

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 14th June, 2006

The House met at 9.00 a.m.

[Mr. Deputy Speaker in the Chair]

PRAYERS

QUESTIONS BY PRIVATE NOTICE

WITHHOLDING OF IMPORTED VEHICLES BY KRA

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

(a) Could the Minister ascertain that the Kenya Revenue Authority (KRA) is withholding imported second-hand vehicles pending confirmation that they were not stolen from their countries of origin?

(b) What action is he taking to ensure that the vehicles are released to the importers?

(c) What long-term solution is in place to ensure that Kenyans import only Interpol-cleared and certified vehicles?

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

(a) Motor vehicles are being held at various ports of importation pending clearance. The KRA has confirmed that the relevant importation documents such as invoices, bills of lading and logbooks are genuine. The motor vehicles that are being regularly imported into Kenya have met all Kenyan importation requirements.

(b) The following actions have been taken:-

(i) The Ministry of Foreign Affairs has sent a *note verbal* to the Embassy of Japan, letters to the Kenyan Embassy in the United Arab Emirates (UAE) and the Kenyan High Commission in India, which is responsible for Singapore, informing them of the new requirements.

(ii) We are in consultation with foreign missions regarding the mode of authenticating the documents and a solution is expected to be reached shortly.

(c) We are making plans for the KRA to have access to the Interpol stolen motor vehicle list via the internet.

Mr. J. Nyagah: Mr. Deputy Speaker, Sir, many vehicles are stuck at the Port of Mombasa. Many vehicles are also in the high seas on their way to Mombasa while many others are stuck in various showrooms around Kenya. When the importers tried to get documentation from the Embassy of Japan, they were told that the Embassy has no contracts with the Kenya Government. Billions of shillings have been lost. Could the Assistant Minister confirm that, indeed, the Embassy of Japan and the others have confirmed that they will be giving authentication certificates so that Kenyan importers do not lose more money?

Mr. Kenneth: Mr. Deputy Speaker, Sir, I have already confirmed through my first response that a *note verbal* has been sent. However, we have not received any response. First of all,

alluding to what Mr. J. Nyagah spoke about cars getting stuck, the KRA issued a circular on 20th March, 2006. Quite a number of importers, whose cars are held at the port, disregarded that note. If you look at the pile-up at the port, it is arising from vehicles brought in after March, 2006, when the KRA issued that notice. The KRA has continued to issue a monthly circular advertising it in the local dailies informing all importers what is required of them. I think it is our duty as leaders also to try to make sure that Kenya does not become a destination of stolen vehicles, by clearly advising people who are in this trade to follow the laid down procedures.

Mr. Deputy Speaker: Just as a way of clarification, Mr. Assistant Minister, is it not possible that when the circular was issued in March, 2006, there were already vehicles in the high seas? What then was to be done in that respect?

Mr. Kenneth: Mr. Deputy Speaker, Sir, the bulk of the vehicles that are held at the port are those that were imported after March, 2006. At that time, we had the Interpol operation here in this country. Those circulars came as a result of that. We, specifically, can say that the bulk of the vehicles held at the port are the ones which were imported after the first circular.

Mr. Muturi: Mr. Deputy Speaker, Sir, year in, year out, when these issues about the conditions or requirements that importers of second-hand goods, and particularly motor vehicles, are being considered, they are usually contained in the Finance Bill. In the Finance Bill for the financial year ending 30th June, 2006, there is no such requirement that was ever placed for importers to meet before importing. Could the Assistant Minister implore the KRA to use more commercial methods of informing Kenyans well in advance, indeed a year, that certain requirements will be placed on them? This will ensure that people do not find themselves in the kind of situation that they currently find themselves in. It is not true that the bulk of the vehicles that are held at the Port of Mombasa were imported after 20th March, 2006. Quite a number of them were actually imported into the country well before the circular came into force.

Mr. Kenneth: Mr. Deputy Speaker, Sir, any car that had not been cleared before had other genuine reasons as to why it had not been cleared at that time. Arising from what transpired, and the Interpol came here, there was hue and cry from Kenyan genuine importers who wanted to be given the actual conditionalities for importation of vehicles. I think the onus is on the KRA to guide Kenyans in good time, and that is what it did.

Mr. Waitthaka: Mr. Deputy Speaker, Sir, the Assistant Minister says that the bulk of the vehicles held at the Port of Mombasa are those imported after March this year. Could he avail lists of vehicles imported before and after March this year?

Mr. Kenneth: Mr. Deputy Speaker, Sir, I have been very specific. I said that the bulk of the uncleared vehicles is due to the notice. I am talking about 15,000 vehicles held up at the port. I do not know if the hon. Member wants me to table a list of 15,000 vehicles, which have not even had their documentation filed with the Kenya Revenue Authority (KRA).

Mr. Khamisi: Mr. Deputy Sir, the new regulations have caused tremendous inconvenience at the Port of Mombasa. There is serious congestion of vehicles there. This is actually ruining the image of the port. Could the Assistant Minister tell us what action he intends to take to decongest the port? Could he consider moving those vehicles from the port to another holding area, so that this space could be used by other genuine importers?

Mr. Kenneth: Mr. Speaker, Sir, the congestion at the Port of Mombasa has not been caused by non-clearance of those vehicles. It is caused by the many containers, which have not been cleared. Indeed, the KRA, in conjunction with the KPA, has granted a two-week amnesty, during which importers were told not to pay demurrage charges, if they cleared their containers within that period. One of the biggest problems in clearing the containers relates to the difficulties the Kenya Railways has had. Arising from that, the KPA, in conjunction with the KRA,

gave a two-week grace period to importers, whose containers were held up at the port because of lack of transport.

Mr. J. Nyagah: Mr. Deputy Speaker, Sir, the crisis was created after the International Police Organisation (Interpol) visited this country and found out that there were many vehicles that were sold in our market after being stolen from other countries. What action is the Assistant Minister taking to ensure that genuine Kenyan motor vehicle importers are protected?

Mr. Deputy Speaker, Sir, I want to tell him that as late as last week, the Japanese Embassy was still refusing to recognise the notice he is talking about. What appropriate action is he going to take to help Kenyans who do not know anything about stolen vehicles, so that they avoid problems in future? The Japanese Government is still refusing to recognise the above notice from our Minister for Foreign Affairs. It says that there is no contract---

(Mr. Kenneth stoop up in his place)

Mr. Deputy Speaker: Order, Mr. J. Nyagah! The Assistant Minister is on his feet to answer your question, yet you are repeating it! Let the Assistant Minister now answer your question.

Mr. Kenneth: Mr. Deputy Speaker, Sir, I said that arising from the notice, we are continuing to engage the embassies to assist us. The most important thing was to protect genuine importers. The spirit of what the KRA did was actually to protect Kenyan genuine importers. It was issued taking into account the hue and cry that arose when the Interpol came here. I think hon. J. Nyagah should be grateful that the Government issued guidelines to protect genuine car importers.

NUMBER OF CONDEMNED BUILDINGS IN TESO DISTRICT

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

(a) How many schools in Teso District have been condemned by the Ministry of Health as having buildings unsuitable for human habitation?

(b) Is the Minister aware that three dormitories at St. Monica Chakol Girls Secondary School were completely burnt down on 8th May, 2006?

(c) Is he further aware that strong winds destroyed classrooms at Papa, Kishombe, Katakwa, Alupe, Amongura and Olepito Primary Schools?

(d) What urgent measures has the Minister put in place to address (a), (b) and (c) above.

The Assistant Minister for Education (Dr. Mwiria): Mr. Deputy Speaker, Sir, I am sorry to say that I do not have an answer. So, I seek your indulgence to be allowed to answer this Question in the afternoon.

Mr. Deputy Speaker: Mr. Ojaamong, you have heard what the Assistant Minister has said. What do you have to say?

Mr. Ojaamong: Mr. Deputy Speaker, Sir, it is okay if it will be answered in the afternoon.

Mr. Deputy Speaker: It cannot be answered in the afternoon, because the Order Paper for the afternoon sitting is already prepared. So, it has to be deferred to Tuesday next week.

(Question deferred)

ORAL ANSWERS TO QUESTIONS

Question No.120

WHEREABOUTS OF MRS. ESTHER MUSASIA

Mr. Mukiri asked the Minister of State, for Administration and National Security:-

(a) whether he is aware that Mrs. Esther Muthoni Musasia, a timber merchant, went missing on 11th January, 2005 at Elburgon Forest and has not been seen; and,

(b) why it has taken the Government so long to trace her?

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

(a) Yes, I am aware.

(b) The evidence gathered in the course of investigations did not establish the whereabouts of this missing lady. Police completed preliminary investigations and forwarded the file to the Attorney-General for direction. It has been decided that the file remains open for the police to continue with their investigations. So, investigations are still going on.

Mr. Mukiri: Mr. Deputy Speaker, Sir, this is a very serious case. A human being has disappeared. This incident happened in January, 2005. The Assistant Minister is saying that they are still carrying out preliminary investigations. By now, if the police were serious, they should have been able to come up with something more cogent than what the Assistant Minister is saying. Could he inform the House what preliminary investigations they have done? As far as the family is concerned, the police have been very slow in pursuing this matter.

Mr. Kingi: Mr. Deputy Speaker, Sir, I agree with the hon. Member that this is a serious matter. Mrs. Esther Musasia simply disappeared from her home, and the matter was reported to the police at Elburgon. An inquiry was instituted and we have been asking for anybody with information from around Elburgon to come forward and give us that information. Such information will help us to trace this missing woman. That is why we are still appealing that anybody with information should come forward and help to resolve this matter. We are treating it with the seriousness it deserves.

Mr. Karaba: Mr. Deputy Speaker, Sir, it seems clear that when people go missing in Kenya, it takes the police long time to trace them, whilst police in other countries take a very short time to trace missing people. Could the Assistant Minister explain to the House what is happening with the police? If it is possible to trace missing Kenyans overseas, like the ones missing in Iraq, whom the Government is looking for, why is the Government unable to trace its own missing citizens?

Mr. Kingi: Mr. Deputy Speaker, Sir, we require information to resolve this case. I am sure that it is up to us, members of the public, to work with the police; the file is still open. That is why I am saying that anybody with information that can assist us should come forward.

Mr. Mukiri: Mr. Deputy Speaker, Sir, this lady was a timber merchant. When she disappeared, she is alleged to have had a lot of money with her. She was in the company of some people with whom she used to do business. I want to know from the Assistant Minister if, in the course of their investigations, they asked those gentlemen to record statements. I want to know from him if the police followed up this aspect, because the information about these gentlemen was given to them.

Mr. Kingi: Mr. Deputy Speaker, Sir, any information that was given to us was investigated thoroughly. But it has not yet led us to discover the whereabouts of Mrs. Esther Musasia. That is why we are looking for more information from the public.

RE-AFFORESTATION OF FALLOW
GAZETTED FOREST AREAS

Mr. Chepkitony asked the Minister for Environment and Natural Resources:-

- (a) what the total area of land in hectares in gazetted forests has remained fallow after logging of the plantation trees in the country;
- (b) what immediate plans the Government has to hasten the re-forestation of the area still fallow in "(a)" above; and,
- (c) how many hectares of mature tree plantations still exist in the gazetted forests in Kenya.

Mr. Deputy Speaker: Where is the Minister for Environment and Natural Resources? What is it, Your Excellency the Vice-President and Minister for Home Affairs?

The Vice-President and Minister for Home Affairs (Mr. Awori): Mr. Deputy Speaker, Sir, allow me some time to sort myself out.

Mr. Deputy Speaker: Very well.

Question No.012

CLASSIFICATION OF SILIBWET-TENWEK ROAD

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

- (a) when Silibwet-Tenwek Road (E183) was classified; and,
- (b) how many families were fully compensated as a result of the classification exercise and by how much.

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

(a) Silibwet-Tenwek Road was classified in 1970.

(b) No family was compensated because the road was already existing and required classification only.

Mr. Salat: Mr. Deputy Speaker, Sir, the reason I asked this Question is that the families who donated their land for this road have come to see me to complain that they were not compensated. In most cases, when roads are classified, those families which contribute land are given money. I wonder why the families in this case were not compensated.

Eng. Toro: Mr. Deputy Speaker, Sir, this road did not fall under that category because in 1970 the Ministry of Public Works took over some roads from the local authorities. This particular road was one of them. The road was in existence when the Ministry took it over from the local authority. All that the road required was re-classification. If there were issues of compensation before the Ministry took over the road, then the local authority ought to have addressed that. The road was handed over to the Ministry for classification and there was no commitment by the Ministry to compensate families or to look into details of what had happened before the road was constructed.

Mr. Salat: Mr. Deputy Speaker, Sir, from what the Assistant Minister has told this House, is he in a way telling me to pursue the compensation for the affected families with the local authority and yet just the other day the Ministry allocated Kshs9 million for the re-carpeting of the road? Is it the responsibility of the county council to have these families compensated?

Eng. Toro: Mr. Deputy Speaker, Sir, I would not like to comment on what the local authority should do or not do. I said that the Ministry took over the road and classified it. Now, the Ministry can only give compensation if it wishes to make improvements on the road which involve its expansion. However, the history of that road before 1970 is not part of the responsibility of the

Ministry of Roads and Public Works. We have no idea how that road came into existence. If the farmers in that area donated a portion of their land for the construction of the road, perhaps, they did it *gratis*, that is, without requiring any compensation. Otherwise, that matter ought to have been addressed at that particular time.

Question No.299

RE-AFFORESTATION OF FALLOW
GAZETTED FOREST AREAS

Mr. Chepkitony asked the Minister for Environment and Natural Resources:-

- (a) what the total area of land in hectares in gazetted forests has remained fallow after logging of the plantation trees in the country;
- (b) what immediate plans the Government has to hasten the re-afforestation of the area still fallow in "(a)" above; and,
- (c) how many hectares of mature tree plantations still exist in the gazetted forests in Kenya.

The Vice-President and Minister for Home Affairs (Mr. Awori): Mr. Deputy Speaker, Sir, may I apologise on behalf of the Minister for Environment and Natural Resources who is indisposed. However, I beg to reply.

(a) The total area of land in hectares in gazetted forests that has remained fallow after logging of plantation trees in the country is 19,000 hectares. This area has been decreasing gradually as we have a tree planting programme for 7,000 hectares annually implemented by the Government and other stakeholders.

(b) The Government and other stakeholders jointly replant 7,000 hectares of forest plantation annually. This is determined by the resources available out of the working annual budgetary allocations and donations from stakeholders. If more resources were made available, the fallow areas would be replanted fully in two years.

(c) A total of 27,290 hectares of over-mature plantation and 11,500 hectares of mature plantation still exist in the gazetted forests in Kenya today. The other area 62,209 hectares is composed of young plantations of varying ages. The harvesting rate today stands at about 2,500 hectares annually. Tree plantations over 22 years of age are considered as being mature while those over 30 years of age are considered as being over-mature.

Mr. Chepkitony: Mr. Deputy Speaker, Sir, I want to thank the Vice-President and Minister for Home Affairs for that answer. He said that the Government has been implementing the re-planting programme together with other stakeholders. Who are these "other" stakeholders? How many hectares of trees have been planted by the "other" stakeholders and how many have been planted by the Government? Could these other stakeholders include the community?

Mr. Awori: Mr. Deputy Speaker, Sir, other stakeholders include Pan-African Paper Mills, environmentalists, NGOs and other institutions which deal with the revival of our environment.

Mr. Weya: Mr. Deputy Speaker, Sir, many hill-tops in my constituency used to be planted with trees. Could the Vice-President and Minister for Home Affairs tell us what the by-laws say about how many metres from the top of the hills can one be allowed to plant trees? What is the case with the distance allowed for planting of trees near rivers and lakes? Much of the land in my constituency is county council land that is held in trust by the people.

Mr. Awori: Mr. Deputy Speaker, Sir, as far as the rivers are concerned, we have riparian areas where, ideally, nobody is allowed to plant any trees. The riparian areas cover around 1,000

metres from the rivers. With regard to the hills, there is really no limitation.

Mr. Sirma: Mr. Deputy Speaker, Sir, from the answer given by the Vice-President and Minister for Home Affairs, it shows that there are people who are harvesting our forests despite the fact that there is a total ban.

The Vice-President and Minister for Home Affairs has told us that there are 27,290 hectares of over-mature plantations. My knowledge of forestry informs me that a tree planted for commercial use is a crop and any time it over-matures the Government incurs a loss. What are they doing to save the further loss of these tree plantations?

Mr. Awori: Mr. Deputy Speaker, Sir, the over-mature plantations are only in respect of the production of timber. You can still use over-mature trees to do other things, for example, in building.

Secondly, trees, no matter the age, are useful to the environment because they attract rain.

Prof. Mango: Mr. Deputy Speaker, Sir, the forest cover in this country has been reduced to very minimal levels. Could the Vice-President tell the House what plans the Ministry has in the afforestation programme?

Mr. Awori: Mr. Deputy Speaker, Sir, the Ministry encourages tree planting, and it is going to avail seedlings to all areas. As in the past during the month of May when we used to have a tree planting day, we want to re-introduce it and sensitise people so that they can be planting trees and increase the forest cover from the current 1.6 per cent to at least 5 per cent.

Mr. Mukiri: Mr. Deputy Speaker, Sir, for four years, the Government has been evicting people from forests, yet it has done nothing on re-afforestation. The Government came up with a policy of banning the shamba system, and right now, you have heard the Vice-President say that they do not have enough resources to plant trees. Why can they not revert to shamba system, which was not costing the Government anything?

(Applause)

Mr. Awori: Mr. Deputy Speaker, Sir, once a policy has been made, in the belief that the shamba system is not suitable here, we have to keep up with that policy until we can once again come together as stakeholders to review the situation.

Mr. Sambu: On a point of order, Mr. Deputy Speaker, Sir. Is the Vice-President in order to mislead the House that a policy has been made about the shamba system when, in fact, they induced us to pass the Forest Bill by promising that they would allow the shamba system back in place?

Mr. Awori: Mr. Deputy Speaker, Sir, I am not misleading the House.

Mr. Chepkitony: Mr. Deputy Speaker, Sir, the Vice-President has indicated that harvesting in the plantation forests only stands at 2,500 hectares annually. In my constituency, where we have a big forest, there is no harvesting taking place, and the trees are over-mature and they are falling and rotting. When will the Government allow private saw-millers to make economic use of these trees which are ready for timber harvesting?

Mr. Awori: Mr. Deputy Speaker, Sir, I will get full details from the Member so that I can convey them and have permission granted to harvest the trees which are over-mature.

Question No.380

NON-REMITTANCE OF HELB
LOANS DEDUCTIONS BY TSC

Mr. Karaba asked the Minister for Education:-

- (a) whether he is aware that many teachers who graduated from various universities as early as the 1980s are still being deducted HELB loans long after they completed repayment;
- (b) is he further aware that these loans were recovered by the TSC but not remitted to HELB; and,
- (c) what steps he is taking to arrest the situation.

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

(a) I am aware that HELB has not halted recovery of loans from teachers who have completed paying their university loans. However, the HELB communicated to all loanees who were previously repaying their loans but had stopped the repayment before completion to pay. The HELB has instructed their employers, including the TSC, to reinstate the repayment until all outstanding loans have been repaid.

(b) The HELB has acknowledged receipt of all deductions from teachers who have their university loans recovered and remitted by the TSC. So, there is always an acknowledgment. In view of the above, therefore, part (c) does not arise.

Mr. Karaba: Mr. Deputy Speaker, Sir, the Assistant Minister is just giving us a theoretical reply. What is practical is that right now if you go to Anniversary Towers, you will find many teachers queuing complaining about their salary deductions. What system does the HELB and TSC have to make sure that there is no double deduction from teachers' salaries? Is there enough data from TSC given to the HELB to assist in this matter?

Dr. Mwiria: Mr. Deputy Speaker, Sir, if there are any teachers queuing at Anniversary Towers, HELB Headquarters, it is because they may be getting reimbursements. In case of over-recovery, the HELB instructs the TSC to stop deductions. Whenever there is over-repayment, teachers are reimbursed by HELB.

Mr. ole Metito: Mr. Deputy Speaker, Sir, what steps is the Ministry taking to ensure that students in public universities under the parallel programme benefit from loans from HELB?

Dr. Mwiria: Mr. Deputy Speaker, Sir, the parallel degree programme was introduced as an income-generating project for the university. So, it was always assumed that the students who would register in those institutions would be able to pay for university education. However, we know in reality, that is not the case. There are many poor students who could not get admission through the regular programme and have to join. So, we are negotiating with commercial banks to see whether we can start a programme of low interest loans for students in public universities who are doing the parallel degree programme but do not have enough resources to support their education.

Mr. Karaba: Mr. Deputy Speaker, Sir, the Assistant Minister is claiming that there is no over-deduction. But there are letters already issued to teachers instructing TSC to deduct salaries and given six months notice to recover the whole amounts. Could the Ministry stop this?

Dr. Mwiria: Mr. Deputy Speaker, Sir, the letter is only to the TSC instructing that they continue recoveries for those that stopped repaying loans before they had completed. However, in cases where teachers are being asked to pay and they already have completed paying, we are correcting that and instructing the TSC accordingly. Equally, if there are teachers who have over-paid, they should report this to HELB and appropriate action will be taken.

Question No.037

SEWERAGE SYSTEM FOR

BUNGOMA MUNICIPALITY

Mr. Wamunyinyi asked the Minister for Local Government:-

- (a) whether he is aware that the poor sanitary conditions in most parts of Bungoma town pose a serious health hazard to the inhabitants; and,
- (b) when the residents of Bungoma will be connected to the sewerage system in conformity with the modern sanitary requirements.

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

(a) I am aware that the poor sanitary conditions in most parts of Bungoma Town pose a serious health hazard to the inhabitants.

(b) Construction work to connect the residents of Bungoma Municipality to a sewerage system in conformity with modern sanitary requirements will start in August, 2006.

Mr. Wamunyinyi: Mr. Deputy Speaker, Sir, I want to thank the Assistant Minister for the answer he has given. However, I am not satisfied when he says "soon after August." Could he tell the House what he means by that expression? Could he also tell the House if any funds have been provided for the project? If so, how much?

Mr. Shaaban: Mr. Deputy Speaker, Sir, the work will start within the month of August. For the information of the hon. Member, the sewerage works will include, among others, the replacement of the 150mm diameter sewer with a 225mm diameter sewer covering four kilometres at a cost of Kshs12 million. We will also have new trunk sewers to western and eastern parts of the town covering 6.5 kilometres at a cost of Kshs19.5 million. Thirdly, extension of sewer networks to high-density developed areas covering nine kilometres at a cost of Kshs27 million. Lastly, connection to high-density low income areas to ensure flow of the sewerage works at a cost of Kshs20 million. The tenders were processed in the month of May, 2006. The construction works will start soon after.

Mr. Manoti: Mr. Deputy Speaker, Sir, most of our trading centres have very bad sanitary infrastructure. Some of them do not even have sanitary infrastructure. What will the Assistant Minister do to make sure that most of these trading centres have pit latrines to assist traders in those areas?

Mr. Shaaban: Mr. Deputy Speaker, Sir, most of those local trading centres fall under either a county council or municipality. It is the duty of these local authorities to communicate their requirements to the Ministry of Local Government or Ministry of Water and Irrigation, in which the sewerage system falls. Whenever such assistance is requested, we will appreciate to handle it and ensure that they have a sewerage system in place.

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

Mr. Wamunyinyi: Mr. Deputy Speaker, Sir, it is equally important that the Ministry considers providing sanitary facilities at the various market places and trading centres for use by the people there. Could the Assistant Minister tell the House how much has been set aside by the Ministry to build toilets and such facilities at the market centres in Bungoma? When will the sewerage system project in Bungoma Municipality be completed?

Mr. Shaaban: Mr. Deputy Speaker, Sir, when this project commences, it is anticipated to be completed in one-and-a-half years.

Mr. Deputy Speaker: Hon. Members, I will skip Question No.005 at the request of the Minister. Mr. Lesrima, I will communicate to you about it later.

Next Question by the Member of Parliament for Saboti Constituency!

IRREGULAR ALLOCATION OF VETERINARY
HOLDING GROUNDS IN TRANS NZOIA

Capt. Nakitare asked the Minister for Lands:-

(a) whether he is aware that the Trans Nzoia District veterinary holding grounds LR.No.7033/1 in Matisi measuring 25.8 acres, LR. No.1174/2 at Moi's Bridge measuring 36 acres, LR.No.41 in Kitale measuring eight acres and LR.No.42 measuring two acres have been illegally allocated; and,

(b) whether he could table the names of people allocated the veterinary holding ground and state what urgent action he is taking to ensure that it reverts back to its intended use of helping livestock farmers in Trans Nzoia.

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

(a) I am not aware that LR.Nos. 1174/2, 41 and 42 have been illegally allocated. However, I am aware that LR.No.7033/1 was offered on a letter of allotment.

(b) A letter of allotment was issued to the late Prof. Hillary Ojiambo for LR.No.7033/1, but he has not taken the offer. The land is still as per its original status. Hence, the letter of allotment to the late Professor has lapsed for non-payment. I will, therefore, formalise the status by allocating the land to the parent Ministry.

Capt. Nakitare: Mr. Deputy Speaker, Sir, the land in question is a livestock holding ground. There is also a dip for the quarantining of livestock by the Veterinary Department. I am surprised to see that this land was allocated even during the time when civil servants were still occupying it. We do not have a holding ground in Kitale for this purpose. What steps is the Assistant Minister taking to ensure that this land is reverted back to its original use?

Mr. Kamama: Mr. Deputy Speaker, Sir, I think I have already told the hon. Member the action that we have taken.

Mr. Midiwo: Mr. Deputy Speaker, Sir, about a year ago, the Ndung'u Report was supposed to have been released to the public. The report is allegedly to contain all the names and records of the stolen parcels of land from the public. Is the Assistant Minister aware that the document is not in the public domain as alleged by the Government? Is he further aware that it is impossible to find a copy of the Ndung'u Report? We do not know where it is. Could he make it available, at least, to all hon. Members, so that we know who these thieves are, where they stole from and when they plan to steal again?

Mr. Kamama: Mr. Deputy Speaker, Sir, the HANSARD will bear me witness that we, as a Ministry, stated---

(Loud consultations)

Mr. Deputy Speaker: Order, hon. Members! Could you, please, consult in low tones so that we can hear what the Assistant Minister is saying.

Proceed!

Mr. Kamama: Mr. Deputy Speaker, Sir, I think the HANSARD will bear me witness. I told this House that copies of the Ndung'u Report can be accessed from the Government Printer at some cost. It is a voluminous Report and we have no funds to actually publish all these documents and supply them to hon. Members. They should go to the Government Printer and pay some amount of money. They will get it.

Mr. Midiwo: On a point of order, Mr. Deputy Speaker, Sir. Is the Assistant Minister in order to tell Kenyans that the only way to access the Ndung'u Report is by purchasing it from the Government? The Government Printer belongs to the Government and the President publicly said he made it public to all Kenyans; the people who have been stolen from. Is the President in order?

Mr. Deputy Speaker: Is it the President or the Assistant Minister?

Mr. Midiwo: It is the Assistant Minister or one of them.

Mr. Kamama: Mr. Deputy Speaker, Sir, maybe, in future, I will be the President. Making the Report public does not mean that it will be at the Government's expense. We have published the Report. The Government Printer is a public officer. You just need to walk into those premises with a little amount of money and you will get a copy of the Report.

Mr. Sambu: On a point of order, Mr. Deputy Speaker, Sir. Is the Assistant Minister in order to refer to the Ndung'u Report as an authority, when, already a court of law has ruled that the Report is null and void?

Mr. Kamama: Mr. Deputy Speaker, Sir, I would like to confirm to this House that there has been no such a ruling.

Capt. Nakitare: Mr. Deputy Speaker, Sir, I am so surprised that the Assistant Minister who knows so much about Kitale, can come up with such an irrelevant answer to this Question. One of the senior civil servants has put up a permanent home called the "Ambassador's Sanctuary" on that particular plot. He further purports that the said land parcel has been given to Prof. Hiloroja, when Dr. Ojiambo is not aware of that fact. Is he in order to tell us that this was a regular allocation?

Mr. Kamama: Mr. Deputy Speaker, I did not say that.

Mr. Deputy Speaker: Hon. Members, let us go back to Question No.005 by the Member for Samburu West.

Question No.005

ELECTRICITY GENERATOR FOR BARAGOI TOWN

Mr. Lesrima asked the Minister for Energy when a generator will be provided to supply electricity to Baragoi Town.

The Minister for Planning and National Development (Mr. Obwocha): Mr. Deputy Speaker, Sir, on behalf of the Ministry of Energy, I beg to reply.

Extension of electricity under the Rural Electrification Programme (REP) is undertaken based on the recommendation of the District Development Committees (DDCs). So far, no recommendation has been made by the Samburu DDC regarding the extension of electricity to Baragoi Town. It is, therefore, not possible to indicate when a generator will be provided to the town.

Mr. Lesrima: Mr. Deputy Speaker, Sir, I would have thought that the Ministry has a strategic plan to electrify Kenya. There was a policy paper to that effect. Why should the Ministry rely on "District Disarmament Committees" headed by deadwood to provide it with programmes on electrification?

Mr. Obwocha: Mr. Deputy Speaker, Sir, first of all, there is nothing called "District Disarmament Committee". We have District Development Committees. Consideration of use of generators by the Kenya Power and Lighting Company to provide electricity to any given area is based on identification of such an area by the local DDC. For areas which experience regular blackouts, we can consider providing them with generators. In this particular case, I would advise the hon. Member to have the formalities sorted out. As a Ministry, we will then request the Kenya Power and Lighting Company to consider giving them a generator.

Mr. Sambu: Mr. Deputy Speaker, Sir, maybe, the Minister should, first, know that the DDCs do not exist under any law. They are not like District Agricultural Committees (DACs) or District Education Boards (DEBs), which have the backing of Acts of Parliament. Nonetheless, is he aware that many of the District Commissioners (DCs) hardly call DDC meetings for hon.

Members to be able to raise issues like this one?

Mr. Obwocha: Mr. Deputy Speaker, Sir, in areas where DCs do not call DDC meetings, it is up to hon. Members to raise the issue. As you know, the DDC may not be provided for under an Act of Parliament, but it is a forum for development in the districts.

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

Mr. Lesrima: I have no further question, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: Thank you very much.

Next Question, Eng. Nyamunga!

Question No.391

IMPLEMENTATION OF DAMMING
PROJECT ON RIVER NYANDO

Eng. Nyamunga asked the Minister for Water and Irrigation:-

(a) how many engineering studies have been undertaken on River Nyando since 1963 for the purpose of floods control and irrigation;

(b) whether he could name the companies that carried out the studies and table their reports;

(c) when he will implement the damming project, given that the permanent solution to the perennial floods in the Nyando River lies in the construction of dams; and,

(d) whether he could consider the use of the proposed water reservoirs for irrigation in the basin.

The Assistant Minister for Water and Irrigation (Mr. Wanjala): Mr. Deputy Speaker, Sir, I beg to reply.

(a) There are 11 engineering studies that have been undertaken on flood control and irrigation in the Nyando River Basin since 1963 to date.

(b) The companies, Government Ministries and agencies which undertook the studies include M/s C.A.S Consultants, M/s Sames Consultants; the Ministry of Water and Irrigation; the Japanese International Corporation Agency (JICA); the Lake Basin Development Authority (LBDA); the Electric Power and Civil Construction Company of China; M/s WLPW consultants from Italy; M/s Inter Consult Company of Rome, Italy, and M/s GIBBS East Africa of Nairobi, Kenya.

Mr. Deputy Speaker, Sir, there are 11 study reports carried out, excluding their annexes. The latest report, which was done in 2005, entitled "The Baseline Survey on the Proposed Project Formulation of an Integrated Water Shed Management Plan for the Nyando River Basin in the Republic of Kenya", undertaken by M/s Sames Consultants, summarises the previous studies up to the year 2005 and gives the way forward in the control of floods and irrigation in Nyando River Basin.

Mr. Deputy Speaker, Sir, the hon. Questioner has requested that I table the reports. I wanted to table the base line survey for 2005 that has summarised all the studies. Unfortunately, I forgot it on my office desk as I left for Parliament. However, I am ready to do so in the afternoon. The other reports are bulky. The hon. Member can access them from my Ministry's library.

(c) My Ministry has already identified two potential sites for dam development in Nyando River Basin. One site is near Koru while the other is around Kibigori. The Ministry has already started carrying out preliminary studies of the dam sites. This includes surveying and geo-technical investigations which will be followed by designs of the dam projects.

Mr. Deputy Speaker, Sir, implementation of the projects will be done after the designs are complete. The designs will be used for resource mobilisation and allocation. Meanwhile, catchment area conservation activity measures will be strengthened to ensure sustainability of the dam structures. Otherwise, they will be loaded with silt and hence, they will be of no economic value despite the heavy capital investment during and after their construction.

(d) Our main consideration has been to make the proposed dams of multipurpose use. Therefore, the dams will be used for irrigation among other uses within the basin.

Eng. Nyamunga: Mr. Deputy Speaker, Sir, the Assistant Minister has deliberately left out two very important studies that were done in the 1970s by very reputable international consultants. However, with 11 studies having been done - the Assistant Minister will remember that even as late as this year, we went to sign some agreement and saw the people of Nyando Basin displaced - when will the project be implemented? Eleven studies are enough.

Mr. Wanjala: Mr. Deputy Speaker, Sir, I have just said that the implementation of the projects will be done after completion of the designs, which will be used for resource mobilisation.

Mr. Deputy Speaker: Hon. Members, due to the time factor, I will only give the chance to Prof. Anyang'-Nyong'o and then Eng. Nyamunga will ask the last question.

Prof. Anyang'-Nyong'o!

Prof. Anyang'-Nyong'o: Mr. Deputy Speaker, Sir, since 1963, issues of water and flood control and irrigation have been on the agenda of the Ministry of Agriculture. The lake basin has been a very important area for drainage, water control and irrigation in the agenda of the Ministry of Water and Irrigation and the Ministry of Irrigation hence, so many studies have been carried out. When the Lake Basin Development Authority was established, one of its chief mission was to harness the waters of River Nyando and River Yala for purposes of agricultural production.

Forty three years after Independence, the Assistant Minister is telling us that we need these studies for resource mobilisation. Resources should have been mobilised by now.

Mr. Deputy Speaker: Ask your question now, Prof. Anyang'-Nyong'o!

Prof. Anyang'-Nyong'o: Mr. Deputy Speaker, Sir, given the importance of private sector development in agriculture through harnessing water resources as we have seen in River Yala by the Dominion Group of Companies, what plans does the Ministry have to mobilise private sector resources in River Nyando, so that the amount of money that the Government has sunk in River Nyando Basin can pay back through the stimulation of the private sector resource mobilisation?

Mr. Wanjala: Mr. Deputy Speaker, Sir, the hon. Member should appreciate the fact that all the land in Nyando is owed by individuals. It is not Government land. Therefore, we cannot have private entrepreneurs on this land. This will deprive the people of Nyando their right of ownership.

Prof. Anyang'-Nyong'o: On a point of order, Mr. Deputy Speaker, Sir. Is the Assistant Minister in order to say that the land owners cannot be stimulated to mobilise their resources to use the waters of River Nyando? It is important for the Assistant Minister to understand that those land owners were in the private sector. The Government should help them to stimulate their resources.

Mr. Deputy Speaker: Prof. Anyang'-Nyong'o, I just want to remind you that you stood on a point of order, but you have not raised your point of order.

Prof. Anyang'-Nyong'o: Mr. Deputy Speaker, Sir, when I was the Chairman of the Public Investments Committee (PIC), we recognised that these land owners were in the private sector. What steps is the Assistant Minister taking? Is he in order to say that these land owners are not in the private sector and yet the Government has nothing to do with them?

Mr. Wanjala: Mr. Deputy Speaker, Sir, first of all, Prof. Anyang'-Nyong'o has been a Minister for Planning and National Development. These are some of the things that he would have prioritised especially because he comes from this area.

The Ministry had taken the initiative to survey this area and come up with a design. This

Government is able and it is serving Kenyans without discrimination. Once the designs are ready, we will mobilise resources from all the available sources. However, the former Minister for Planning and National Development did not plan well.

Eng. Nyamunga: Mr. Deputy Speaker, Sir, the answer given by the Assistant Minister is very disappointing. As you can see, 11 studies have been carried out and there is nothing to show for it on the ground. Could the Assistant Minister inform the House how much money has been spent on all the 11 studies?

Mr. Wanjala: Mr. Deputy Speaker, Sir, it is true that a substantial amount of money has been spent to conduct these studies. However, I do not have the figures at the moment.

Mr. Deputy Speaker: Hon. Members, it is five minutes past Question Time. We still have one more Question and we will spend about five minutes on it.

Question No.390

DETAILS OF REMUNERATION
PACKAGE FOR KACC DIRECTOR

Mr. Nyagudi asked the Minister for Justice and Constitutional Affairs:-

(a) how much is paid to the Director of the Kenya Anti-Corruption Commission in form of salary; and,

(b) what other benefits are contained in the remuneration package.

The Minister for Justice and Constitutional Affairs (Ms. Karua): Mr. Deputy Speaker, Sir, I beg to reply.

(a) The Director of the Kenya Anti-Corruption Commission earns Kshs1.5 million per month. He has other allowances, namely, house allowance, risk and responsibility allowance, domestic staff utilities, education and club membership. These allowances are also available to the deputy directors.

Mr. Nyagudi: Mr. Deputy Speaker, Sir, this is very interesting because so many benefits have not been enumerated. Could the Minister enumerate the specific allowances and also table a copy of the Director's pay slip?

Mr. Deputy Speaker: Mr. Nyagudi, are you really in order to ask the Minister to table somebody's pay slip? You are out of order!

Ms. Karua: Mr. Deputy Speaker, Sir, I will not table the pay slip because it was not asked for in the Question. However, the Question was specific as to how much is paid to the Director in form of salary and other benefits.

The other benefits are as I stated. These are house allowance, risk and responsibility---

Hon. Members: How much?

Ms. Karua: Mr. Deputy Speaker, Sir, there was no question of how much the allowances are.

Mr. Kajwang: Mr. Deputy Speaker, Sir, the Question is very specific. It is asking how much is paid to the Director in form of salary and other allowances. The Minister has specifically stated the salary.

We expected the allowances also to be specified, so that we can do some simple arithmetic and get the total. However, who negotiated this kind of salary and allowances? Parliament created this office and we expected Parliament to decide how much our officer would be earning.

Ms. Karua: Mr. Deputy Speaker, Sir, that is a very valid question. I want this House to be alive to the fact that we are passing Bills which are facilitating Government by Non-Governmental Organisations (NGOs) and then questions come to the Government on matters which are not in its

control.

Section 16(2)(a) of the Anti-Corruption and Economic Crimes Bill states that it is the Advisory Board that determines the salaries of the Director, the Assistant Director and all the other members of the staff. The Advisory Board consists of the following organisations, which each nominates one person. You should note that the Government is not represented, not even by the Permanent Secretary in my Ministry. The organisations are:- The Law Society of Kenya; the Institute of Certified Public Accountants of Kenya; the International Federation of Women Lawyers (FIDA); the Kenya Association of Manufacturers; the Joint Forum of Religious Organisations; the Federation of Kenya Employers; the Kenya Bankers Association; the Central Organisation of Trade Unions; the Association of Professional Societies of East Africa; the Architectural Association of Kenya; the Institution of Engineers of Kenya and the Kenya Medical Association.

It is our considered view that as a Government, we need to renegotiate the packages for all the officers and not just for the Director of the KACC. We have already indicated to them, but we need to do that through the Board. The Government has taken steps to see that this is put in motion because there is the issue of sustainability of those emoluments.

I will, in due course, be approaching Parliament with amendments to this legislation. We cannot have bodies where there is no representation of the Ministries that they are allied to and we stand here to answer Questions about things that we are not in control of. This House passed this particular Bill, but there was this glaring omission which has led to a situation where a salary that cannot be sustained by the Exchequer is negotiated by a Board.

Mr. Khaniri: Mr. Deputy Speaker, Sir, I would like to ask the Minister whether she is satisfied that the earnings made by that particular officer are justified, considering that he has only prosecuted nine cases in the 22 months that he has been in office? There has not been any convictions in the nine cases that he has prosecuted.

Ms. Karua: Mr. Deputy Speaker, Sir, I do not want to impute any improper motive on the hon. Member who has asked the question. But I want to say that those salaries are similar to those earned by the deputies. But they only differ in the package. But when you put everything together, the difference is very small. There are three individuals earning huge emoluments. When you compare that with other institutions like the courts, there is a disparity. We are saying that we need our anti-corruption body to be properly remunerated. But it should be sustainable. I would also like to remind hon. Members that our own packages are also raising eyebrows. We need to review all these issues.

Mr. Deputy Speaker: Last question by Rev. Nyagudi!

Mr. Nyagudi: Mr. Deputy Speaker, Sir, even though the Minister has said that we need to review our packages, the Director of Kenya Anti-Corruption Commission (KACC) earns three times more than an ordinary Member of Parliament.

(Applause)

Mr. Deputy Speaker, Sir, I asked, specifically, how much he earns in form of allowances. As Members of Parliament, we demand to be given the figures.

Ms. Karua: Mr. Deputy Speaker, Sir, when a Question will be put asking for the figures, I will bring them. This Question is asking for other benefits, and I have answered that.

Mr. Deputy Speaker: Hon. Members, I gave that Question five minutes, but it has taken eight minutes! That marks the end of Question Time! But before we move on, the Minister for Education has a Ministerial Statement!

MINISTERIAL STATEMENT

ENHANCED TEACHERS' SALARY SCHEME

The Minister for Science and Technology (Dr. Wekesa): Mr. Deputy Speaker, Sir, Parliament wanted to know more about the enhanced teachers' salary scheme. I want to issue a Ministerial Statement on behalf of the Ministry of Education as follows:-

In 2003, my Ministry held intensive discussions with the Kenya National Union of Teachers (KNUT) over a salary award that was discussed and agreed upon between the Government and KNUT. Following those negotiations, it was mutually agreed that the period for implementation of that award be effected over a period of six years, with effect from 1st, July, 2003. The Teachers Service Commission (TSC) has so far implemented three phases of the agreement. That was in July, 2003, July, 2004 and July, 2005. The fourth phase is scheduled for implementation in July this year. In the process of implementing the agreement, salaries, medical and responsibility allowances have equally been adjusted.

It was further agreed that when the economic situation will improve, the parties would review the period for the implementation of the agreement. Currently, the benefits from economic growth have been diverted to finance other emergency issues like drought, where the Government has spent huge amounts of money to assist drought-stricken Kenyans in those areas.

Mr. Deputy Speaker, Sir, the Government, through my Ministry, has opened the doors for discussion with the union, on the way forward. The discussions will involve all relevant Government Ministries.

Thank you.

Mr. Deputy Speaker: Who had asked for that Ministerial Statement?

The Minister for Science and Technology (Dr. Wekesa): Mr. Deputy Speaker, Sir, it was Mr. Omingo.

Mr. Deputy Speaker: Is Mr. Omingo here? Anybody wishing to seek clarification on the Ministerial Statement by the Minister? None! Hon. Members are satisfied!

Next Order!

MOTIONS

AMENDMENT OF DISTRICTS AND
PROVINCES ACT

THAT, in the view of the fact that, there are 74 districts in the country which are currently operational; aware that those districts are catered for in the National Budget through financial allocations; and cognizant of the fact that, out of the said 74 districts, only 46 are officially gazetted, this House do grant leave for the introduction of a Bill for an Act of Parliament to amend the Districts and Provinces Act, 1992, to validate the 28 non-gazetted districts.

(Mr. Ojaamong on 7.6.2006)

*(Resumption of Debate
interrupted on 7.6.2006)*

Mr. Deputy Speaker: Prof. Olweny was on the Floor. He has five minutes! Proceed!

Prof. Olweny: Thank you, Mr. Deputy Speaker, Sir. Before I stopped contributing last week, I was supporting this Motion very strongly. I wish to continue doing so.

Mr. Deputy Speaker, Sir, when districts are created and resources mobilised, all Government departments are supposed to be represented in the various new districts. A budget is supposed to be done for them every year. However, there have been situations where, once a district has been created, and gazettelement of locations and wards that fall under it is done by word of mouth, the provincial commissioner or someone in the administration orders chiefs and district officers to report to that district. That also means that departmental heads in divisions or locations report to that district, which is not gazetted. That, therefore, means that the locations and divisions then benefits from a budget that is not theirs.

[Mr. Deputy Speaker left the Chair]

*[The Temporary Deputy Speaker
(Mr. M'Mukindia) took the Chair]*

Mr. Temporary Deputy Speaker, Sir, I have a good example in my constituency. Miwani Location is gazetted under Nyando District. The chief, however, reports to Kisumu District. The budget meant for Miwani Location is supposed to be in Nyando District. So, if they report to Kisumu District, that means they "eat" all the money meant for another location. Those are things that need to be streamlined.

(Loud consultations)

Mr. Temporary Deputy Speaker, Sir, I need your help! The consultations are too loud, particularly on the Government side. The Frontbench of the Government of National Unity (GNU) is actually making noise!

Mr. Temporary Deputy Speaker, Sir, that is an issue that needs to be addressed, when new districts are created. A provincial commissioner should not be allowed to change things by a word of mouth. He should wait for gazettelement. That is the law.

Mr. Temporary Deputy Speaker, Sir, the transfers of district officers and chiefs to other districts is illegal. They do not follow the boundaries that have been gazetted. At the moment, that is causing a lot of problems. Otherwise, I support the Motion. That ends my contribution.

Thank you.

The Assistant Minister for Planning and National Development (Mr. Serut): Thank you, Mr. Temporary Deputy Speaker, Sir. From the outset, I stand here to support this particular Private Member's Motion on the issue of the districts. I want to align myself with the sentiments expressed by my colleague who moved this particular Motion.

As you know, Mount Elgon District which I represent is among the 28 districts which were created during the last regime. Some of them were created not only to render services but to satisfy the needs of the people who had been marginalised for quite some time, Mount Elgon District being one of them. Due to that, I am persuaded to disagree with some of my colleagues who during our last debate on Wednesday on this particular Motion tried to oppose it. I am not opposed to the sentiments which were expressed by some of my colleagues that there are other new districts which have been created but I would like them to know that it has taken more than ten years for us to realise that these districts have not been validated. The reason is simple. The Government has put structures in place. There is a budget for these 28 districts. So, I do not see why these districts cannot be validated now.

Mr. Temporary Deputy Speaker, Sir, the other districts which are purported to have been created during the referendum campaigns can still wait for another two to three years. After all, these districts were not created in good faith. I say so because in most cases none of the residents of those districts asked for them. It is only a small group of people who were meeting His Excellency the President that made requests for the creation of these districts. The leaders within those districts which were created last year have not even agreed as to where their district headquarters should be situated. Hence, it is my considered opinion here that the Government should actually support this particular Motion to validate the 28 districts with a rider that any other district which will be created because I do not foresee any being created soon because their representatives are not very serious, will be considered at any appropriate time that will come.

Mr. Temporary Deputy Speaker, Sir, I want to talk about my own district. Before Mount Elgon District was created we had been marginalised to the extent that we could not even have a single person being recruited in any of the armed forces. We could not even have a messenger employed by the Government but right now we have our own slots. I am glad the former Provincial Commissioner of Western Province, hon. Y. Haji, is here and he can attest to that. He knows how my community had been marginalised. We can now stand on our two feet and count ourselves among Kenyans ever since we were given this district.

Mr. Temporary Deputy Speaker, Sir, these districts have been used as campaigning tools. I feel we have only a very short period to the general elections. I would request that the Government moves very fast to validate these districts so that they are not again going to be used as campaigning tools during the 2007 General Elections.

With those few remarks, I beg to support.

Mr. M.Y. Haji: Thank you very much, Mr. Temporary Deputy Speaker, Sir. I want to support this Motion wholeheartedly on the grounds that as we all know, during the colonial period, the British Government created 46 districts whereas the population of the entire current Republic of Kenya was between six and eight million people. As we all know, there is a great disparity in the development of this country since those districts which were created at that time with the exception of the arid and semi-arid districts of this country have attained a lot of development because they were small and manageable at that time. The population of Kenya has now risen to 33 million and in view of this fact, there is need for us to create not only these 76 districts but, if possible, even more districts so that development can reach all corners of this country.

Mr. Temporary Deputy Speaker, Sir, the purpose of creating districts is not only for closer administration but also for planning purposes, initiating and implementing development. As the previous speaker said, most of these districts were created out of dire necessity. One reason is because they were marginalised by their own kin and kith with whom they shared those districts. Secondly, the Government never at any time carried out any planning for those areas because the interest was most of the time based on where the district headquarters was.

Mr. Temporary Deputy Speaker, Sir, since the creation of these districts, the Government has achieved three basic needs. One, it has brought development to the people. Two, it has really enhanced the ability of the people to concentrate on doing what they intended to do. For example, in Ijara District, if somebody wanted a licence to trade he had to travel over 200 kilometres to Garissa to obtain only a licence and that cost him not only money but also time. However, right now somebody just walks to the District Commissioner's office and gets his licence without a lot of problems.

The other thing as my brother has just said, we are talking about alleviation of poverty. How can we alleviate poverty if we are not creating employment and services that can uplift the living standards of the people? Since the creation of these districts, people who never had the opportunity to be employed are now being employed every year. For example, Administration

Police officers, regular police officers, military officers, game wardens and teachers are being employed. This is in effect an indirect devolution of sharing the resources of this nation.

Mr. Temporary Deputy Speaker, Sir, I would like to emphasise that the creation of these districts is for the benefit of all Kenyans because it is not right for Kenyans to live in abject poverty while others are developing. Central Province put together with Western Province are only 12,000 square kilometres. Ijara District alone is 13,000 square kilometres.

The Assistant Minister for East African Community (Dr. Khalwale): And what about its population?

Mr. M.Y. Haji: Mr. Temporary Deputy Speaker, Sir, even if its population comprises of ten people, they are human beings and they are there! Whether you like it or not, they are there and they have the right to share in the resources of this country.

Mr. Temporary Deputy Speaker, Sir, when we are talking about Kenya, we do not refer only to the population of Kenya but also to the land. That is why we do not have borders between our people but we have borders with nations. When we are singing our national anthem, there is always reference to the issue of our borders.

Mr. Temporary Deputy Speaker, Sir, some of us are prepared to die for the creation of these districts. We are also prepared to die with other people if there is any move by this Government not to gazette them because of the small population. Some of these districts have been listed on the Budget for the last ten years. The responsibility of any government--

Mr. Ochilo-Ayacko: On a point of order, Mr. Temporary Deputy Speaker, Sir. Did you hear the very respectable hon. Member say that some of them are prepared to die with others? All of us dread death. Would I be in order to ask the hon. Member to explain how they would die with others?

Mr. M.Y. Haji: Mr. Temporary Deputy Speaker, Sir, I do not need to explain to the hon. Member how people die. He will also die one day.

The Temporary Deputy Speaker (Mr. M'Mukindia): Mr. Y. Haji, I did not hear you say that, but, please, do not repeat those comments.

Mr. M.Y. Haji: Mr. Temporary Deputy Speaker, Sir, I will not repeat them.

The responsibility of any government is to arbitrate and solve disputes among its people. We are now watching the World Cup and in every match there is always a referee. Without a referee in any match, there will be chaos, despondency and confusion. Similarly, where a Government is not willing to resolve issues among its own people, then I wonder whether there is any need for such a government to exist. Most of these districts have been in existence for the last ten years and they have not been gazetted simply because people have not agreed on the issue of boundaries. Whereas there are written records and maps both by the colonial government and the two successive Governments--- Provincial Commissioners (PCs) and District Commissioners (DCs) normally write annual and monthly reports explaining how we live in our areas. Our people keep on moving around with their livestock.

Mr. Temporary Deputy Speaker, Sir, generally, most of these problems could have been overcome if the Government was willing to sit and resolve these issues instead of leaving them to every Tom, Dick and Harry to decide on where boundaries should be.

Mr. Temporary Deputy Speaker, Sir, I would like to refer to a certain incident in the Quran and the Bible. During the reign of King Solomon, there were two women who were fighting for a child. Each woman claimed to be the rightful mother of that child. When they went to King Solomon, he told them that he would split the child into two pieces, so that each one of them could get a piece. Of course, the real mother could not witness her child being split into two pieces. So she requested King Solomon to let the other lady keep the child. However, the other lady had no problem with the King's decision; she wanted the child split into two pieces. However, the King

realized that the real mother was the one who said: "Please, do not split this child."

Mr. Temporary Deputy Speaker, Sir, similarly, there are some people who do not want some of these districts created. Therefore, they will bring in any obstacle to make sure that these districts are not created. I am happy to report that in Ijara Constituency, we are now living like brothers with the rest of the people whom we had disputes with before. We have now resolved and agreed where our boundary will be. We hope that very soon these districts will be gazetted.

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

The Assistant Minister for Lands (Mr. Kamama): Thank you, Mr. Temporary Deputy Speaker, Sir, for granting me this opportunity to contribute on the subject of the new districts. I wish to support this Motion with the amendment that the other districts should also be incorporated in this Motion. They are 37 districts which were created recently, including my district, the East Pokot District.

Mr. Temporary Deputy Speaker, Sir, I used to be a District officer (DO) in Ijara Constituency. Ijara Constituency deserved a new district yesterday. I am happy that the Government has already put the structures in place, the basic infrastructure and the district is now operational. I remember at one time when there was a lot of rain, that is in 1994, I was stuck between Ijara Constituency and Garissa District to a level where I ended up surviving on wild fruits with some of my *askaris*.

The Assistant Minister, Office of the President (Mr. Kingi): On a point of order, Mr. Temporary Deputy Speaker, Sir. I would like to move an amendment to the Motion.

The Temporary Deputy Speaker (Mr. M'Mukindia): Mr. Kingi, let me give Mr. Kamama another two minutes to conclude his contribution and then you can move the amendment.

The Assistant Minister for Lands (Mr. Kamama): Mr. Temporary Deputy Speaker, Sir, the creation of new districts will liberate some communities from what we call majority dictatorship from the big communities. I want these districts created as a matter of urgency so that our people start enjoying the fruits of being in a district status.

If I can refer to Baringo East Constituency, the district headquarters is about 200 kilometres. If a child is suffering from a disease like anaemia, it takes many days for that child to get help. Most children actually do not reach Kabarnet District Hospital. They end up dying between Chemolingot and Kabarnet. Those who get there end up suffering from other funny diseases because of cultural shock and poor weather. So, we need these districts created as soon as possible. When it comes to the issue of security---

The Temporary Deputy Speaker (Mr. M'Mukindia): Mr. Kamama, your time is up.

The Assistant Minister for Lands (Mr. Kamama): Mr. Temporary Deputy Speaker, Sir, with those few remarks, I beg to support.

The Assistant Minister, Office of the President (Mr. Kingi): Mr. Temporary Deputy Speaker, Sir, as I had already said, I wish to move an amendment to this Motion. Before I do so, I wish to say that the intention of the Motion is good. It supports what the Government is doing. We need to harmonize our actions so that we move on together.

In the Motion that we have before us, it give 74 as the number of districts that are currently operational. However, the true position is that we have 71 districts.

Mr. Temporary Deputy Speaker, Sir, the other correction I want to make is that the districts which have been gazetted but have not been formalised are not 28 but 80 according to the Legal Notice signed on 16th November, 2005. In view of those corrections, I beg to move that the Motion be amended to read as follows:-

THAT, in view of the fact that there are 71 districts in the country which are currently operational; aware that these districts are catered for in the National Budget through financial allocations and cognizant of the fact that out of the 71

districts, only 46 are legally established and aware that an additional 55 districts have been gazetted, this House do grant leave for the introduction of a Bill for an Act of Parliament to amend the Districts and Provinces Act of 1992 to validate the 80 gazetted districts which are not legally established.

Mr. Angwenyi: Mr. Temporary Deputy Speaker, Sir, I rise to second the proposed amendment so that we can do an all-inclusive job. There were 25 districts which were gazetted and operationalized by the previous Government. Since then an additional 55 districts were gazetted in November, 2005. That makes a total of 80 gazetted districts which are not legally established. Since we are now trying to validate the districts which were operationalized but illegally established, let us include the newly gazetted districts so that we have an all-inclusive approval for validation. As Mr. Haji has said, we want to give our people servicers, whether they are few or many. So, let us be all-inclusive.

Mr. Temporary Deputy Speaker, Sir, I second the proposed amendment to this Motion.

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

The Assistant Minister for East African Community (Dr. Khalwale): Thank you, Mr. Temporary Deputy Speaker, Sir. I would like to support these amendments because the time of Parliament is very valuable. There is no reason why what we can achieve now should wait until another hon. Member brings to this House another Motion for us to eventually do what we can. I support these amendments.

We should remember that while it is true that it is the leaders who usually come up with the idea for the creation of new districts, when we go back to the people at the grassroots level and they decide where the boundaries and the district headquarters should be, we should avoid the tendency of coming back to Nairobi and running to high offices to try and reverse the decision of *wananchi*. I am saying this knowing very well that when the recently created districts were mooted, DCs and PCs moved around the country and sought the views of *wananchi*.

Mr. Temporary Deputy Speaker, Sir, with those few remarks, I support the proposed amendments to the Motion because of the time factor.

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

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

Mr. Ochilo-Ayacko: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to contribute to this very good Motion. I must declare from the on-set that there has been an intention to create Rongo District, a fact that many people from that part of the world support. It is also a fact that has generated animosity among the clans in terms of where the headquarters should be located.

Districts, in the past and in the future, will remain areas of planning, development and fostering unity among their residents. I support and applaud the Mover of this Motion. The creation

of districts in this country has been "stolen" from this House and institutions and placed before other entities that perhaps do not represent the public. So, I believe that the Mover of this Motion has done justice to this country by bringing to the purview of this House the Motion on the creation of districts. I also believe that the Mover has put this House in its rightful place in terms of promulgation of laws that affect Kenyans.

Districts are areas of budgetary expenditure, and it is the responsibility of this House to ensure that they are budgeted for and are of benefit to the public. So, the seeking of leave for the introduction of a Bill for an Act of Parliament to amend the Districts and Provinces Act of 1992 to validate the 80 gazetted districts which are not legally established by the Mover has done justice to this House. We have no specific quarrel with the creation of new districts but we want the procedure for their creation to be followed. We also want the law with regard to the creation of new districts to be respected. We want the creation of new districts or their legalisation to be done by the rightful stakeholders who are in this House.

Mr. Temporary Deputy Speaker, Sir, I know that even the amendment that has been passed on this Motion to bring the number of districts to 80 may leave out other proposals that other hon. Members may have. This is because when those latest set of districts were being created, hon. Members of this House were not consulted. I believe that there are areas that still feel that they were left out in terms of the creation of new districts. So, when the Bill will be drafted finally, let us know that this House should be sufficiently consulted because we represent people who are highly interested in those districts. We also represent people with very positive inputs in this House.

I know there are acrimonious issues regarding where the headquarters should be located. The deliberations attempting to identify the location of the headquarters should go on because it is the residents of the districts that exist, but may not have been gazetted who will know where it is suitable to have the headquarters. To try and impose the location of the headquarters by people who are non-residents of those districts may in itself eat into the goodwill and unity of those people. I believe that it is not just the creation of those districts that will be useful. Let us, as a House, urge the Government to inject more funds and meaning to the existence of those districts.

Recently, the Ministry of Education attempted to identify schools that would be centres of education excellence in their districts. I think this is a positive step by the Ministry of Education. More money should be pumped into the countryside where many people reside. The Ministry of Health should get sufficient money to support health institutions.

With those few remarks, I beg to support.

The Temporary Deputy Speaker (Mr. M'Mukindia): I will now call upon the Mover of the Motion to reply.

Mr. Ojaamong: Mr. Temporary Deputy Speaker, Sir, I will give Mr. Kipchumba three minutes and Mr. Moi two minutes.

Mr. Kipchumba: Thank you, Mr. Temporary Deputy Speaker, Sir. I want to say from the onset that I support this very important Motion. It is incumbent upon this Parliament to ensure that additional districts are added to the 55 that we are talking about. That responsibility should be given to Parliament. If we leave this responsibility year in, year out, to the Central Government, you will realise that every time a new Government comes to power, they will allocate districts that best suit them. In future, we would prefer that this responsibility be brought to Parliament. So many services are given at the district level. There is the District Education Office, District Agricultural Office and district hospitals. All these services are lumped up in the districts.

Mr. Temporary Deputy Speaker, Sir, currently my district has a population of over 800,000 people. We are happy that in the new proposal, we will probably get one district. With a population of 800,000, we actually deserve another district so that we have three districts. Given that we are aware that there are budget constraints we would understand. However, this process must be done

fairly so that Kenyans do not have to travel for very long distances to get the much needed services. In some places you may need to travel for two or three days in order to see the District Commissioner.

With those remarks, I beg to support.

Mr. Moi: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this Motion. I would like to support this Motion and the amendments made to it. I speak as an inhabitant of Baringo District and we are happy that we got another district, which is Baringo East. I empathise with the people of Baringo East. We have a situation, especially with regard to the provision of health services whereby if somebody is ill down at Chemulungot or Churo, they have to go all the way to Kabarnet District Hospital. We have lost thousands of people due to that.

Mr. Temporary Deputy Speaker, Sir, the other issue is with regard to education. In Baringo District, we have possibly 80,000 students, out of whom Baringo East has only 6,000 students. The majority, of course, come from my constituency. This is because the students from Baringo East do not have enough facilities. As a result, you will find that 24,000 students in Baringo East do not go to school and that is a recipe and catchment area for the so-called warriors who cause insecurity in the whole belt. Once we legalise Baringo East District and move the services like education, health and security closer to the people, I am sure this will improve the welfare of the people there.

Thank you.

Mr. Ojaamong: Thank you, Mr. Temporary Deputy Speaker, Sir. Let me first of all thank all the hon. Members who have contributed to this Motion. This Motion received overwhelming support except for one hon. Member who, out of ignorance, opposed it but later on got to understand the importance of the Motion.

Mr. Temporary Deputy Speaker, Sir, as previous speakers have said, the issue of districts is a thorny one. Some people like the Teso and Suba agitated for the creation of new districts because they were being marginalised by the majority. We shall be helping these people out of a monumental problem if we gazetted districts so that they are aware that these districts are legally constituted.

In bringing this Motion, I am just trying to push the Government to ensure that this is legally done. I hope from today onwards, the Office of the President will work fast and ensure that all these districts that have been created or are intended to be created are legalised very soon.

Mr. Temporary Deputy Speaker, Sir, I must also show my appreciation for the amendments that have been moved by the Minister in the Office of the President. I am not opposing them in any way. They have passed through the House. I do not want to be selfish. My concern is to ensure that the 25 districts which have been in existence and have been benefiting from Government resources are legalised. Since we want to take them at the same time, I am not opposed to the idea. I would wish that this House passes this Motion overwhelmingly.

With those few remarks, I beg to move.

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

(Question of the Motion as amended proposed)

(Question of the Motion as

amended put and agreed to)

Resolved Accordingly:

THAT, in view of the fact that there are 71 districts in the country which are currently operational; aware that these districts are catered for in the National Budget through financial allocations; cognizant of the fact that out of the 71 districts only 46 are legally established and aware that an additional 55 districts have been gazetted, this House do grant leave for an introduction of a Bill for an Act of Parliament to amend the Districts and Provinces Act of 1992 to validate the 80 gazetted districts which are not legally established.

The Temporary Deputy Speaker (Mr. M'Mukindia): Next Order!

AMENDMENT OF KENYA POST
OFFICE SAVINGS BANK ACT

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

THAT, taking into account that commercial banks have been unable to expand banking operations to many towns in Kenya and are in fact withdrawing their services from these towns; and aware that the spread of banking operations is key to developing all parts of the country, this House do grant leave to introduce a Bill to amend the Kenya Post Office Savings Bank Act, Cap.493 (b), Laws of Kenya, in order to allow the Kenya Post Office Savings Bank, in addition to and in furtherance of its responsibility and current function to advance loans and other forms of credit services to its target group, i.e., low income individuals and households and small and micro enterprises.

Mr. Temporary Deputy Speaker, Sir, this is legislative Motion which is different from a petitionary Motion. In a legislative Motion, the hon. Member receives permission from this House to introduce a Bill. Such a Bill becomes a public Bill. When it is enacted into law, it becomes part of the statutes like any other law.

I want to congratulate hon. Members, because most of them are now bringing legislative Motions to the House in order to improve the Statute Books because there are many bad laws and the Government may not have the time to bring those changes. Hon. Members have taken their own initiative and are bringing those changes to the Statute Books. This is a healthy development. As the Parliamentary Service Commission, we will support this by creating within the Service, the capacity of legal services to assist hon. Members to amend as well as to initiate Bills.

Having said that, the history of the Post Office Savings Bank (KPOSB) is well known. It was started in the colonial times in the East African Common Services. Its purpose at that time was to promote thrift and savings amongst the African people because they were the low income earners in this society.

Mr. Temporary Deputy Speaker, Sir, the thrust of my Motion is that, while retaining these aims and objectives of saving and thrift, we are now looking at affordable micro-credit as a human right. Once we progress from sheer saving and thrift, we should understand that providing micro-credit to the poor and destitute is a human right in the same way that education, adequate nutrition and provision of good health are human rights. Until we, as a country, address the provision of affordable credit to the poor and the marginalized, we shall not liberate this country from poverty.

Mr. Temporary Deputy Speaker, Sir, why am I saying that? Who saves with the KPOSB? It is the small-scale farmers, traders, *Jua Kali* artisans, students in colleges and universities. Indeed, I

will explain later that even the Higher Education Loans Board (HELB), which is under the Ministry of Education, pays students through the KPOSB throughout the country. These people form the majority of the savers with the bank. So we are addressing the plight of the poor or small people in our society.

Secondly, Mr. Temporary Deputy Speaker, Sir, the KPOSB has worked well so far, because within the KPOSB, the following services are offered: Ordinary savings schemes for the people, premium bonds, Save as You Earn (SAYE), fixed deposit scheme, premium savings scheme, money transfer services and visa credit card, which the ordinary person who does not use the conventional bank can use in the KPOSB. So, we can say that it will be the people's bank once we convert it into a bank. The fixed deposit account offered by the KPOSB gives an interest rate of between 1 and 3 per cent. There are also two million Kenyans who save with this bank. There is also no minimum deposit. That is why it is very attractive to many people. The majority of account holders are in small and medium sized businesses in all the small towns, whether you are talking about Kitale, Siaya, Wajir, Garissa, amongst other towns. The bank has branches which are spread throughout the Republic of Kenya. Therefore, its network is in every constituency and district.

The KPOSB is the only financial institution that is found in all the 72 districts, including in the rural areas, with its headquarters being in Nairobi. At the same time, it has 600 professional staff at the headquarters. When we convert it into a bank, these members of staff are readily available to go and provide services to the far-flung parts of this country and every part of Kenya. In fact, after the Constituency Development Fund (CDF), this is going to be the most revolutionary movement that this House can initiate where credit will be available to the people in all parts of Kenya and in every constituency. To me, that is the answer!

(Applause)

We are trying to take the informal sector; the *Jua Kali* artisan, peasant farmer, watchmen who are serving us in various ways, house worker and make credit facilities available to them. If we do so, we shall have addressed the problem of poverty, because this problem will not be addressed by conventional banks like the Barclays Bank, Standard Chartered Bank or even the Kenya Commercial Bank. Most of them are located in big towns and do not reach all corners of this country.

Mr. Temporary Deputy Speaker, Sir, over the years, we have ignored the informal sector by not providing them with credit. My intention is to make an amendment to this Act to allow the KPOSB to lend to them. Indeed, this is in line with Government policy. For example, in the National Development Plan on page 37 Section 2, Paragraph 2, it states:-

"At the starting point for improving bank services, the extensive KPOSB network will be reoriented from mere primary deposit taking and withdrawal points to providing secondary financial services by 1998. In particular, the network will be used to provide lines of credit to women groups, *Jua Kali* associations, small-scale enterprises and smallholder farmers in areas which are not adequately served by the branches of modern financial institutions".

That is the Government's own policy document. So, this Bill is in support of that Government policy document.

Mr. Temporary Deputy Speaker, Sir, my fear is that the Government has been talking about micro-finance for the last 10 years. It has not brought that Bill here for this House to act on. That is why I have told this House many times that where the Government has failed, we must take the initiative. This is going to be a parliamentary initiative to bring this public Bill into the House.

Mr. Temporary Deputy Speaker, Sir, the current Economic Recovery Strategy for Wealth

Creation and Employment (2003-2007), Chapter 5 on page 51 recognizes the financial sector as the largest sector in Kenya with a contribution of about 10.6 per cent. It also notes that this sector accounts for 3.8 per cent of the total employment. This document further recognizes that the absence of strong and vibrant institutions for long-term capital and legal systems have continued to impede the ability of Kenya's financial sector to effectively contribute to the development process. This is, therefore, in line with the policies of this Government. But the Government is going at the pace of a tortoise instead of running in order to bring about development. The pace at which this Government is going, we will take at least 50 years before we realize this objective.

Mr. Temporary Deputy Speaker, Sir, I also want to cite another aspect of the Government policy. On page 38 of the current Investment Programme for Economic Recovery Strategy for Wealth and Employment Creation 2002-2007---

(Loud consultations)

The Temporary Deputy Speaker (Mr. M'Mukindia): Order, hon. Kamama! You are disrupting the business of the House!

Proceed, hon. Oloo-Aringo!

Mr. Oloo-Aringo: Mr. Temporary Deputy Speaker, Sir, I want to quote institutions like the KPOSB, which have wide outlets, have the potential to be used to expand the linkages between the micro-finance sector and the banking sector. This will enable the micro-finance providers to take advantage of the physical presence of the KPOSB outlets for the transfer of funds to the accounts with their clearing banks. Therefore, the financial requirements for thereforms are expected to come from the financial sector, with the adjustment credit being financed by the World Bank. Once we create this bank, we shall ask the Government and the World Bank to put in money in order to lend the poorest of the poor in this country.

Mr. Temporary Deputy Speaker, Sir, I am emphasising this because I had an opportunity to attend a meeting of the Parliamentary Network of the World Bank. I emphasised at that meeting and I am bringing it to this House, that, indeed, there are examples elsewhere where these small micro-credit institutions have successfully liberated people from poverty. If we take the case of Bangladesh, the Grameen Bank or the Rural Bank has been so successful by lending to the poor because they do not have access to the conventional banks. Therefore, a great man, Prof. Yanus, who was the head of the Rural Economic Programmes in the University in Chittagong asked himself: "How come that we are teaching economics in the universities but poverty is perpetuating itself? What is it that makes poverty continue?" It is because our economics are on its heads. Instead of standing on its feet, it is standing on its head.

Why do I say so? The bulk of our people are in the informal sector. They are the *Jua Kali* artisans, watchmen of this world and the small-scale farmers. We take their money, put it in the Kenya Post Office Savings Bank (KPOSB) and lend it to the Central Bank of Kenya (CBK). Already, the KPOSB has Kshs1 billion in the CBK. What do we know about the CBK? We have witnessed Goldenberg, Anglo Leasing scams and collapsed banks! The banks collapse with the savings of the ordinary watchman and house worker. All our house workers have accounts in the KPOSB. Their money is taken to the CBK, then the looters come and these are the cases we are dealing with. The people who have suffered most, instead of making this money available to them, we are availing it to the wealthy people and they are syphoning it out of our economy. That is why the economics is on its head because we are seeing that this person is not creditworthy by conventional bank standards. Therefore, he has no access to the conventional banks. Where will this person ever get a credit to start his business? That is the culture of handouts. They look for the hon. Member to give them handouts. The poor hon. Member, with a constituency of 200,000

people, where is he going to get that money in order to start these business?

Mr. Temporary Deputy Speaker, Sir, there is already a structure in place, the KPOSB, which can do this function. We must boldly say that the over Kshs18 billion, which is sent to the Government, should now be made available to the ordinary person. That is the thrust of my thesis: That it is the informal sector that will liberate our country from poverty and destitution by making macro-credit a human right in the same way that education, food and air is a human right. We cannot expect these people to start development if they do not have affordable credit affordable to them. The bank, therefore, has achieved the following:-

First, it has extended banking facility to the poor, particularly, the rural poor. The poor in the slums of our towns and cities have savings accounts with the KPOSB. However, this money should now be made available to them so that they can have affordable credit and without security. Let us face it! A person in my village who owns a homestead has nowhere else to go. So, what more security do we want? His security is his homestead, wife or wives and children.

(Mrs. Mugo stood up in her place)

(Laughter)

I am saying that with a lot of respect!

The Assistant Minister for Education (Mrs. Mugo): On a point of order, Mr. Temporary Deputy Speaker, Sir. I appreciate very much the contribution of Mr. Oloo-Aringo and the Motion that I am supporting. However, I am completely opposed to him saying that wives are part of the security of property. Could he, please, withdraw that remark?

Mr. Oloo-Aringo: Mr. Temporary Deputy Speaker, Sir, I withdraw it. However, I want to add that the security of women is also their husbands. Therefore, it is both ways.

(Applause)

Being the disadvantaged people within the framework of some organisation format which they can understand, operate and find their economic strength through mutual support, this bank will reverse the age-old vicious cycle of low income, low savings and investments into an expansionary system of low income and access to credit. This will ensure that they invest more of that income to get more credit and, therefore, make more investments, leading to more income. That is the way to abolish poverty. It is not through the World Bank's prescription but through our own initiative and using our own institutions.

Mr. Temporary Deputy Speaker, Sir, initially the project started in a village, that is the Grameen Bank of Bangladesh, but it spread out. He went to the streets to look for beggars and giving them some money with which to start business. That is how he has got beggars out of the streets. We say they are not creditworthy! However, we must, first, trust them with some money. He has found that, indeed, the most creditworthy people are the poor because they have nowhere to turn to. They know that their livelihood depends on the success of using that money, multiplying it, investing and, therefore, reaping the benefit of their own development and growth.

What are some of the lessons that we have learnt from all these? It is possible, therefore, to reverse the conventional banking system wisdom by removing collateral requirements and create a successful banking system. The demand for collateral is crazy! If somebody, as I said, has his village and homestead, that is enough. He has nowhere else to go. Invariably, they want to repay the money so that they can get the next loan. Banking this on mutual trust, strict supervision, accountability, participation and creativity can achieve the most harmonious commercial

relationship.

Mr. Temporary Deputy Speaker, Sir, credit is a powerful weapon and a fundamental human right. The more credit one can access, the more resources he can command and the more assertive he can become. He can, therefore, discover his own dignity. Poverty impinges on our dignity. Until we give these people access to credit so that they can invest it, we are undermining the human dignity of the poor. We are creating a different species of people. In fact, poverty can create a different species of people where people are so poor that they are not human any more in desperation. The collateral-based convention format denies the right to credit for the poor people which, in turn, dispossess them in their fight against economic and social odds. With its effective use, it creates the basis for economic emancipation of the poor. If you ask me what thesis I am developing in economics, it is the "formalisation of the informal sector". Once we do so, this country will be liberated from poverty. That is what the new industrial states of South East Asia have done. Nobody is left behind; people are moving forward together. The transformation of our country, therefore, must address the problem of conceptualisation failure. We have failed to conceptualise and lead the people. As leaders, we are reproducing textbooks on economics, day in, day out, and they are leading us nowhere. We must follow the example of Grameen Bank in Bangladesh

because it has shown us that we can trust the poor with credit.

Mr. Temporary Deputy Speaker, Sir, the shift in paradigm, therefore, must be in empowerment of the people, especially the poor and the marginalised. The majority of the marginalised are our womenfolk. They are working so hard, but have very little to show for it. That must be addressed! It can only be addressed through micro-credit. If we nurture the basic human discipline and sense of creativity, give it guarantee, the conventional banking wisdom can only amplify our credit. There is nothing wrong, for example, with the conventional banks investing in these micro-credit for the benefit of the poor.

Mr. Temporary Deputy Speaker, Sir, with those few remarks, I beg to move. I would also like to ask my very good colleague, Mr. Osundwa, to second.

Mr. Osundwa: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to second this very good Motion.

On the outset, I want to thank the Mover of this Motion, hon. Oloo-Aringo, for a well thought-out Motion, which is pro- the-poor. I also want to thank a few hon. members of this House who moved pro-the-poor Motions. Among these Motions was the one moved by Eng. Karue and the just concluded Motion by hon. Ojaamong. Indeed, the Mover has very eloquently moved this Motion. As a Secunder, I could just bow, second it and sit down. He has concluded the Motion. I believe all hon. Members are going to support this Motion.

Secondly, I want to thank the Government. I have not seen, during the life of this Ninth Parliament, Ministers from the Government side opposing a Motion for the sake of it. I do not believe any Government Minister will oppose this Motion.

Mr. Temporary Deputy Speaker, Sir, this is a very clear Motion. It seeks to do what this Government promised to do in the year 2002, when its members were campaigning as NARC. The Government promised to reconstruct every sector of our economy, because of what they termed, at that time, as 24 years of misrule by KANU. This Motion seeks to empower the two million account-holders in the Kenya Post Office Savings Bank.

I would like to give you a few examples of what I think this Government has done well in the recent past. On the issue of devolving funds to the rural areas, we have directed the cess, the Local Authorities Transfer Fund (LATF), bursaries and the CDF to rural areas. All these funds go to the rural poor. Indeed, if we transform the Kenya Post Office Savings Bank into a lending institution, a lot of rural people will benefit.

Mr. Temporary Deputy Speaker, Sir, 60 per cent of employment is found in the informal sector. I will give you an example of my own Mumias Constituency. Over the last three years, Mumias Constituency has received Kshs75 million through the CDF. Fifty per cent of the projects in Mumias are in the construction industry. These are classrooms, health facilities and other projects. I have organised youth groups to make bricks. But you will be surprised to hear that it is difficult for them to raise even Kshs3,000 to buy firewood to bake bricks. They have to get such money from an hon. Member. If we transform this bank, the rural people will easily access money. They will carry out activities like supplying bricks to construction projects. In that way, we shall be empowering them economically.

I want to thank the Mover of this Motion for another Motion he brought to this House, which was also pro-the-poor. That Motion sought to transform the National Social Security Fund (NSSF) into a pension scheme. It is sad to note that the Motion was taken over by the Government. So far, we have not seen any action on it in this House. That is one area where I feel the Government has not served wananchi well.

Having said that, I want to mention something to do with the current lending rates. Today, the big banks do not want to lend money to anybody. Examples abound where even teachers have been forced out of the big banks like the Barclays Bank of Kenya, the Standard Chartered Bank and the Kenya Commercial Bank. If you are a small saver, in this country, there is no financial institution which will listen to you. I wish that this morning this House approves what hon. Oloo-Aringo is trying to achieve for the common person. This Motion will save the common mwananchi from the shylocks of this country. In fact, to implement any small undertaking, the poor man has to go to these money lenders, who charge exorbitant interest rates. These people end up not making the slightest profit from their undertakings. So, this a very simple, straightforward Motion. We need not waste time in passing it.

I want to say something about people who want to invest in this country. Two months ago, I was travelling out of this country. On the plane, I met some investors who were going to look for investment opportunities in other countries. They cited insecurity, poor infrastructure and the high cost of electricity as some of the problems in our country. With the kind of insecurity that exists in our rural areas and major towns, there will be no sound investments in this country. So, I call upon the Government to live up to its obligation of protecting and attracting investors by creating favourable investment opportunities in this country. With the presence of mercenaries in this country, we cannot hold out hope to would-be investors in this country.

Mr. Temporary Deputy Speaker, Sir, I can see a lot of anxiety or enthusiasm among hon. Members who would like to speak on this Motion. I once again thank the Mover and wish to support the Motion.

With those few remarks, I beg to second.

(Question proposed)

The Assistant Minister for Finance (Mr. Kenneth): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to give my comments on this Motion in form of a response, although I know that hon. Members are yet to debate it.

First of all, let me appreciate the eloquence with which hon. Oloo-Aringo has moved this Motion. I have had an opportunity to look at his write-up. I must say that he has done thorough research. Looking at his Motion, having been a banker, I fully understand the issues that the hon. Oloo-Aringo is raising. They are, indeed, very critical to the common person. However, there are issues that we need to address before we think about this Motion. At a later stage, when he will have been granted the leave, if the House will so desire, there are issues we will need to look into.

The core business of the Kenya Post Office Savings Bank was basically to attract savings. They managed to attract savings in various rural areas. Today, Kenya Post Office Savings Bank has over two million savers.

This Motion seeks to allow the Post Office Savings Bank to lend money. About 14 years ago, there was a similar feeling and because of the nature of the Kenya Post Office Savings Bank Act it was felt that the Kenya Post Office Savings Bank could actually start a lending institution called Post Bank Credit. The results were very disastrous when this outfit came into being. I have cited that case because it is important for the House to consider it. If the spirit is right and intentions are perfect, how do we move on? We should look at this Motion keenly, and the Mover, in introducing the Bill, will be able to put that issue into consideration.

We must not lose the core function of Kenya Post Office Savings Bank because the only reason why it has thrived is its core function which is mainly to deal with savings. The time they tried to offer credit facilities, it was disastrous for them. Indeed, on a light note, I think the infamous Youth for KANU 92 (YK 92) had its roots in that bank that was started by Kenya Post Office Savings Bank.

Mr. Temporary Deputy Speaker, Sir, the other thing I would like the Mover to put into consideration is that at the moment we have the Kenya Post Office Savings Bank Act. Do we want to move the Kenya Post Office Savings Bank, considering the spirit of this Motion, to fall under the Central Bank of Kenya (CBK) Act or do we want it to fall under the Micro-finance Act, which we want to introduce in this House? If you look at the nature of the savers in this institution, we are talking about micro-finance. If you look at a small micro-finance institution like K-Rep, which has gone through that route, you will realise that it has done so much for the rural communities. I am saying all these things for the consideration by the Mover of this Motion after he has been granted leave to bring the Bill before the House.

We must also consider the intention of the Government of Kenya to come out of business. Indeed, the Minister for Finance has spoken about the Government coming out of the National Bank of Kenya, the Consolidated Bank and other institutions. The Kenya Post Office Savings Bank is a Government institution. The Government, if the core function of this institution were to change, intends to come out of the shareholding. These are some of the points I want the Mover of this Motion to look at. Generally, the intention of the Government is to come out of business and allow free enterprise to thrive.

The other consideration I would be requesting for has to do with the capacity of Kenya Post Office Savings Bank. We know that its capacity has been built purely on the core function of savings. Lending is a very big risk in any banking institutions. Definitely, certain restructuring processes inside Kenya Post Office Saving Bank have to take place even before we consider the way forward for that institution. In fact, we should look at the guidelines issued by the CBK on lending and the lack of capacity in Kenya Post Office Savings Bank. I would like to appeal to the Mover to put that fact into consideration. Any banking institution that goes out there and makes lending its core function takes about 90 per cent of the risk involved in the banking industry. It will, therefore, be very important that the savings of two million people is not put to risk simply because a line of lending has been opened.

Mr. Temporary Deputy Speaker, Sir, if you look at most of the financial institutions that have collapsed, it is because of poor lending policies. There are no guarantees in any institution that the borrowers can actually keep to their word when it comes to repayment. I would like hon. Oloo-Aringo to take that into consideration. What risks are we putting on savings that belong to two million people? That is a very key point. Most of the savers in Kenya Post Office Savings Bank continue to save knowing that the money is not going to be lent. The minute they realise that their money is exposed to lending, another danger will come in. You might have a small percentage

having a run on this savings bank. There are always those who go to the stock market knowing that risks exist. There are also those who invest their money in the CBK Treasury Bills knowing that their money is guaranteed. The savers in Kenya Post Office Savings Bank have actually saved with a notion that their money will not be lent out. That, in itself, is a confidence building item of the core function of this institution. So, when we open it up, and bearing in mind the risk of lending, it is a step worth considering.

As I said before, I have no problem with the spirit in which this Motion has been brought before this House. I am aware of the example that was cited by the Mover about Bangladesh. I am also aware that there are certain institutions in this country which have tried to copy that particular institution in Bangladesh. In fact, Equity Bank started in the same way the institution in Bangladesh did. K-Rep tried to copy the same. Probably, we have not perfected it. However, we need to look at the spirit in which the Mover has brought this Motion before this House.

Mr. Temporary Deputy Speaker, Sir, I have requested hon. Oloo-Aringo, who I can consider to be one of the most polished debaters of our time, that when he gets to the stage of drafting the Bill, to take into consideration all these issues I have talked about.

Mr. Muturi: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to say one or two things about the current Motion.

Right from the outset, I wish to state that I support this Motion. I have had occasion, during my sessions in the Public Investments Committee (PIC), to interrogate the top management of Kenya Post Office Savings Bank. As hon. Oloo-Aringo, whom I thank for bringing this Motion, has pointed out in his write-up, it is quite clear that the Kenya Post Office Savings Bank has an extremely wide network. The fears that I have heard the Assistant Minister allude to are matters that can be addressed when the actual Bill is being formulated. This is not rocket science and we are not re-inventing the wheel. The mere fact that some greedy Kenyans, in the style of YK 92 and such outfits, may have dipped their fingers into the affairs of Post Bank Credit, which was an offshoot of the Kenya Post Office Savings Bank, should not be reason enough for us not to go through the recommendations in this Motion. This is because even in the enabling Act establishing the Kenya Post Office Savings Bank, Section 4(f) anticipates a situation in which the Kenya Post Office Savings Bank can actually establish a lending arm. Therefore, all that we need to do is to put in place institutional mechanisms that make it impossible for crooks to interfere with the savings of more than two million Kenyans who have saved over the years in the institution.

Mr. Temporary Deputy Speaker, Sir, we have been told that the informal sector contributes 60 per cent of employment in this country. Unfortunately, of that 60 per cent, 80 per cent is within the urban areas. We are talking about equity in the way that we distribute national development. If 80 per cent of all informal employment is to be found in urban areas, it means such a huge proportion of the population of this country is left without the ability or the possibility of ever accessing cheap credit. I want to agree with hon. Oloo-Aringo that surely, when you go to the villages and people want to borrow about Kshs5,000, and they are told to come with collaterals, we are making it impossible to ever think of development taking place in the rural areas.

Mr. Temporary Deputy Speaker, Sir, I have seen small institutions in the rural areas come up. I have in mind an institution called Bimas. It lends to the informal sector in my area. There are even no regulations. But, like hon. Oloo-Aringo pointed out, there are sufficient self control mechanisms that have been put in that quasi-finance institution to ensure that the rural borrowers repay what they borrow. There are no requirements about collaterals. It is just that the people are examined on the basis of where they live, what it is that they do on a daily basis, and those organisations just lend them money.

We must also begin building trust among our people. People must be told that when you borrow, you must repay so that your neighbour is able to get something the next day. The big

institutions like Kenya Commercial Bank and Barclays Bank have been pulling out of the rural areas.

Therefore, one wonders, when are we ever going to develop skills in those rural areas?

If people are not able to borrow to make even small kits in the villages, when are they ever going to know that they are capable of this or the other? The only hindrance is that they do not have access to credit.

Mr. Temporary Deputy Speaker, Sir, I believe the spirit of this Motion is targeting a shift in strengthening rural economies and alleviating poverty and strengthening the purchasing power of the rural communities. I am surprised that we are told to be cautious because the Government will introduce Micro-Finance Bill. But we have been hearing these stories. In fact, whenever the President opens Parliament, among the Bills that he has said that his Government will introduce is the Micro-Finance Bill. We are now in the fourth year. For how long are we going to be taken in this circus? If, indeed, the Government was sincere about this, we would have seen prioritisation of this Bill. But, as I said last week, since March, the only Bill that they thought was very urgent was the Sexual Offences Bill, which was not a Government Bill.

So, I want to commend hon.Oloo-Aringo for coming up with this Motion. As will be appreciated, provision of credit is an essential catalyst of rural development and, indeed, employment creation, as we have been told in various Government policy papers that have been brought up. I would want to emphasise that we should sit together. If, indeed, the Government is serious in enacting legislation that deals with micro-financing, we need to move in tandem with hon.Oloo-Aringo. Let the Government join hon.Oloo-Aringo in moving the amendment to the Kenya Post Office Savings Bank Act. In any event, what the Mover is telling all of us is that there already exists a vast infrastructure. We only need to in-build into that law mechanisms which will make it near impossible for the crooks of yesteryears to dip their fingers into the savings of the more than two million savers with the Kenya Post Office Savings Bank.

Mr. Temporary Deputy Speaker, Sir, we have been given good examples. Indeed, I do not think I need to dwell very much on them because they are all over in the villages. What collateral do women offer in their merry-go-rounds? They begin from savings and then start lending in an informal way. All that is being proposed here is: Let us try to rationalise and institutionalise it within the existing infrastructure because of the capacity that is there. If, indeed, they are told that the bank needs to train more risk managers, that can be done within the existing staff establishment of the Kenya Post Office Savings Bank. Therefore, even in as much as we are told to be cautious in the way that we bring about the law, it is important for us now to move with speed. We should not wait until the Government comes to our rescue, if it will ever come.

Yesterday, I heard Prof. Anyang'-Nyong'o say that since he left the Government, things have been moving from bad to worse. The fact that the Government has not brought the so-called Micro-Finance Bill for debate in this House, is a good example of what Prof. Anyang'-Nyong'o talked about yesterday.

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

The Assistant Minister for Health (Dr. Kibunguchy): Thank you very much, Mr. Temporary Deputy Speaker, Sir. I also rise to support this Motion. First of all, I would like to wholeheartedly congratulate Mr. Oloo-Aringo for having come up with a Motion that will, in my view, fight poverty in this country.

Mr. Temporary Deputy Speaker, Sir, I was a bit disappointed by excuses given by the Minister for Finance. I would like to say that as a country our biggest problems ahead of us at the moment are poverty and

unemployment. If we can tackle the two problems, we will be on the right track. I am not an economist, but when we talk about improved economic growth rate - right now at 5.8 per cent - but,

at the same time, the level of poverty and the number of people who are living in absolute poverty is increasing, I cannot comprehend what is going on. There is a paradox. To me, a Motion like this, because of the widespread infrastructure of the Post Office Savings banks in the country, provides one way that we can truly fight the monster called poverty in this country.

Mr. Temporary Deputy Speaker, Sir, I would like to support this Motion for very many other reasons.

Mr. Temporary Deputy Speaker, Sir, some of the issues we have heard Mr. Oloo-Aringo raise about organised groups, such as women and youth groups are extremely pertinent in the rural areas. In an area like Lugari, the youth stay together. Most of them are engaged in two basic activities: One, the *boda boda* transport which is now a fully-fledged industry. Secondly, they form groups which make bricks for sale or undertake horticultural activities.

Like everywhere else in the country, our women groups are engaged in merry-go-round activities. All these groups are already organised. In their own unique ways, they are already working, although they are doing so on a very low scale. If the Government can find a way of encouraging and supporting these groups to grow, it would be one way of fighting poverty and addressing the issue of unemployment.

Mr. Temporary Deputy Speaker, Sir, a lot has been said about the Gramin Bank Model. Mr. Oloo-Aringo articulated this concept very well. I would not want to spoil it. While sitting here, a colleague asked me: "How do you give credit without any collateral?" The little I know about the Gramin Bank Model is that, it lends mainly to groups and it is the members of those groups who co-guarantee each other. That is a wonderful way of getting away from reliance on collateral for one to access credit.

Mr. Temporary Deputy Speaker, Sir, for years, we have been fed on some of the programmes that have been brought to this country by the World Bank, the IMF and the so-called "development partners". In my view, most of those programmes have not addressed the twin problem of poverty and unemployment. No wonder, as Parliament, when we came up with the very noble idea of the Constituencies Development Fund (CDF), some of the people who rubbish it were from the World Bank.

I was extremely disappointed that, of all the people, the World Bank, which keeps on talking about eradication of poverty, could rubbish a noble idea like the CDF, which has changed the face of this country. Therefore, having read the mind of the Minister for Finance, I am sure that the Government and the World Bank will oppose the Bill being sought through this Motion. However, I would like to say that time has come for us to come up with revolutionary reforms. To me, this is one of the reforms that can enable us to fight the twin problem of poverty and unemployment that has bedeviled this country.

Mr. Temporary Deputy Speaker, Sir, time and again, we have wondered how we can decongest our towns and cities. We can only decongest our towns and cities if we can make it possible for people to make a decent living in the rural areas. Those are some of the reasons for which one would support the Bill being sought through this Motion. I have worked and interacted very closely with people in the rural areas and, having heard some of the success stories from other parts of the country, I have no doubt in my mind that the poor people constitute a group of people who would be the best beneficiaries of this initiative. They will be able to repay whatever credit they will have got and move on with their lives.

I would like us to move further, as Government, to be able to attract rural investment.

Mr. Temporary Deputy Speaker, Sir, I am told that if you go to countries like India, you will find that even in people's homes, they have small "factories", where they produce items such as tooth-picks, which are exported or sold in the country. I would like us to see such a thing being done in this country, especially in the rural areas.

As we think about rural investment, I would like to urge the Government to give incentives for investors to invest in the rural areas. If we are really serious in solving the twin problem of poverty and unemployment, one of the incentives that we have talked about time and again is to give people who are willing to invest in the rural areas a tax holiday. We should create a conducive environment for them to set up their businesses and maybe operate for five to 10 years before they start paying taxes. In the process, they will create employment and move people from towns to the rural areas.

Finally, as we support this Motion and look at the problems of this country, I get extremely dismayed by the many people who have declared their interests in being future Presidents of this country. I get dismayed because they are not telling Kenyans what they will do for them if we elected them. I do not see any of them around.

With those few remarks, I beg to support.

Mr. Kipchumba: Mr. Temporary Deputy Speaker, Sir, I would like to support this very important Motion. I would like to thank hon. Oloo-Arango for bringing this very important Motion.

The Kenya Post Office Savings Bank has done a very good job. It is only unfortunate that we do not seem to recognise the good job that that institution has done. When many of us were in school, it was the only institution that could accept our little pocket money. When you have money, you must keep it safe somewhere. The only place where you could keep your money safely was the Kenya Post Office Savings Bank. Commercial banks could not accept our Kshs100 or Kshs200 that was sent to us by our parents or guardians.

In that spirit, there are so many Kenyans who receive money, not necessarily on a regular basis, but once in a while when they have done some businesses. It will be very difficult to expect that this country will develop by assisting only the corporate sector or the rich people of this country.

Mr. Temporary Deputy Speaker, Sir, we all talk about poverty alleviation. But how do we talk about that when we have a growth rate of 5.8 per cent which is unevenly distributed? You cannot talk about development without ensuring equal distribution of resources to each and every person. The Minister has said that if you save money and lend, you are engaging in very risky business. Everything in this world is a risk! Even the money that is saved is also a risk. The only people in this country who borrow money with an intension of paying back are the small, poor business people.

Mr. Temporary Deputy Speaker, Sir, the problems that exist in many financial institutions, especially banks, are as a result of the rich and mighty in this country. They borrow money knowing very well that they will not repay at whatever cost. The problems in National Bank of Kenya (NBK), Kenya Commercial Bank (KCB) and other financial institution are caused by politically-correct people. They borrow money without any intention of repaying.

There are people who borrowed money from Kenya Post Office Savings Bank. They are the same politically-correct people. They borrowed the money without any intention of repaying. If you look at the records of poor people, they borrow and pay back. They only fail to pay because of reasons beyond their control. Nobody saves for the sake of it. People save money with an intention of borrowing in the future to expand their businesses. Thereafter, they repay back the money. Kenya Post Office Savings Bank has structures that exist all over the country. All we need to do is activate the lending section.

We have talked about the micro-enterprise sector in this country. That sector is doing so well. Every year, Barclays Bank of Kenya, Standard Chartered Bank and others banks make billions of shillings. In fact, if you look at the records of Barclays Bank of Kenya, it declares the highest profits compared to its other branches in the whole world! It is immoral for those big banks to rob Kenyans and repatriate the profits to their countries. It is time the Government introduced a

law to ensure that those banks do not rob Kenyans. If the Gross Domestic Product (GDP) of this country is probably 120th of that of Britain, and Kenya contributes the highest percentage of profit that Barclays Bank of Kenya declares, is that not a matter of concern for Kenyans?

Mr. Temporary Deputy Speaker, Sir, many of us have ran away from those banks. We encourage as many Kenyans as possible to run away from those big banks.

Mr. Temporary Deputy Speaker, Sir, let us assist banks which would want to re-invest money back in this country. I am happy that there are a few very good banks that are coming up. Equity Bank and Co-operative Bank of this world are doing a very good job. All the Government needs to do is to establish an institution like the Kenya Post Office Savings Bank. We are aware that the capacity in that Bank may not exist now. What is capacity? If we want capacity in the Kenya Post Office Savings tomorrow, we will have it. Kenya is the only country in the region that cannot lack capacity. I think we need capacity to attract the right investments. We have trained manpower. We have Kenyans out there who are well trained and can do a very good job. Who has told us that the Kenya Post Office Savings Bank does not have capacity? Where is the study that has been done to tell us that they indeed do not have capacity? If the management cannot take the Kenya Post Office Savings Bank to the next level, bring in new management. If we have mediocre fellows that cannot transform an institution like the Kenya Post Office Savings Bank, bring in other Kenyans. They exist and they are willing to work for a pay.

Mr. Temporary Deputy Speaker, Sir, I do not buy for a minute that, indeed, we should not lend because we want to take care of our savings. To save for who? The savings are there but lend out, charge interest and make more money. Common sense dictates that the only way that your savings can earn interest is by lending them out so that whoever borrows your money can repay it with little premium. That is the only way that savers of Kenya Post Office Savings Bank can indeed earn some interest on their money. If we are saying they keep the money, and I do not know where and nobody borrows it, then you will be given back the same money that you saved in that institution. It could be saved but is that the intention of any saver in this country? The intention of every saver is to double his savings at the end of every year.

Therefore, in my view, Kenya Post Office Savings Post Bank has no competition because in fact, it is not going to compete with any bank. It is going to ensure that money which is kept in tills or roofs somewhere in houses finds its way into safe custody in a financial institution called the Kenya Post Office Savings Bank. Thereafter, you can borrow it, expand your business and be able to save. Due to insecurity that exists in the country currently and elsewhere, when people know that you have money in the house, they will attack you and steal the money. I have seen it in my own constituency where people sell

their cows in the evening and because they are unable to reach a financial institution which is 50 or 60 kilometres, they keep their money in their houses. Thieves will come at night and steal their hard earned money. For one to sell a cow it takes about four to five years. You sell your cow which is like you have saved for five years and somebody comes and takes the money in a second. In fact, the safest way to keep one's money is to save with these institutions. If you travel everywhere in this country, you will find that there are branches of the Kenya Post Office Savings Bank in every village.

Mr. Temporary Deputy Speaker, Sir, therefore, I want to agree with hon. Oloo-Aringo that indeed let us encourage people to borrow. If you go to the developed world, nobody lives on their own income. Nobody has an income. Even here in this House most of the hon. Members of Parliament are fuelling their vehicles on borrowed money. Why? Because it is very difficult to save money. If you save to the tune of Kshs1,000 and your constituent calls you that he wants his medical bill to be paid, you will remove that money and give it to him but if it is saved somewhere, you will want it to grow for some time.

With those few remarks, I beg to support.

Mr. Muriithi: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to support this Motion. This Motion comes in at a time when Kenyans are looking at alternative ways of investing. This is evident from the rush which was there for the KenGen shares offer. It is quite unfortunate that the Government has cautioned this House not to support this very important Motion.

The Government is unable to control many organisations in this country. That is why the Uchumi chain of supermarkets went under only for Kenyans to lose millions of shillings. I do not understand why the Government feels that the Kenya Post Office Savings Bank (KPOSB) should not be converted into a full banking facility to enable Kenyans have easy access to various facilities. What the Minister has said is totally colonial and outdated. We should liberalise all the sectors of our economy, including the KPOSB.

Mr. Temporary Deputy Speaker, Sir, when the KPOSB was started by the colonial government, it denied our people access to loans. This opened abuse by major banks in this country. The trend continues. If a farmer, for example, goes to Barclays Bank to borrow some money, he or she will be asked for a six-month savings record. Where do they expect a man or a woman who has been saving with the KPOSB to produce a statement from? The major banks do not accept the savings books from the KPOSB because they want to see how an individual operates his or her account. We must allow customers of the KPOSB to operate current accounts.

Mr. Temporary Deputy Speaker, Sir, major banks are pulling out of some areas of this country. If you visit Garissa District, for example, you cannot find a bank. Kenyans are being abused by Shylocks who charge up to 30 per cent and 40 per cent on the principal amount. These Shylocks also request for security in the form of a house, car and so on. The house, for example, may finally be sold if money borrowed is not paid.

Mr. Temporary Deputy Speaker, Sir, the Minister told us that the money held by the KPOSB is with the Central Bank of Kenya (CBK). We are aware that the CBK is giving 7.5 per cent on a 90-day Treasury Bill. I would like to ask the Minister, how much of that interest is given back to the savers of the KPOSB? I am aware that they only give 3 per cent to the savers. What happens to the balance?

Mr. Temporary Deputy Speaker, Sir, customers of the KPOSB must be given an opportunity to look after their own savings. What is the injection of the Government in the KPOSB? What is its equity? The total equity belongs to the two million Kenyans and they must be given an opportunity to run their affairs and also be appointed members of the board. It is not for the Government to sit and say: "This ought to be done and then it turns out to be another Uchumi saga."

Mr. Temporary Deputy Speaker, Sir, if we have a savings account in a major bank, we pay a fee for every service. If we are saving, for example, Kshs1,000, we will pay Kshs5 or Kshs20 for that facility. The banks also lend out that money at between 11 per cent and 25 per cent. Why should they lend out our saved money? That is why conversion of the KPOSB is important so that Kenyans are not squeezed and swallowed by the big sharks.

Mr. Temporary Deputy Speaker, Sir, you will realise that the *Jua Kali* sector has very many savers. These people must be given an opportunity to use their money and not for someone to say, for example: "We are putting the money to invest in KenGen shares on behalf of the savers." They should have an opportunity to supervise their own savings.

Mr. Temporary Deputy Speaker, Sir, if Kenyans are requested to buy shares of a certain company, we normally see long queues. The Consolidated Bank of Kenya (CBK), for example, is not owned by the Government. It was taken up from Kenyans by the Government. It should revert back to its original owners. The Government does not have any equity in the said bank.

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

Prof. Anyang'-Nyong'o: Mr. Temporary Deputy Speaker, Sir, I support this Motion very strongly. First, I would like to commend my friend, Dr. Kibuguchy who said that in order to eradicate poverty, we must invest in agriculture. We shall not eradicate poverty if we do not invest in that sector because that is where the majority of the poor people are.

Secondly, Dr. Kibuguchy said that he does not understand why we record a very high economic growth rate of 5.8 per cent, and yet poverty is rampant and the income of the rural folks does not increase.

There has been a phenomenon going on in the world since liberation started. If you look at India, you will find that it records very high economic growth rate, but the level of poverty does not go down in many Indian states. In other words, under the liberalisation phenomenon, you can register high economic growth rate called "jobless growth". It is a growth rate that does not create many jobs. This is because the organic composition of capital in business rises. As the organic composition of capital rises, it means that few and few people are being employed in that sector. In other words, manufacturers would like to employ machines and not people. This is the phenomenon we are seeing in tea estates in Kericho. The tea estates will record high exports and a lot of earnings that will go towards the growth rate in Kenya. However, fewer people will work in those tea estates. Those who worked in those estates would be rendered poor.

For example, if you tour Nairobi today, you will find that there is a lot of construction work going on, but where is it going on? Construction work is going on in Kileleshwa, Upper Hill, Runda, Muthaiga and Thome I and II estates. Construction work is not going on in Onyonka and Donholm estates. Construction work is not going on in the poor areas, but in high income areas. In other words, some people who were "sitting" on money during the Nyayo era are now investing it in real estate in high income areas. Really, that does not benefit the poor folks in Kibera slums and other places. If this Government had implemented the Economic Recovery Strategy for Wealth and Employment Creation which we had developed and envisaged a lot of investment in agriculture, urban renewal in areas like Kibera slums and public works to make people work--- If the Government had invested in the building of the dual carriageway from Mombasa to Busia, the economic growth rate would have been accompanied by a high rate of employment. However, because it is a jobless growth, you will see poverty rise while a few people accumulate a lot of wealth which goes into the national grid as growth rate. That is the phenomenon in this country.

Mr. Temporary Deputy Speaker, Sir, we must restructure our economy drastically.

(Applause)

This is what Mr. Jaiindi Kisero is saying in his article published in today's *Daily Nation*. We need the big ideas that were in the Economic Recovery Strategy for Wealth and Employment Creation to be implemented. If those big ideas are not implemented, we will continue to bring the Sargasyans and Margaryans into this country to protect the Government, but nothing will happen. More and more people will be poor and the economic growth rate will be determined by a few people, while the majority of Kenyans will continue being poor. That is why I strongly support this Motion.

If you go to the rural areas, you will find that many of the rural entrepreneurs who are farmers borrow money from the so-called micro-finance institutions at very short repayment periods of three and six months and at very high interest rates. People should understand that micro-finance institutions do not necessarily give money at affordable interest rates. However, since they are the only institutions accessible in the rural areas, the poor have no alternative but to borrow money from them. The poor are very good at repaying those loans.

In my constituency, I have one micro-finance institution, the only one that lends at 10 per

cent, but it does not have enough capital. However, the money borrowed left, right and centre is repaid back promptly. So, Kenya Post Office Savings Bank should have no fear whatsoever. The moment it establishes institutions in the rural areas and lends money at less than 10 per cent interest rate on a long term basis of two or three years, its borrowers will be in millions.

Mr. Temporary Deputy Speaker, Sir, how many Kenyans were prepared to produce money and buy shares in KenGen? For the first time Oyugis township alone produced Kshs3 million to buy shares, in no time. Ugunja produced another Kshs7 million. Who ever knew that Kshs7 million could come from Ugunja and Kshs3 million from Oyugis? This means that Kenyans are ready to buy shares, invest and save. We are denying Kenyans the opportunity to borrow money and invest in agriculture.

We will not eradicate poverty if we do not put capital in agriculture. That capital will come from devolution of resources, like we see with the CDF. Why do you think that money is now coming from a place like Ugunja? This is because money is now circulating in the rural areas through the CDF, the Bursary Fund and the Constituency AIDS Control Committees (CACCs). People have money in their pockets. Peasants who are masons, carpenters and contractors now have jobs in the rural areas for the first time.

Mr. Temporary Deputy Speaker, Sir, in my constituency a man who retired in Nairobi several years ago and was a contractor is now tendering for jobs in my constituency and employing people. I went to visit him the other day and found that he had bought two dairy cows. He can actually prepare a balance sheet for his expenditure. These people are managers. When you say that Kenya has no managerial capacity, you are being very elitist. You are thinking of managerial capacity in terms of somebody wearing a tie like me and sitting in a building in Nairobi.

You only need to go down the countryside and you will find a person managing two dairy cows, has a fish pond, two wives and children going to school. That guy is a manager!

(Laughter)

What management skills do you want? Here I am in Nairobi with only one wife and I find it difficult to manage her, but that fellow has two wives, two dairy cows, children going to school and a posho mill. Yet you say that he is not a manager. When you make such a fellow the chairman of the CDF, he will do a fantastic job because he knows what income and expenditure is.

Mr. Temporary Deputy Speaker, Sir, when the Minister stands there and says that we need to build capacity, he does not know what he is talking about. The capacity is there in the rural areas. We have not given these people resources to manage. They have few resources in the rural areas; they want more. People marry more wives because they want to exercise their managerial capacity. They want more people in the village to manage. They want people to farm and milk the cows. Rather than employ somebody to do this work, you bring a woman in the house to do that. Such people are fantastic managers.

Mr. Temporary Deputy Speaker, Sir, the Kenya Post Bank Credit collapsed because it was being run by *nyang'aus* who were not interested in lending credit to our people. These characters intended to use the Kenya Post Bank Credit to get money to finance elections. This was another Anglo Leasing of those times. If we have people who are prepared to manage these institutions properly, it will work. The Minister is absolutely wrong to say that once a bank begins lending, then it will get into trouble. The business of a bank is to lend. A bank that just takes money and does not lend it, does not know what it is doing. The Kenya Post Office Savings Bank was a colonial concept. The colonialists wanted to instil the idea of saving among Africans.

Mr. Temporary Deputy Speaker, Sir, when I joined Alliance High School in 1962, my

father enrolled me as a saver in the Kenya Post Bank. I was given a little box where I put money and I could not take it out. That disciplined me on how to save. Every month I took this box to the Kikuyu Post Office, they opened it, took my money and put it in a book. I was told that I could withdraw from that book only when I bring back the box so that they take out the money and I withdraw. That was just to discipline me to know how to save.

I should also have been taught how to borrow. Colonial mentality was just one way. You save but you do not borrow. If you do not borrow, you cannot generate capital. They used to tell us in colonial times that a bird in hand is worth two in the bush. That is a very conservative philosophy. If I have a bird in hand I should look for the other three in the bush because that is the only way I can accumulate.

(Applause)

This idea of reasoning like that Minister, that we should only save then the Kenya Post Office Savings Bank will be efficient is wrong. Efficiency is not eaten when there is hunger. We only eat food when there is hunger. We can only eat food if we invest in agriculture.

Mr. Temporary Deputy Speaker, Sir, right now if you look at the accounts of the Kenya Post Office Savings Bank, you will find that they are lending to the Government. Otherwise where is that money? They cannot just take money and put it in a drawer. The money is given to the Government which spends it without giving interest to the savers. That is not social justice. This money should be lent to people so that the Kenya Post Office Savings Bank becomes a commercial bank. This will ensure that more money comes from the rural areas, more capital is accumulated from agriculture, poverty is eradicated and our people become wealthy.

I beg to support.

Mr. Angwenyi: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this important Motion. First, I want to thank hon. Oloo-Aringo, because he has been very useful to this House. He brings Motions and Bills which are not of benefit to himself, but to Kenyans, and this is one of them.

Mr. Temporary Deputy Speaker, Sir, a country cannot develop unless it has got properly organized financial infrastructure. We can have roads, waterways and airports, but unless and until we have proper and accessible financial infrastructure, you cannot develop. I was shocked to hear the Minister say that he wanted to oppose this Motion. This is amongst very few Motions which have been brought to this House that are of benefit to Kenyans.

Mr. Temporary Deputy Speaker, Sir, why did the Minister not oppose liberalization which took away from Kenyans to give to foreigners? For example, the Barclays Bank rakes in billions of shillings in profits each year and at the same time withdraws or pulls out from the rural areas and relocates to the main trading centres of this country. It also retrenches poor Kenyan workers who are working for them. This Minister has not brought a Bill here to make sure that the more profit you make, the more people you employ so that we can provide jobs for this country. Until he does that, we cannot achieve much. This is the only way we can encourage our people to create jobs in the rural areas.

Mr. Temporary Deputy Speaker, Sir, my poor mother cannot walk to the Standard Chartered Bank, Barclays Bank or even the Kenya Commercial Bank and borrow Kshs10,000 she needs to buy two goats or a dairy cow which she can milk for her grandchildren. If we had loan facility out there at Kegogi or Marani, where there is a Kenya Post Office Savings Bank (KPOSB), she can walk there because they know her, they can see her farm and the cows she will buy using their loan, and she can pay back the loan by selling part of the milk from the cows after she has fed her grandchildren.

Mr. Temporary Deputy Speaker, Sir, how many times has this House been asked to bail out the National Bank of Kenya (NBK) to the tune of billions of shillings? We have been asked to write off billions of shillings to bail out the NBK. Why can we not devote those resources to the bank which is envisaged in this Motion? Like Prof. Anyang-Nyong'o had said earlier, we have been voting money here for development and none of that amount ever gets to our constituencies, the rural and the grassroots areas. The CDF, which was opposed by some Ministers who had a similar mindset like this Minister, has helped to develop our rural areas. The CDF has helped to develop facilities for education, health care and even roads. We do not have to do *Harambees* to take away money from the poor old women and men because now, the Government provides those facilities. So, everything that has been done here is good. If you see the Minister for Finance opposing something, that is something good for the people of Kenya. The people cannot reach and compromise him. Some of these big banks are co-owned by some of these Ministers. I may not have evidence to prove my allegations, but why would one want to oppose such a Motion which wants to help Kenyans?

Mr. Temporary Deputy Speaker, Sir, just like my friend said earlier, agriculture and livestock are the backbone of our economy. But who produces the agricultural and livestock products? It is that old woman, old man or a youth out there in the rural areas. It is that *mzee* in Mandera who was taking care of his livestock before they were destroyed by drought.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. M'Mukindia): Order! Hon. Members, it is now time for the interruption of business. The House is, therefore, adjourned until today in the afternoon at 2.30 p.m. Hon. Angwenyi, you still have six minutes when Debate on this Motion resumes.

The House rose at 12.30 p.m.