen the means of livelihood, whether it is hawking or roasting maize or selling *mboga*, then you have deprived that citizen his right to life. So, the right to means of livelihood is very fundamental and it is our duty as leaders of this House to ensure that we guarantee our people that right.

If you go around the world, you will find that many cities have what we call free markets. These are markets created with the intention of transforming the informal sector into a formal sector. The local authorities look for land, create markets and facilitate the so-called hawkers and small traders to be in one central place. Even if you go to a country like Turkey, you will be told that there is a free market, where you can buy literally everything. South Africa has taken that model. You will find their hawkers in a free market.

That is where we should be moving as a country. We should relocate all the hawkers from our streets to a place they can be put together, create stalls and ensure that they can earn their livelihood. Street battles with hawkers everyday is not a solution to the problem. We have to be serious, get focused and appreciate the fact that each one of us has a right, in this country, to means of livelihood.

Therefore, on a very serious note, we need to have a proposal for the creation of free markets, where *wananchi* can do business without interruption. That is important particularly for micro financing. Nobody will venture into financing hawkers to do business if he is not sure that when he goes round the streets to look for them the next day, he will find them. If financiers know that there is

a permanent place where hawkers can carry out their businesses, they will certainly extend credit to them. So, it is in our own interest to ensure that people who venture into small businesses have a permanent place where they can do business. Only by doing so will banks venture into giving them affordable credit, to enable them run their businesses and prosper.

Mr. Temporary Deputy Speaker, Sir, let me say something on technology. Here, again, we have a lot to learn from a country like Japan. I am sure, there are many cars from Japan in this country, but hardly many people know where the parts are made. Most parts of Japanese cars are made in small factories in the villages. Most of these parts are made in small factories in the villages, outside the city. The villages are able to make small things like brake pads and other specialised parts, including rims. All those parts are then assembled together in the assembly plants and they make a motor vehicle. But if you looked at the clusters of factories across the country, there are probably more than 1,000 that make motor vehicles. I think one way of tapping technology is to ensure that our *Jua Kali* sector, which runs without supervision or direction; if we have artisans--

Mr. Oparanya: On a point of order, Mr. Temporary Deputy Speaker, Sir. Since Members have been saying the same things, would I be in order to request that the Mover be now called to reply?

(Question, that the Mover be now called upon to reply, put and agreed to)

The Minister for Labour and Human Resource Development (Dr. Kulundu): Mr. Temporary Deputy Speaker, Sir, before I respond, I would like to donate two minutes of my time to hon. Mirugi Kariuki.

The Temporary Deputy Speaker (Mr. Poghisio): No, I am sorry. He cannot contribute twice on the same debate.

The Minister for Labour and Human Resource Development (Dr. Kulundu): Mr. Temporary Deputy Speaker, Sir, he had not quite finished.

The Temporary Deputy Speaker (Mr. Poghisio): No, it does not matter; he had contributed.

The Minister for Labour and Human Resource Development (Dr. Kulundu): Okay, I would like to donate two minutes of my time to hon. Prof. Oniang'o.

Prof. Oniang'o: Thank you, Mr. Temporary Deputy Speaker, Sir. Let me also thank the Minister and his team for a great Policy Paper. It is well written and is long overdue. We are looking forward to its implementation.

Mr. Temporary Deputy Speaker, Sir, let me also say, as I have said it before, that Kenyans are very good writers. You can see this document is well expounded, well written and well thought through, but the test of it will be in its implementation.

Let me focus on the village polytechnics which, in fact, fall in this Ministry. If you visit these village polytechnics, you will find that it is an opportunity to create jobs in the rural areas. Why do I say so? It is because even a country like Italy industrialised through the cottage industry. India has a very rudimentary and local level technology in its transport sector. Today, it has been able to develop its Information Communication Technology (ICT). We also know that Malaysia has been able to use palm oil to develop its economy by creating both on-farm and non-farm employment. We believe that when we shall provide training at the very local level, we shall be able to create jobs and engage the minds of young people in economic development. These young people are able to innovate and discover.

Mr. Temporary Deputy Speaker, Sir, I want to applaud the Minister for this Sessional Paper. If he implements the proposals in this Sessional Paper, then that will be the answer to the problem of lack of jobs. He will be able to create more jobs for Kenyans and especially those living in the rural areas. It will also curb the influx of young people from the rural areas to the urban centres. This is a

sector that is dominated by women, youth and retirees. We can actually transform the trading and commercial sector of this country by targeting this sector.

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

The Minister for Labour and Human Resource Development (Dr. Kulundu): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to respond to this Motion on the Adoption of Sessional Paper No.2 on Development of Micro and Small Enterprises whose debate started yesterday, but which was laid on the Table early this month.

I would first of all like to take this opportunity to thank hon. Members on both sides of the House for their excellent views on this Paper. I was listening very keenly and I was impressed that the views of Members were unanimous on the usefulness of this Sessional Paper. I really thank the hon. Members. All I can do is to say that all that was said will be incorporated in a Bill we intend to formulate after this. It will definitely include the concerns raised by hon. Members during the debate on this Motion.

Mr. Temporary Deputy Speaker, Sir, with regard to some of the remarks made by Members, hon. Kipchumba talked about encouraging agro-based micro and small enterprises as a way of promoting small scale agriculture. He was referring to page 27 of this Sessional Paper. It is my Ministry's intention to regard agriculture as a small enterprise and that if enabled by the Treasury, we should be able to come up with a way of giving incentives to our farmers in order for them to produce more.

Hon. Mwakwere also raised a very important point on youth polytechnics. Indeed, this is an area that, I must say, is problematic in the Ministry. It is a source of many Questions from hon. Members to me.

Mr. Temporary Deputy Speaker, Sir, this makes the Ministry seem incompetent. The truth is that youth polytechnics have long collapsed. There is no budgetary provision now for youth polytechnics. A few minutes ago, I was pleading with the Minister for Finance to avail some money to streamline the running of youth polytechnics in this country. They cater for a very big population of primary school leavers in this country. For us to assist these children, we must have money to streamline the running of youth polytechnics.

I am also happy to report that in Nakuru yesterday, I received a report from the task force that was appointed to look into the micro and small enterprises and youth polytechnics. I must admit that I have not had time to go through that report, but its recommendations will be implemented in full. I have just left the seminar that is going on in Nakuru for a little while because I had to rush here to respond on this Sessional Paper. The task force did a good job and the Ministry is studying its recommendations.

I cannot go through all the good points that were raised by the hon. Members. Prof. Maathai focused her contribution to the cleanliness of the MSEs. I could not agree with her more. The reason why MSEs in some quarters have received a negative attitude is because of the filth in their environment. May I take this opportunity, therefore, to appeal to all the stakeholders in the MSEs sector in this country to keep their environments clean. They will do more for themselves if they keep their workplaces clean. They will attract more customers.

In this Sessional Paper, we have identified three problems that face the operators in the MSEs sector. However, I will mention two of them. The first one is lack of access to finance and the other one is lack of access to markets. With regard to the lack of access to finance, I wish the Minister for Finance was still here. It is important that the Ministry of Labour and Human Resource Development is given enough money to stimulate the growth of MSEs in this country. There used to be a revolving *Jua Kali* Fund, but it died a natural death. We want to revive it and we can only revive it if we are given money for our MSEs. The second problem is lack of access to markets.

Mr. Temporary Deputy Speaker, Sir, whereas we do not have a marketing division in the Ministry, I am happy to report that every year, the *Jua Kali* Sector has an opportunity to display its products not only in Kenya, but also in Tanzania, Uganda and soon, in Rwanda. The last exhibition

was held in December in Mombasa and the exhibition was opened by none other than the Vice President and Minister for Home Affairs. He talked about the Government having a shift of paradigm where, for example, if we are serious about helping and empowering our people, the things that are produced by the entrepreneurs in MSEs should be sold to Government offices. Government offices should, first of all, shift from buying their wares and furniture like sofa sets, desks and so forth from big multinational companies to these small enterprises. That way, we would be enabling them to stand on their own.

We have proposed a figure of 25 per cent of the GDP and hon. Members feel that, that is a very small figure indeed. We will come up with a suitable figure that this House will dictate to us in the Bill that will follow this Sessional Paper.

Mr. Temporary Deputy Speaker, Sir, before I conclude, I want to comment on what the proper name for this sector should be, because unfortunately here in Kenya, we call it the *Jua Kali* Sector, and it is well known all over the country. I do not know whether we can change that name. In Tanzania, it is called "*Nguvu Kazi*." I think we should also call it by that name in Kenya. I know that we must be creative, but it must be a name that portrays a positive image of this sector, because it contributes 74.2 per cent of all the jobs that are available in this country.

As I said in my introductory remarks yesterday, of the 500,000 jobs that we promised Kenyans, 88 per cent will be found in this sector, and that is why we are calling it "*Nguvu Kazi*." Any sector contributing 88 per cent to the creation of the 500,000 jobs, surely, that is "*Nguvu Kazi*." So, I just want to appeal to hon. Members to support us, especially during the reading of the Budget. Look at the budgetary allocation for the Ministry of Labour and Human Resource Development seriously, because in the past, we have had a habit of having our Budget guillotined and yet, if you look at the mandate of the Ministry of Labour and Human Resource Development, it should be high up there. We should stop giving lip service to micro and small enterprises and youth polytechnics. We should allocate enough money to those sectors.

Mr. Temporary Deputy Speaker, Sir, as the Minister for Labour and Human Resource Development, I was mentioned as one of the Ministers who do not contribute in this House. It must be appreciated that for a long time, I have been running the Ministry alone. It is only this week that my Assistant Minister came back and I congratulate him. So, I have been answering all the Questions in this august House. That organisation which indicated that I do not contribute in this House should go back to its drawing board.

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

(Question put and agreed to)

The Temporary Deputy Speaker (Mr. Poghiso): Next Order!

ADOPTION OF REPORT OF COMMITTEE
ON FAST TRACKING OF EAST
AFRICAN FEDERATION

THAT, this House adopts the Report of the Committee on Fast Tracking East African Federation submitted to the Sixth Summit of Heads of State of the East African Community - Arusha, Tanzania, on 26th November, 2004, laid on the Table of the House on Wednesday, 6th April, 2005.

It was agreed by the Chair and the Minister that this Motion be deferred. So, I defer it!

(Motion deferred)

ADOPTION OF TWELFTH PIC REPORT

THAT, this House adopts the Twelfth Report of the Public Investments Committee on the Accounts of State Corporations laid on the Table of the House on Wednesday, 13th April, 2005.

The Temporary Deputy Speaker (Mr. Poghisio): Again, the Minister requested the Chair to defer this Motion. So, I will defer it.

(Motion deferred)

ADOPTION OF SESSIONAL PAPER No.8
ON GOK GUARANTEE TO KFA

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): Mr. Temporary Deputy Speaker, Sir, I beg to move the following Motion:-

THAT, this House adopts Sessional Paper No.8 of 2005 outlining Government bank guarantee to the Kenya Farmers Association (KFA) laid on the Table of the House on Tuesday 5th April, 2005.

This House is aware that the KFA is the vehicle which serves the agricultural sector. Due to its historical background, activities and geographical network, the KFA is recognised by the Government of Kenya as one of the strategic vehicles which enhances its efforts towards the revitalization of the agricultural sector and economic recovery for wealth and employment creation. That is the Government's policy decision to revive the KFA.

Mr. Temporary Deputy Speaker, Sir, in February, 2003, the Government commissioned an inquiry to look into the financial and operational affairs of the KFA. The inquiry identified the extent of technical insolvency of KFA and recommended that it should be revitalised and revived through the Government's intervention. The report by the inquiry which was appointed by the Ministry of Co-operative Development and Marketing was subsequently presented to the delegates and adopted at the Special Delegates General Meeting on 26th June, 2003. The Board and the senior management of the KFA were removed and an interim Board and management appointment by the Government of Kenya to oversee its revival process.

This Sessional Paper seeks Parliament's approval for financial support to the KFA by way of Government guarantee of Kshs2 billion following the Cabinet's approval on the same on 14th December, 2004.

Mr. Temporary Deputy Speaker, Sir, most of us in this House will fondly remember the Kenya Farmers Association (KFA) and will remember that it was originally incorporated as a limited company on 20th July, 1923. The company changed its name to Kenya Farmers Association Co-operative Limited on 2nd May, 1932. It was, however, exempted from the provisions of the Co-operative Societies Act through Legal Notice No.125 of 1968 dated 30th April, 1968.

At inception, the KFA membership was comprised of settler farmers owning large tracts of land. However, after Kenya attained Independence, most of the large farms were sold to indigenous Kenyans and subdivided into smaller units giving rise to increased KFA membership of both small scale and large scale farmers.

With the further subdivision of land below two hectares, membership increased. It currently stands at 68,956 comprising of 68,830 individual members and some 126 primary co-operative societies.

Mr. Temporary Deputy Speaker, Sir, the primary objective of the co-operative was to promote economic interest of both its membership and the farming community and in particular, carry on the business of the co-operative movement in all its branches to promote and develop co-operation in agriculture and horticulture. It was also to carry on the business of farmers, marketing and supply in all its branches; to buy, sell and deal in maize, wheat, barley and other cereals, cotton, sugar and to

carry on the business of importers and exporters of all kinds of classes of goods, materials and manufacturers and distributors' representatives and marketing agent, *et cetera*. Moreover, it was to carry on the business of merchants and traders, either as a principal or agent and to buy, sell and deal in both wholesale and retail goods.

Mr. Temporary Deputy Speaker, Sir, the above encompass the sourcing and supply of farm inputs to its members and other non-members. At that time, it also acted as a marketing agency for their farm produce, mainly cereals by pooling resources together and benefiting from economies of scale.

In carrying out the above objectives, the KFA developed key linkages with other major players in the agricultural sector, notably the Agricultural Finance Corporation (AFC), the Kenya Co-operative Creameries (KCC), the National Cereals and Produce Board (NCPB), the Kenya Seed Company Limited, Agro-Chemicals and Animal Health Care Feeds Suppliers, *et cetera* as well as the Kenya Government. Due to its strategic location, the Kenya Farmers Association (KFA) has infrastructure facilities such as godowns. As you all know, KFA has godowns all the way from Coast Province to all other major towns in the Republic. It also has branches and distribution outlets throughout the country. The Government and other related institutions found KFA to be a good and convenient vehicle to implement their programmes and projects mainly related to agricultural production and poverty alleviation initiatives.

Mr. Temporary Deputy Speaker, Sir, the most notable linkages that evolved over time were the appointment of KFA by the Government to be the principal agency for handling storage, management and marketing of maize, wheat grains as well as fertilizers. This function has since ceased following market liberalisation.

The KFA was appointed as the main distributor of Kenya Seed Company (KSC), seeds of all types besides holding a 12 per cent equity share. The equity share was previously 28 per cent. Up to this point in time, the KFA interim board is trying to re-negotiate for its original shareholding.

Another major function of the KFA was to channel agricultural credit to cereal farmers; both wheat and maize through State-owned Agricultural Finance Corporation (KFA). They would recover the same credit when farmers delivered their harvest at the end of each season. This went on until 1991/1992 when the agency function of KFA was transferred to the National Cereals and Produce Board (NCPB) and, subsequently, followed by liberalisation of the cereals sub-sector.

Mr. Temporary Deputy Speaker, Sir, there was also provision of animal feeds and animal health products to livestock farmers through guaranteed payment arrangements by the Kenya Co-operative Creameries Ltd (KCC) and other countrywide farmers co-operative organisations. Currently, the New KCC has problems of distribution. They have problems reaching farmers countrywide because of lack of vehicles. Indeed, the revitalisation of KFA will see great improvement in the dairy sector. Now, all local manufacturers and importers of agro-chemicals and feeds relied almost fully on KFA branch networks for marketing of their products.

All these important linkages contributed significantly to the growth in agricultural development. The KFA enjoyed Government support during its growth period. Over the years, it developed a large physical infrastructure---

The Temporary Deputy Speaker (Mr. Poghisio): Order, Mr. Ndwiga! It seems you want to finish reading this Sessional Paper, which we all have. It might take some time to do so.

The Minister for Co-operative Development and Marketing (Mr. Ndwiga):

Mr. Temporary Deputy Speaker, Sir, could I continue moving this Motion on Tuesday?

The Temporary Deputy Speaker (Mr. Poghisio): No, I am saying you seem to be reading the whole Sessional Paper. However, you do not have to read through because this document is distributed to all hon. Members.

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): Mr. Temporary Deputy Speaker, Sir, since it looks like the House is just about to adjourn, maybe I could

continue moving this Motion on Tuesday.

The Temporary Deputy Speaker (Mr. Poghisio): I am only asking you to highlight what is in that document. You do not have to read all of it.

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): Mr. Temporary Deputy Speaker, Sir, I was just worried about time.

The Temporary Deputy Speaker (Mr. Poghisio): Mr. Ndwiga, you do not have to worry about time. It is all yours.

Proceed!

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): Mr. Temporary Deputy Speaker, Sir, I am sure hon. Members remember how we have struggled with KFA. The KFA has seen such turbulence. It has tried to change its name at one time from KFA to KGGCU. Within that period, everything was squandered. By the time it reverted back to KFA, it was really a hollow organisation. The decline of KFA started during that period when it was changing its name. It was---

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Poghisio): Hon. Members, it is now time for interruption of business. The House is, therefore, adjourned until Tuesday, 3rd May, 2005 at 2.30 p.m.

The House rose at 6.30 p.m.