

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Wednesday, 28th June, 2006

The House met at 2.30 p.m.

*[Mr. Deputy Speaker in the Chair]*

### PRAYERS

### PAPER LAID

The following Paper was laid on the Table:-

Sessional Paper No.1 of 2006 on Non-Governmental Organisations (NGOs).

*(By the Minister of State  
for National Heritage)*

### NOTICE OF MOTION

ADOPTION OF SESSIONAL PAPER NO.1  
OF 2006 ON NGOS

**The Minister of State For National Heritage** (Mr. Shakombo): Mr. Deputy Speaker, Sir, I beg to give notice of the following Motion:-

THAT, this House adopts Sessional Paper No.1 of 2006 on NGOs laid on the Table of the House, today, Wednesday 28th June, 2006.

### ORAL ANSWERS TO QUESTIONS

*Question No.004*

APPOINTMENT OF ZONAL QUALITY ASSURANCE  
OFFICERS IN SAMBURU DISTRICT

**Mr. Deputy Speaker:** Mr. Lesrima, the Minister for Education has requested that this Question be deferred because they are involved in an official conference in Meru. Mr. Lesrima, which day would you prefer this Question to be deferred to?

**Mr. Lesrima:** Mr. Deputy Speaker, Sir, this Question has been deferred many times because of the Minister for Education and his Assistant Ministers being out of the country.

**Mr. Deputy Speaker:** Mr. Lesrima, do you want the Question to be deferred until tomorrow? Will tomorrow be okay with you?

**Mr. Lesrima:** Mr. Deputy Speaker, Sir, the Question should be deferred until the week after next week. I will be in the country by that time.

**Mr. Deputy Speaker:** Mr. Lesrima, you will liaise with the Clerks-at-the-Table when you come back.

Next Question by Mr. Weya!

*Question No.224*

GOVERNMENT EXPENDITURE ON SERVICES  
RENDERED BY KROLL AND ASSOCIATES

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

(a) how much money the Government has spent to pay for services of Kroll and Associates to assist in tracking misappropriated public funds stashed in banks abroad;

(b) whether she could table the report on their findings; and,

(c) what action she has taken on those implicated in the report.

**Mr. Deputy Speaker:** Is the Minister for Justice and Constitutional Affairs not here?

**The Vice-President and Minister for Home Affairs** (Mr. Awori): Mr. Deputy Speaker, Sir, may I request your indulgence to call out this Question a little later? I know the Minister should be here by now. It is very unusual that she is not here at this time.

**Mr. Deputy Speaker:** Well, I oblige!

Next Question by Mr. Mukiri!

*Question No.140*

AMOUNT OF MONEY HELD BY POLICY  
HOLDERS PROTECTION FUND

**Mr. Mukiri** asked the Minister for Finance:-

(a) how much money is currently held by Policy Holders Protection Fund established under Cap.487 in September, 2004;

(b) whether he could inform the House the amount of money contributed to the Fund by insurance companies; and,

(c) how many people have so far benefited from this fund.

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

(a) The Policy Holders Protection Fund is currently worth Kshs170,790,966.

(b) By 31st January, 2006, the insurance companies had contributed Kshs72,895,483 to the Fund.

(c) Nobody has been compensated from this Fund.

**Mr. Mukiri:** Thank you, Mr. Deputy Speaker, Sir. This Act came into place to support the people who fall victims of collapsed insurance companies. The Assistant Minister has said that they now have over Kshs170 million. Where is the money deposited? How can it be accessed by the policy holders whose insurance companies have collapsed?

**Mr. Kenneth:** Mr. Deputy Speaker, Sir, the money is in Treasury Bills and the collection bank is Kenya Commercial Bank (KCB). This money is meant to cater for the policy holders with an insurance company that has collapsed. So far, since the Act came into force, the only insurance company that has gone under is United Insurance. That company is under the statutory management. The matter will come up on 15th July, 2006 and should the court decide that, that

company should go into liquidation, then the policy holders can access money from that Fund.

**Mr. Muriithi:** Thank you, Mr. Deputy Speaker, Sir. This matter is grave. As I speak here, somebody from my constituency is in King'ong'o Prison serving a civil jail sentence because United Insurance Company collapsed and yet he had insured his vehicle with it. What has the Assistant Minister done to ensure that the beneficiaries access that money as quickly as possible to avoid them being committed to civil jail?

**Mr. Kenneth:** Mr. Deputy Speaker, Sir, I have said that United Insurance Company is under statutory management and the order to review that management will come up on 15th July, 2006. Should the court order that the company be placed under liquidation, the policy holders will access money from that Fund.

**Mr. Angwenyi:** Mr. Deputy Speaker, Sir, how long has United Insurance Company been under statutory management? What happens to the policy holders when a company is under statutory management and they need their money?

**Mr. Kenneth:** Mr. Deputy Speaker, Sir, statutory management means that there is a moratorium for that period. Mr. Angwenyi wants to know how long United Insurance Company has been under statutory management. That company will be exactly one year under statutory management on 15th July, 2006.

**Mr. Mukiri:** Mr. Deputy Speaker, Sir, the Assistant Minister expects the policy holders who were insured by United Insurance Company to access their money from July, 2006, if the court rules that the company should be placed under liquidation. What procedure can the policy holders who are suffering, like the one Mr. Muriithi has talked about, use so that their interests are protected in the interim period? Which method should they use to access that money? The people who have suffered as a result of insurance companies going under are many.

**Mr. Kenneth:** Mr. Deputy Speaker, Sir, to start with, the only policy holders who can claim money from that Fund are from United Insurance Company. This is because it is the first company that has collapsed since this Act came into force. Should the court order on 15th July, 2006 that the company should be placed under liquidation, the liquidator will use the Deposit Protection Fund Act to deal with the policy holders who had taken a policy with United Insurance Company at that time.

*Question No.414*

DISTRICT OFFICER FOR TARAKWA DIVISION

**Mr. Kimeto** asked the Minister of State For Administration and National Security:-

- (a) whether he is aware that Tarakwa Division in Sotik Constituency, which was created in the year 2000, does not have a District Officer; and,
- (b) when a DO will be posted to the division.

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

(a) I am aware that Tarakwa Division was proposed to be created in Bomet District. The Government shall post a DO to that division once it is officially created.

**Mr. Kimeto:** Thank you very much, Mr. Deputy Speaker, Sir. This division has been in existence. The Agriculture and Education offices are located in that division but a DO is missing. How long will that division stay without a DO?

**Mr. Kingi:** Mr. Deputy Speaker, Sir, I said that we received a proposal from the District Development Committee (DDC) to create Tarakwa Division in Bomet District. However, we have not yet finalised the creation of that division. We will post a DO to that division once we formalise

its creation.

**Mr. Rotino:** Mr. Deputy Speaker, Sir, the question of creating divisions without posting DOs there is common. Even in my constituency, we have two divisions that were created in 1996. The Government posted DOs to the divisions for one year and then removed them. What is the policy of the Government on the creation of divisions? Could the Assistant Minister ensure that DOs are posted to those divisions? Could he also ensure that there are facilities in those divisions, especially those in West Pokot District?

**Mr. Kingi:** Mr. Deputy Speaker, Sir, we normally get information about the need to create divisions through the DDCs and undertake their creation. Once that is done, we post DOs to those divisions and provide them with facilities with which to work. But, of course, once in a while, due to shortage of staff, you may find one or two divisions that have been set up not having DOs. We are currently in the process of recruiting more DOs and I am sure that the divisions that formally exist but do not have DOs will soon have those officers.

**Mr. Kimeto:** Mr. Deputy Speaker, Sir, it is true that hon. Mwai Kibaki, the President of this nation has already created some districts. I request the Assistant Minister to give the divisions that were created in 2000 the first priority when it comes to posting of DOs.

**Mr. Deputy Speaker:** Mr. Kimeto, this is Question Time! Could you ask your question now?

**Mr. Kimeto:** Mr. Deputy Speaker, Sir, if the Ministry does not have enough DOs, let it post---

**Mr. Deputy Speaker:** Order, Mr. Kimeto! This is not a public rally! Could you ask your question?

**Mr. Kimeto:** Mr. Deputy Speaker, Sir, this is a Parliament of parliamentarians. It is not a public rally. I was giving the Assistant Minister the information on how to do the job.

**Mr. Deputy Speaker:** Order, Mr. Kimeto! Your Question is discontinued.  
Next Question!

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

**Mr. Deputy Speaker:** You are now declared disorderly! Could you now leave the Chamber?

**Mr. Kimeto:** Mr. Deputy Speaker, Sir, it is a creation of---

**Mr. Deputy Speaker:** Order, Mr. Kimeto! Withdraw from the Chamber!

*(Mr. Kimeto withdrew from the Chamber)*

*Question No.224*

GOVERNMENT EXPENDITURE ON SERVICES  
RENDERED BY KROLL AND ASSOCIATES

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

- (a) how much money has the Government spent to pay for services of Kroll and Associates to assist in tracking misappropriated public funds stashed in banks abroad;
- (b) whether she could table the report on their findings; and,
- (c) what action she has taken on those implicated in the report.

**The Minister for Justice and Constitutional Affairs** (Ms. Karua): Mr. Deputy Speaker, Sir, I apologise for the lateness which was due to bad timing and traffic.

I beg to reply.

(a) The Government has so far paid Kroll and Associates Limited of the United Kingdom US\$150,000 to assist in tracking mis-appropriated public funds stashed in bank accounts abroad.

(b) I cannot table the report before the House.

(c) The report is based on preliminary investigations by Kroll and Associates which provides crucial leads that are being followed up by our investigators. The report can, therefore, not be discussed as this would prejudice investigations.

**Mr. Weya:** Mr. Deputy Speaker, Sir, allow me to interject because part "b" of the Question has not been answered. In your ruling yesterday, you said that it is the responsibility of Parliament to check on the Executive. There is no reason why that report should not be tabled in this House because taxpayers' money amounting to Kshs11.1 million was used. This is similar to the Goldenberg Report and other reports. Could the Chair intervene so that the Minister can reply to part "b" of the Question?

**Mr. Deputy Speaker:** Ask your question!

**Mr. Weya:** Mr. Deputy Speaker, Sir, it is claimed that billions of shillings were looted out of this country and that this money has been used to invest in the US, UK, South Africa and Switzerland as indicated in the report. Could the Minister tell this House what the Government has done to contact these foreign governments to assist them in repatriating those funds back to this country?

**Ms. Karua:** Mr. Deputy Speaker, Sir, it is not for a foreign government to assist us. That is why we hired private investigators and, with crucial leads offered, our own investigators are following up those issues. If we require assistance from other countries, we will seek it as the need arises to facilitate our investigators to get a breakthrough.

**Mr. Balala:** Mr. Deputy Speaker, Sir, the former Minister for Justice and Constitutional Affairs said that US\$1 billion had already been identified as Kenyan money stashed abroad. Could the Minister tell us what happened to that money and who are the people behind this issue? Is it politics being used to intimidate a few people in this country?

**Ms. Karua:** Mr. Deputy Speaker, Sir, as I have already stated, the matter is under investigation. If any committee wishes to conduct an inquiry into this matter, I cannot stop that. The Chair ruled that this can be done. I am afraid, the law does not allow you to peer into the investigators' file before it is ready and taken to court. It can prejudice investigations.

**Mr. Mukiri:** Mr. Deputy Speaker, Sir, this money is said to have been misappropriated from public funds. Could the Minister tell this House which public institution this money was misappropriated from?

**Ms. Karua:** Mr. Deputy Speaker, Sir, that is a good question, but I am afraid, I cannot share details of the investigations nor am I entitled to ask the investigators to lay the file before me. If the law allowed for summary actions, I would personally recover the money, even from some Members of this House as well.

**Mr. Billow:** Mr. Deputy Speaker, Sir, the former Minister for Justice and Constitutional Affairs told this House that the Government would pursue a policy of negotiating with the involved parties should they discover such money abroad. Could the Minister inform the House the Government stated policies to negotiate with these parties once the money is identified and whether there are any negotiations which have so far been made with any parties?

**Ms. Karua:** Mr. Deputy Speaker, Sir, the Minister's statement was quite correct and within the law. I have said that the Anti-Corruption and Economic Crimes Act does give latitude for such an arrangement. Where one helps the prosecution and the Government to recover, then the law can look kindly upon that person. Unfortunately, we have not made any breakthrough yet. There have been several inquiries but certain things need to be done to accelerate this process. I cannot say

more than that, but we are doing everything possible to find a solution. I hope that I should be in a position to report progress to this Parliament.

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

**Mr. Deputy Speaker:** Under what Standing Order?

**Mr. Twaha:** Mr. Deputy Speaker, Sir, I cannot remember which one, but I am sure there is a point of order that protects the reputation of the House and also prohibits an hon. Member from bringing the House to disrepute. You heard the Minister say that some Members of this House are on that list. Could she please substantiate?

**Ms. Karua:** Mr. Deputy Speaker, Sir, I did not say any such thing but it is common knowledge that investigations into past and present economic crimes cover those in and outside this House.

**Mr. Weya:** Mr. Deputy Speaker, Sir, the former Minister for Justice and Constitutional Affairs, Mr. Murungi, said that corruption fights back. This file was taken to KACC three years ago. The reason why the Government is not able to investigate this file is that every time they send the investigators to these people, they are bribed. Could the Minister confirm or deny that Samuel Gichuru, Joshua Kulei and James Kanyottu are some of the individuals mentioned in that report?

**Ms. Karua:** Mr. Deputy Speaker, Sir, I cannot testify as to the wealth of any person nor do I know the individuals actually named. I know that there is a wide range of Kenyans with ill-gotten wealth both outside and inside this House.

*Question No.223*

GRAVELLING OF KIPTAGICH-SILIBWET ROAD

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

(a) which company was awarded the contract to gravel Kiptagich-Silibwet Road (D31) and at what cost; and,

(b) whether he could confirm that the said contractors completed the project as per the terms of the contract.

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

(a) The company which was awarded the contract to gravel the 43-kilometre Kiptagich-Silibwet Road is BMK Construction Company Limited. The contract sum was Kshs49,086,600. The contract period was 18 months; commencing June, 1996.

(b) The contractor did not complete the works as per the contract agreement. The *El Nino* rains rendered the provisions in the Bills of Quantities inadequate to gravel the entire road. A variation order of Kshs28,290,275 was procured and submitted to the Treasury for countersignature. However, the Treasury did not countersign with the reason that the variation order was not adjudicated by the Central Tender Board as per the procurement regulations that were in force at that time.

**Mr. Salat:** Mr. Deputy Speaker, Sir, according to a magazine which is produced by the Ministry of Roads and Public Works called *Ujenzi Magazine 3rd Edition*, the construction of the road is ongoing. I just travelled on that road about three weeks ago and I did not see any construction works going on there. I would like to ask the Assistant Minister what he is doing to have that particular road completed as per the original contract.

**Eng. Toro:** Mr. Deputy Speaker, Sir, the works on that road are not ongoing. In 2000 when the contractor could not get the additional funds that were required to complete the project, he requested the Ministry to inspect the road and issue a certificate of completion for the section that

was done. This was done in 2000 and granted as substantially complete for the works that were done and procured. That is the position up to now.

**Prof. Anyang'-Nyong'o:** Mr. Deputy Speaker, Sir, could the Assistant Minister explain to this House whether the Ministry of Roads and Public Works really has the capacity to supervise and monitor roads that are being gravelled effectively? It is my impression that a lot of money is going down the drain and the Government could save a lot of money by tarmacking these roads rather than gravelling them.

Mr. Deputy Speaker, Sir, could the Assistant Minister tell us whether the Ministry really has the capacity to monitor and maintain the standards that are laid down to gravel roads to be all-weather roads for at least five to ten years?

**Eng. Toro:** Mr. Deputy Speaker, Sir, before 2003 when this Government took over, and on examination of the capacity in the Ministry to design and supervise new construction and gravelling works, it was found out that we did not have the capacity. The Ministry procured the services of local consulting engineers. We are engaging them as resident engineers and assistant resident engineers for all new works that we are procuring.

**Mr. Cheboi:** Mr. Deputy Speaker, Sir, in last year's Budget there was a provision of Kshs20 million for that particular road. What was that money meant to do because it was there in the Budget and nothing has been done?

**Eng. Toro:** Mr. Deputy Speaker, Sir, I am not aware of that provision.

**Mr. Salat:** Mr. Deputy Speaker, Sir, what is the Assistant Minister doing to get this road completed? If the money that was voted in last year's Budget was not utilised on that road, what is he doing in this year's Budget? Is there any programme for completion of that road this year?

**Eng. Toro:** Mr. Deputy Speaker, Sir, the programme for gravelling during that time, which was not completed, was discontinued in 2000. Since then, there has been no programme to complete the gravelling. This financial year there is no programme to finish the gravelling.

#### *Question No.420*

#### FATE OF UNPRIVATISED PORTION OF KR

**Mr. Owino** asked the Minister for Transport whether given that the Kenya Railways Corporation owns more property than any other public enterprise, he could inform the House which segment of the Corporation was privatised and the fate of the unprivatised portion.

**The Assistant Minister for Transport (Mr. Githae):** Mr. Deputy Speaker, Sir, I beg to reply.

The segments of the Kenya Railways Corporation which was privatised fall under the following categories.

The railway line and related infrastructure; the locomotives; wagons and coaches; wagons and coaches in Kisumu, terminal wagons and some buildings required for railway operations like station buildings offices and workshops. Employees who would man the concessioned services and functions are also part of it. The rest of the buildings, land and other assets which the concessionaire does not require will be managed by the Kenya Railways Corporation, whose mandate has not changed. The unprivatised portion will, therefore, be managed by the Kenya Railways Corporation, in accordance with the Corporation's Act.

**Mr. Owino:** Mr. Deputy Speaker, Sir, could the Assistant Minister tell this House whether there was any scrutiny and legislative authority before the sale of some of the segments of the Kenya Railways Corporation?

**Mr. Githae:** Mr. Deputy Speaker, Sir, nothing is being sold to the concessionaire. The assets are only being leased out for 25 years.

**Mr. Ndolo:** Mr. Deputy Speaker, Sir, the Kenya Railways Corporation has been served by many people in this country. Right now, many former workers and retirees have not been paid their dues. Some of them have worked for the corporation for more than 50 years. What is the Assistant Minister doing to make sure that those retirees, and people who will be retired, will be paid their dues in good time?

**Mr. Githae:** Mr. Deputy Speaker, Sir, I have good news for the employees of Kenya Railways Corporation. As soon as the transaction goes through, we will receive more than Kshs900 million from the World Bank, which will cater for all the years of pension and, consequently, all monthly pensions as they fall due. Therefore, you can assess from today's position where the Kenya Railways Corporation is unable to pay its monthly salaries or has to depend on the Treasury. From that position, which was inherited by the NARC Government, we will very soon, from July, be in a position to pay all the years of pension and all the monthly contributions as they fall due. This Government needs to be congratulated and commended for finding a way out of the situation.

**Prof. Anyag'-Nyong'o:** On a point of order, Mr. Deputy Speaker, Sir. Is the Assistant Minister in order to inform the House that the Government has finally found a solution to the problems of the Kenya Railways Corporation when the concessioning programme itself may be stuck in its track.

**Mr. Githae:** Mr. Deputy Speaker, Sir, unless the hon. Member on the Floor has become a prophet and may be knowing what will happen, then I have no idea that the concessioning programme will be stuck in its track.

**Mr. Owino:** Mr. Deputy Speaker, Sir, is the Assistant Minister concerned that once some of the workshops are privatised, it will negate the notion of Kenya being industrialised by the year 2020?

**Mr. Githae:** Mr. Deputy Speaker, Sir, not all the assets will be privatised. For example, the Railway Training Institute is not being privatised, the central workshops will not be privatised, as well as the Nyayo Car No.1.

**Mr. Deputy Speaker:** Hon. Members, before we move on to the next business, which must commence not later than 3.30 p.m, I have considered it necessary to end Question Time so that we allow the Minister for Finance to make a Ministerial Statement which he has, and hon. Members can have time to seek clarification.

Therefore I will defer the two remaining Questions, No.255 and 419 to tomorrow afternoon. I hereby order that they be on top of the list.

**The Assistant Minister for Energy (Mr. Kiunjuri):** On a point of order, Mr. Deputy Speaker, Sir. I have raised concern on several occasions, and even the Chair has ruled that there is no Ministry that is superior to the other. It is the concern of the Ministry of Energy that our Questions are always the last to be listed. It has now become a routine for our Questions to be deferred. You should authorise the Clerks-at-the-Table to make sure that they balance all Questions because there is no Ministry that is superior to the other.

**Mr. Deputy Speaker:** Mr. Kiunjuri, there is no time that there has been a classification of Ministries. If your Questions have been deferred, it has been by coincidence and not deliberate. It is in public interest that the Minister for Finance gives a statement now. As you know, there is not any other time because we cannot interrupt Allotted Days. It is in the interest of the House to do what I have just done. I think I am very fair to everybody.

*(Mr. Kiunjuri stood up in his place)*



Please remain seated! I do not expect you to respond to what I have said. Order, Mr. Kiunjuri!

*Question No.255*

LOCATION OF LAKE VICTORIA  
NORTH WATER BOARD

*(Question deferred)*

*Question No.419*

LIBERALISATION OF ELECTRICITY  
TRANSFORMERS TRADE/INSTALLATION

*(Question deferred)*

**MINISTERIAL STATEMENT**

STATUS OF CHARTERHOUSE  
BANK INVESTIGATIONS

**The Minister for Finance** (Mr. Kimunya): Mr. Deputy Speaker, Sir, I beg the indulgence of the House, to clarify certain matters relating to Charterhouse Bank as a result of documents that were laid on the Table of this House by an hon. Member, and the subsequent allegations that have been made. The media reports and the different statements that have been made about Charterhouse Bank have created the impression that

(a) The charges facing the former Governor of Central Bank of Kenya, Dr. Andrew Mullei, are as a result of his efforts to bring to a halt tax evasion, money laundering and other related offences by Charterhouse Bank and other related companies; and,

(b) That the Government has been reluctant to act on the findings of the investigations. Accordingly, I wish to set the record straight on this very important national issue as follows.

On 15th December, 2004, an inter-agencies task force investigating economic crimes by Charterhouse Bank wrote to the former Central Bank Governor and informed him that the institution was complacent in money laundering and abetting tax evasion and breaches of rules and regulations. The former Governor responded on the 22nd December, 2004 advising the Kenya Anti-Corruption Commission (KACC) to seek the Attorney-General's opinion with respect to powers to deal with such problems. He, however, said that he would take up the KACC comments on matters relating to Charterhouse Bank's compliance with the relevant provisions. Both the KACC and the Kenya Revenue Authority continued with investigations into the matter against the mentioned firms that had accounts with the Charterhouse Bank. The investigations are at different stages of completion and appropriate action will be taken when they are finalised. I wish to request the House to respect the confidentiality of the investigations in order to protect the outcome from unnecessary interference.

In regard to the investigation and the prosecution of the Governor, the facts are as follows.

Investigations commenced in June, 2005, under the sole initiative of the KACC, based on the information received. The investigations were concluded on 21st February, 2006 and the file was forwarded to the Attorney-General with recommendations to prosecute the former Governor

on four counts of abuse of office. The Attorney-General approved the charging of the Governor on 22nd March, 2006. The letter from the Governor to me - and it was tabled here - on the status of Charterhouse investigations in which he requested the withdrawal of the licence was done on 20th March, 2006. That is exactly one month after the Kenya Anti-Corruption Commission (KACC) investigation file was sent to the Attorney-General. It was just two days before the Attorney-General approved the recommendation to charge the Governor.

Mr. Deputy Speaker, Sir, hon. Members may wish to note that in April and July, 2005, the Governor made a recommendation for the renewal of the bank's licence, and opening of a new branch at Nakumatt Supermarket in Nairobi, on grounds that the overall financial co-ordinations of the bank were satisfactory and the bank was fully compliant with the requirements of the Banking Act and the Central Bank of Kenya Prudential Regulations. Based on the chronology of those events, it is clear that:-

First, the charging of Dr. Mullei in court and his subsequent suspension is based on specific charges that have absolutely nothing to do with his stand on the Charterhouse Bank. Secondly, Dr. Mullei did not act on the recommendations of the Inter-Agency Task Force that were given to him to take action against Charterhouse Bank for one year and three months. As late as 16th January, 2006, the Governor recommended the renewal of the bank's licence on the basis that the institution had maintained a sound financial condition over the years, and is compliant with the Banking Act and Central Bank Prudential Regulations.

Mr. Deputy Speaker, Sir, the Governor wrote to me on the eve of being charged in court. Following the receipt of that letter of 20th March, 2006, and looking at the gap between the completion of the investigations, the tabling of this letter and the intervening circumstances in between, I directed the CBK to send a team to Charterhouse Bank to update the status of the report between 2004 and March, 2006. That Report was completed and given to the managers of Charterhouse Bank on 21st June, 2006, to give their comments in accordance with the existing procedures. They are expected to give their reports next week, that is on 4th July, 2006. While awaiting that response, a leaked copy of the letter of 24th which was given to me by the Governor was tabled in this House. The tabling of that letter and the allegations that were made thereafter have caused unnecessary panic in the banking sector. In order to protect the interests of depositors, the bank and the entire financial system, I regrettably had to approve the appointment of a Statutory Manager for Charterhouse Bank on 22nd June, 2006. He moved in the next day - 23rd June, 2006.

Mr. Deputy Speaker, Sir, I trust that hon. Members and the public are now well informed about that matter. I hope that we will take our responsibilities seriously and avoid making any allegations that would lead to the collapse of the economy in this country.

**Mr. Deputy Speaker:** I will allow a few clarifications. Mr. Billow, let us move from there.

**Mr. Billow:** Mr. Deputy Speaker, Sir, the Minister is clearly down-playing the gravity of the situation. We are dealing with serious economic crimes. The letter that he has referred to of 15th December, 2004 by KACC--- I will read a paragraph. It reads:-

"This bank mainly runs fictitious accounts for some of the big businesses in town for the purposes of tax evasion, siphoning of money out of the country into off-shore accounts and money laundering."

It was written by the Government of the Republic of Kenya. That was a letter by Dr. Mutonyi of KACC writing to CBK. There are numerous other crimes that are mentioned here. If this is not a very serious matter, and it takes two years for the Government to investigate, I do not know what this Government treats as a serious matter.

**Mr. Deputy Speaker:** Seek clarification now!

**Mr. Billow:** Mr. Deputy Speaker, Sir, I will seek my clarification. The task force that did that investigation was thrown out. If there was commitment, that task force would continue with

investigations. My question is: Could the Minister confirm or deny that there is another bank that is involved in much more serious economic crimes like money laundering, and the information was given to the Government? The bank was warned by CBK, but it continues to do the same money laundering activities. Could he confirm or deny the existence of that bank?

**The Minister for Finance** (Mr. Kimunya): Mr. Deputy Speaker, Sir, let me start by requesting hon. Members to weigh any allegations that are made in this House. That is because the banks are not here to defend themselves. The allegations that we make here have a wider effect and impact not just on those banks that people want to settle scores with, but on small depositors who cannot access their money at Charterhouse Bank.

All the banks in this country are meticulously regulated by CBK. We are constantly monitoring each and every bank to identify any bank that may be involved in any unusual activities. I am not aware of any bank that is involved in money laundering as the hon. Member is trying to allege. I would like to ask the hon. Member to specifically desist from bringing names of financial institutions here to settle political scores or for personal gain, because we have an economy to protect.

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

**Mr. Deputy Speaker:** Order, hon. Members! I want to make it very clear that this is a Ministerial Statement. I am only allowing clarifications. If you rise on points of order and I only have 11 minutes---

**Mr. Angwenyi:** Mr. Deputy Speaker, Sir,---

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

**Mr. Deputy Speaker:** Let us listen to Mr. Angwenyi first, and then I will come back to you.

**Mr. Angwenyi:** Mr. Deputy Speaker, Sir, I would like to seek a clarification from the Minister. Was the suspension of the operations of that bank last week not tantamount to accepting the allegations made by Mr. Billow about some interests that he knows about?

**Mr. Deputy Speaker:** Order! That is enough!

**Mr. Angwenyi:** Mr. Deputy Speaker, Sir, is the Minister willing to make a Statement on the Floor of this House to the effect that, that bank is sound financially and has been licensed and, therefore, Mr. Billow's allegations are in furtherance of some interests of interested parties?

**The Minister for Finance** (Mr. Kimunya): Mr. Deputy Speaker, Sir, it was with a heavy heart that I gave the approval to appoint a Statutory Manager for a bank that does not have any liquidity problems. The impact is that people who have their money there, including business people, are now disabled from accessing their money because of careless allegations that were made in this House by an hon. Member about the bank. That is why I am saying that, when we come to this House, we should know that we have a responsibility to carry.

*(Loud consultations)*

Mr. Deputy Speaker, Sir, the reason why I appointed a Statutory Manager was purely to protect the run on the bank, which was caused by the allegations that were made here and to safeguard the customer's deposits.

*(Several hon. Members stood)*

*up in their places)*

**Mr. Deputy Speaker:** I had already granted a point of order to Mr. Billow.

Order, hon. Members! I had already allowed a point of order on this side!

Mr. Billow, please, proceed!

**Mr. Billow:** On a point of order, Mr. Deputy Speaker, Sir. Is the Minister in order to doubt my documents? These documents are signed by the Governor of the Central Bank of Kenya (CBK) and the Director of the Kenya Anti-Corruption Commission (KACC). Is he in order to say that those are allegations and cast aspersions on my integrity?

**The Minister for Finance** (Mr. Kimunya): Mr. Deputy Speaker, Sir, in the first instance, those documents were only available to two people. There is my copy and what was with Dr. Mullei. My copy is safely in my safe. We know who leaked the other copy, contrary to Section 17 of Cap.491.

**Hon. Members:** Ah! Ah!

**Mr. Kipchumba:** Mr. Deputy Speaker, Sir, you have heard the Minister clearly say that---

**Mr. Deputy Speaker:** I would like to ask the Minister to note the questions. I am going to allow three more hon. Members to seek clarifications.

Mr. Kipchumba, please, proceed!

**Mr. Kipchumba:** Mr. Deputy Speaker, Sir, you have heard the Minister clearly say that he has closed the bank despite the fact that it has good liquidity. He did that based on allegations that were tabled by an hon. Member. Would I be in order to request the Minister, since those were mere allegations, to issue a statement that the bank is in order and proceed to open it as soon as possible? He should allow innocent Kenyans to access their money.

**An hon. Members:** Open it tomorrow!

**Mr. Deputy Speaker:** Order, hon. Members! Prof. Anyang'-Nyong'o, please, proceed!

**Prof. Anyang'-Nyong'o:** Mr. Deputy Speaker, Sir, could I seek a clarification from the Minister? From both Mr. Minister and Mr. Billow's statements, it appears to me that the KACC had raised a question on the conduct of Charterhouse Bank as early as December, 2004. The Minister himself said that the Governor of CBK did not take any action until two years later. Could he explain the following: If KACC had raised some queries on Charterhouse Bank, was it its responsibility to take the bank to task under the Anti-Corruption and Economic Crimes Act or was it the responsibility of the Governor of CBK?

**Mr. Gitau:** Mr. Deputy Speaker, Sir, you have heard the Minister say very clearly that they took over the bank to safeguard the interests of the depositors. However, he has again contradicted himself by saying that it was with a heavy heart that he did so. He already knows that the depositors are suffering. So, he knows that what he did is causing suffering to Kenyans. Yet, we hear of personal interests in this House. We have not been told that Dr. Mullei has appointed Mr. Billow to come here and work for him.

*(Applause)*

We know, and we have been told that, they were asking for Kshs60 million from that bank, so that they do not bring this nonsense here.

**Mr. Deputy Speaker:** Can you seek your clarification?

**Mr. Billow:** Mr. Deputy Speaker, Sir, we have also been told---

**Mr. Deputy Speaker:** Mr. Gitau, seek your clarification!

**Mr. Gitau:** Can I clarify, Mr. Deputy Speaker, Sir?

**Hon. Members:** *Toboa! Toboa!*

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

Mr. Gitau, will you seek clarification?

**Mr. Gitau:** Thank you, Mr. Deputy Speaker, Sir, I will. Since the Minister's Statement is not clear, could he confirm to this House that Dr. Mullei was acting in support of Nakumatt Holdings so that his wife could supply vegetables? That is where the problem started. Could he clarify that?

*(Applause)*

**Mr. Okemo:** Mr. Deputy Speaker, Sir, the Minister seems to be emphasising the question of the bank having a liquidity problem. However, I do not think that is really what the issue is. We have three issues here. The first one is the mismanagement of the bank and yet, everybody seems to believe that the bank was being run well.

The second issue concerns tax evasion, and the third one is on money laundering. If you put all the three together, that is what made the CBK to put up a team. The team came from KACC, Kenya Revenue Authority (KRA) and CBK. If you look at the Report from the former Governor of CBK, it is very clear that, that joint team had come up with certain recommendations on the basis of the evidence they had found. So, I would like the Minister to clarify to the House that he will give undivided support to the Finance Committee. That is because we will go into the depth of this matter to make sure that we bring to this House the full facts behind the closure of that bank. Could he confirm to this House whether he will avail all bank inspection reports from the year 2003 and that, we will receive the report by the joint team? That will for the basis in our quest to get to the bottom of the matter.

**Mr. Deputy Speaker:** Hon. Members, let me say the following: That was a Ministerial Statement to seek clarification. It was not a forum to launch personal attacks on people who are not here to defend themselves. That is why, Mr. Gitau, you are completely out of order.

Mr. Minister, you may respond to Mr. Kipchumba, Prof. Anyang'-Nyong'o and Mr. Okemo!

**An hon. Member:** On a point of order, Mr. Deputy Speaker, Sir.

**Mr. Deputy Speaker:** Order, hon. Members! Look at the clock!

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

Order! You must listen to the Chair!

Mr. Minister, please, proceed!

**The Minister for Finance** (Mr. Kimunya): Mr. Deputy Speaker, Sir, given the time shortage, I wish to be very brief.

Mr. Deputy Speaker, Sir, in respect to the first question, the Statutory Manager will remain in the bank until we bring back confidence and safeguard the interests of the depositors. The faster we do that, the better.

Mr. Deputy Speaker, Sir, with regard to Prof. Anyang'-Nyong'o's question, there is absolutely no contradiction between the reports. The teams worked together. They found out there were issues that needed investigations. However, subsequently, the bank seemed to contradict the others. The bank said that, as far it is concerned, there was no issue.

As I mentioned earlier, the other two agencies have been continuing with their investigations not just in the bank, but on all the people who are implicated. When those

investigations are completed, appropriate action will be taken.

The last question is inter-linked with Mr. Okemo's question. We take tax evasion very seriously. We will not allow anyone to escape from paying his or her fair share of taxes. Investigations are going on towards that direction.

In terms of co-operating with the Finance Committee, I will be happy to do so with the understanding that the information will be kept confidential. We do not want to jeopardise on-going investigations.

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

**Mr. Deputy Speaker:** What is your point of order, Mr. Billow?

**Mr. Billow:** Mr. Deputy Speaker, Sir, Mr. Gitau made a very serious allegation. I think he meant to mention me, but he was scared. He said that I was paid Kshs60 million to--- Could he either substantiate and give evidence in this House that I was paid that money or withdraw and apologise?

*(Applause)*

**Mr. Deputy Speaker:** Well, you know the rules of the House. You cannot make such a serious allegation against an hon. Member without bringing a Substantive Motion. In deed, it is very unfortunate that we do not have time to proceed on this matter.

However, Mr. Gitau, you know the rules. You are not supposed to cast aspersions against an hon. Member, unless you bring a Substantive Motion. Even though we do not have time to go on with this, you will have to withdraw the remark you made! You have no proof. Do you have proof?

**Mr. Gitau:** Mr. Deputy Speaker, Sir, I did not mention hon. Billow. However, if he feels like I was talking about him, then he should tell us.

**Mr. Sambu:** On a point of order, Mr. Deputy Speaker, Sir. Whereas hon. Gitau did not mention hon. Billow, he talked about the person who tabled the documents in the House. He has also stated that the Governor and his wife failed to get an order to supply vegetables. Could he withdraw and apologise to the Governor who cannot defend himself here?

**Mr. Gitau:** Mr. Deputy Speaker, I do not have the facts on the vegetable issue here with me, but I will bring the document before the House.

**Mr. Deputy Speaker:** Mr. Gitau---

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

**Mr. Deputy Speaker:** Order, Mr. Billow! I think now you are also becoming too much! Mr. Gitau, you are responsible for the correctness of anything that you say on the Floor of this House. So, you either give us the proof or you withdraw the statement. Please, look at the clock. You are wasting our time!

**Mr. Gitau:** Mr. Deputy Speaker, Sir, if you did not hear me, I said that I will bring the proof.

**Mr. Deputy Speaker:** Order! Mr. Gitau, for the last time, you either withdraw or apologise?

**Mr. Gitau:** Mr. Deputy Speaker, Sir, I will bring the documentary evidence.

**Mr. Deputy Speaker:** Order! There is nothing like that. If you knew that you were going to utter such words, you ought to have had the proof. Therefore, if you cannot withdraw, you are being declared disorderly now and you may leave the Chamber for the rest of the day.

*(Mr. Gitau withdrew from*

*the Chamber)*

Order! The matter ends there!

Next Order!

**Mr. Raila:** On a point of order, Mr. Deputy Speaker, Sir. I do not wish to question your ruling, but I raised this issue with the Speaker because there is a ruling by the former Speaker, Sir Humphrey Slade made on the issue of substantiation. Hon. Members are allowed to go and bring evidence if they do not have it.

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

**Mr. Deputy Speaker:** Order! There is no other point of order. We are now going to the next Order!

### COMMITTEE OF WAYS AND MEANS

*(Order for Committee read)*

#### MOTION

THAT MR. SPEAKER DO NOW  
LEAVE THE CHAIR

*(The Minister for Finance on 15.6.2006)*

*(Resumption of Debate interrupted  
on 28.6.2006)*

*(Sixth Day of Budget Debate)*

**Mr. Deputy Speaker:** Mr. C. Kilonzo was on the Floor and he has two minutes remaining.

**Mr. C. Kilonzo:** Mr. Deputy Speaker, Sir, in my earlier contribution, I said that this Budget has a good side and a bad and ugly one.

The ugly side of it is the unfair allocation of the CDF. The issue of poverty index is something out of this world.

*(Loud consultations)*

**Mr. Deputy Speaker:** Your time is being consumed yet we cannot hear what you are saying! Could the hon. Members who wish to withdraw, do so quietly?

**Mr. C. Kilonzo:** Mr. Deputy Speaker, Sir, the poverty index is something out of this world. According to the poverty index given by the Ministry of Planning and National Development, Kisii is the poorest region in this country, followed by Nyanza and Western Provinces. Who does not know that people in most parts of Eastern Province rely on famine relief food? Who does not know that North Eastern Province is very poor and its people also rely on famine relief food? The Minister should look into this issue and revise the poverty index.

If it is true that our economic growth is currently at 5.8 per cent, then we need to know why this growth is not being felt by the poor people at the constituency level. In our proposed amendments, we will recommend to increase the CDF to not less than 5 per cent.

Mr. Deputy Speaker, Sir, the ugly side of the Budget, as has been the case, is the lumpsum

allocation of funds to Ministries without specifying what they are meant for. This is why Ministers are becoming Ministers of Finance in their Ministries. This is very common with the Ministry of Energy, where the rural electrification funds are never specified in the Budget and the politically-correct people are the only ones who benefit from the funds.

Earlier on, I had mentioned that our worst problem is not the Budget, but the fact that every end of a financial year, we have funds which are not spent by Ministries and are returned to the Treasury. It is for this reason that I would recommend such funds to be channelled back to the CDF.

With those few remarks, I beg to support.

**Prof. Saitoti:** Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to contribute to this Motion.

At the very outset, I would like to commend the Minister for Finance---

*(Loud consultations)*

**Mr. Raila:** On a point of order, Mr. Deputy Speaker, Sir. Since the hon. Member for Kajiado North is making his maiden speech in the Back Bench, could he be heard in silence, without interruptions?

**Prof. Saitoti:** Mr. Deputy Speaker, Sir, for obvious reasons, I will ignore that since it belongs to the trash can.

However, I would like to thank the Minister for Finance for delivering a very strong Budget. To that extent, he demands to be commended as this was, indeed, his first Budget. Some of us know how difficult it is to formulate a Budget and much more, to deliver the Budget in an eloquent manner.

The Motion at hand has to do with the approval of the various ways which were used in revenue collection. While taxation measures are ways and means of raising revenue which is required to finance the Budget, it is also important to note that these measures are supposed to be able to finance the policies in the Budget. Quite often, there has always been a misunderstanding as to where the real Budget is. Many people, including the hon. Members, believe that the Budget is precisely the taxation proposals. This is wrong because taxation proposals give reliefs and some times cause agony to various members of the community.

Mr. Deputy Speaker, Sir, that is why the focus of the Budget has always been on the taxation proposals. However, the important part of the Budget are the economic policies which are normally spelt out in the Budget. That in itself is the case because the proposals or the policies for that matter spelt out in the Budget are the ones which give a chart as far as the medium-term and the long-term policies are concerned. These are very fundamental issues and unless they are clearly understood, it is extremely difficult to be able to access the importance and, for that matter, the depth of a Budget.

Mr. Deputy Speaker, Sir, just before I go on, let me say that it is indeed very reassuring to note that the country was able to register an economic growth rate of 5.8 per cent last year. This is commendable when one is able to compare this with an economic growth rate of 5.2 per cent for the African region and only 4.3 per cent for the world economy. Even much more important, it was a period that was characterised by high energy and commodity prices. Therefore, to that extent, the economy over the last three years, has now been able to take root as an economy which is growing.

Indeed, if one looks at the other fundamental economic indicators, one can only be impressed with the performance of the economy. Inflation, the deficit, interest and exchange rates are now under control and the effect of that is that today we can be proud of an economy which does rest firmly on a strong micro-economic policy. It is extremely sound. This one will therefore



guarantee the development of the economy and much more important, the effort to move towards a scenario where at least the challenges of poverty and unemployment can now be addressed.

Mr. Deputy Speaker, Sir, however, although we are trying to aim and be able to achieve a growth rate of 7 per cent of the Gross Domestic Product (GDP) as the ultimate goal which will be able to surmount the problems of poverty and unemployment, it should be understood that a pro-economic policy is fundamental, if we are going to be in a position to be able to create wealth which will offer employment opportunities and cut down the poverty rates that we have in this country. It is for that reason that I find that the economic policies contained in the Minister's Budget Speech very laudable. They are the ones which, when ultimately implemented, will be able to reduce the income gaps. It is one thing to be able to have a high growth rate in the economy and another being able to reduce poverty.

You can be able to have very high economic growth rate but, at the same time, if there is no measure which is able to reduce the very big gap between the very high incomes and the lower ones, it will become extremely difficult to be able to reduce poverty. One of the interventions is in education and the other one is in health and this is an important investment. For that reason, I am very delighted to note that substantial resources have been increased considerably especially in education where I must say that I do still harbour vested interests.

Mr. Deputy Speaker, Sir, I refer to the fact that the money which has been allocated for the education sector amounts to Kshs99 billion. This in itself amounts to about 27 per cent of the total expenditure. I want to use this opportunity to inform the House that there can never be a greater investment than education. Investing in education is creating skilled manpower for the future for this 21st century. Even much more important, it is ensuring that the children and the youth of this country are able to enjoy their rights because it is their right to have an education. That is why we decided to make sure that we will offer free primary education to the youth of this country. We should be proud as a country that from 2003 the total enrolment of the children going to primary schools now stands at 7.6 million out of only 5.2 million. This is a fundamental achievement and we are admired as a country for that. We need to sustain this very important policy.

Mr. Deputy Speaker, Sir, but much more important, we must ask ourselves the following question: "Once these kids finish primary schools, are they guaranteed to go to secondary schools? That requires fundamental amounts of money. We need to create more secondary schools in order to be able to increase the transition rates from primary to secondary schools. We also want to make sure that the transition rate from secondary schools to universities and other colleges of higher learning is enhanced. I have no doubt that this amount of money will not entirely be able to make sure that all the students who finish primary school go to secondary school but it is the right direction. It is a strong sign of our commitment to make sure that we provide educational opportunities to our children. I believe this amount of money is extremely important in the Ministry of Education. It cuts across the board. It offers opportunities to the children and it increases employment opportunities and in the long-term the earnings becomes much higher, and that in itself will lead to that situation.

Mr. Deputy Speaker, Sir, I beg to support this Budget Speech.

**Prof. Anyang'-Nyong'o:** Thank you very much, Mr. Deputy Speaker, Sir. Like my colleague, Prof. Saitoti, the hon. Member for Kajiado North, I would plead to be heard in silence and to congratulate the young Minister for Finance who was born when I went to Form One at Alliance High School.

*(Laughter)*

Mr. Deputy Speaker, Sir, I am however very disappointed contrary to Prof. Saitoti's

congratulations that you wrote your Budget within the framework of the economic recovery strategy. You have betrayed the economic recovery strategy. The Minister has betrayed the philosophy of the economic recovery strategy for wealth and employment creation because that strategy was based on the philosophy of broadening the tax base and reducing the tax rate. You have, on the contrary, increased the tax rate and not really really broadened the tax base and I will substantiate.

Mr. Deputy Speaker, Sir, by making sugar farmers pay the Sugar Development Levy, you have actually taken the money away from those people who would create more wealth. You have also made more people pay Value Added Tax (VAT) because they have income in their pockets and they are about 3 million. You have, therefore, decided to enrich a handful of sugar importers and those in the business of selling sugar to us. You are, in other words, un`der-developing agriculture and rewarding mercantile capital, which is contrary to the development we need in an under-developed economy like ours. So, I would appeal to the young Minister to read carefully the Economic Recovery Strategy Paper (ERSP), which I authored and be faithful to the philosophy of that strategy that was based on broadening the tax base and reducing the tax rates.

Secondly, the Minister decided to make people pay more for the petroleum levy by making tax collection simpler for the Kenya Revenue Authority (KRA). I understand the rationale of doing so because trying to collect road licence under the present circumstances is a much more complicated process than collecting money from the petrol tanks in filling stations. That efficiency gain will obviously be there, but the burden will then go to the consumer who is both the small and the big man. In the final analysis, the commuter who uses the *matatus* will end up paying more money for boarding the *matatus* and, therefore, taking out of his pocket money that he could have used as savings or invested in small and medium enterprises, as the case may be. The Minister should look at that move very carefully and find out whether he is broadening the tax base and reducing the tax rate or he is doing the opposite.

Mr. Deputy Speaker, Sir, one thing I thought the Minister could do to help Kenyans was to remove stamp duty for first-time home owners. As you know, the real estate business is booming in Kenya, particularly in Nairobi, and it is one of the major factors contributing to the high rate of economic growth, as we had expected when we wrote the ERSP for Wealth and Employment Creation. Nonetheless, the real estate boom that we are seeing in Nairobi and other towns is mainly in the up market section, the upper middle class and above. We are not seeing a real estate boom for the poor and the low income earners. We are not seeing a real estate boom which will make it possible for your son - you are too young to have a son who can buy a house, but I have one -to buy a house as a first-time home owner. Were we to give incentives to first-time home owners, we would abolish the stamp duty for first-time home owners so that they can own homes.

Secondly, we could give incentives to low income housing so that we can see houses costing Kshs500,000 or less being developed in both urban and rural areas so that we can have more owners of houses of the lower income group. In this regard, the Minister will make it possible for real poverty reduction where it makes a lot of meaning; that is, among the poor and the lower income groups. This Budget, however, is still rewarding the haves in terms of increasing income and getting on with life than those who are at the bottom of the economic scale.

Mr. Deputy Speaker, Sir, figures about economic growth are per capita figures. In other words they are averages that assume that the wealth that is being made when divided by the population, you can tell the economic health of the nation. However, quite often, when wealth is skewed towards the top 10 per cent or 20 per cent, figures of economic growth do not give good indications as to how successfully we are fighting poverty. When you have high economic growth, the Government must intervene with an income distribution policy that will help lower income earners. I am afraid that in this particular Budget, I do not see a very progressive income

distribution policy affecting rural areas except the traditional one. The traditional one means that what we have done is to guarantee markets for cash crop producers, but not lift the 50 per cent who are below the poverty line to enter the market. I would have said that were we to do this today, the Government would have had a Budget which would have a radical intervention in agriculture.

As the Millenium Development Goals (MDG) Experiment in Barsauri shows, which my Ministry initiated when I was there, if you can have fertilizers as a typical input in agriculture and hybrid seeds that farmers use, productivity in agriculture will go up ten-fold. However, this requires a radical intervention by the Government to support agricultural productivity through subsidy of fertilizers and hybrid seeds for rural farmers. I hope that this is a policy that the Minister should take very seriously if, indeed, the tax gains we will have as a result, a more efficient collection of the petroleum levy which is directed towards agriculture rather than consumed by the State in Ministries which are traditional consumers of public revenue and wasting it like the Ministry of Defence and the Office of the President.

Mr. Deputy Speaker, Sir, I was very disappointed that the Ministry of Defence had a higher Budget than the Ministry of Health, recognising the size of the Ministry of Defence and the size of the Ministry of Health. I am comparing the two. What the soldiers do is to sit in their camps and polish their boots. What the nurses and doctors do on the other hand is to treat the sick and restore life. If you look at those figures in terms of per capita distribution of the Budget, there is a higher per capita distribution of that Budget in the Ministry of Defence than in the Ministry of Health. I would have thought that compared to the value the doctors and nurses add to the economy of Kenya, we should have reduced the Budget for the Ministry of Defence by half, and taken that money to the Ministry of Health. In Kisumu, for example, you have one nurse to 60 patients. I would say, you have one nurse to one million mosquitoes as well. If you visit Nyanza Provincial General Hospital, that hospital does not even have facilities to prevent mosquitoes from biting the patients in the amenity wards. I would think that if we could put some resources in up grading our hospitals rather than put resources in up grading housing for those who are just polishing their boots in the army camps, we would do better service to the people of Kenya and using our revenues more rationally than we are doing at the moment. The accolade being given to the Minister for having written a good Budget is precisely because some hon. Members do not read between the lines, and do not do the correct arithmetic to understand the shortages and short comings in the young Ministers Budget---

**The Assistant Minister for Foreign Affairs (Mr. Wetangula):** Which Minister?

**Prof. Anyang'-Nyong'o:** Like you!

**Mr. Deputy Speaker:** Order, Prof. Anyang'-Nyong'o, please, address the Chair!

**Prof. Anyang'-Nyong'o:** Mr. Deputy Speaker, Sir, I would urge the Minister that when he comes to looking at the---

**Mr. Deputy Speaker:** Order, Prof. Anyang'-Nyong'o! Your time is up.

Mr. Masanya!

**Mr. Masanya:** Mr. Deputy Speaker, Sir, I would like to join many of my colleagues, and the public at large, who have commended the Minister for presenting a well balanced Budget.

First, I would like to say something about the youth. As we all know, the youth are the most frustrated group in the villages and market centres. They are involved in crime because they are idle. If the proposed Youth Enterprise Fund will be managed well, we will reduce the problems facing the youth in our country.

Mr. Deputy Speaker, Sir, year in, year out, we approve the Budget to enable the Government render services to her citizens. Unfortunately, when it comes to implementation, we do not see anything tangible happening. Since I became an hon. Member, I have not seen any activities being undertaken in my constituency in terms of development apart from the CDF money

which is managed by the various CDF committees. This is the only money which has produced some results and the common *mwananchi* has felt that there is something being done by the NARC Government. The CDF takes 2.5 per cent of Government revenue and 97.5 per cent is spent by the Government. We do not see anything being done by the 97.5 per cent which is retained by the Government apart from paying salaries and other things that *mwananchi* does not know.

Mr. Deputy Speaker, Sir, this Budget has also considered women. This is a very good thing because the burden of bringing up children has been left to women. If the money is channelled to the constituencies and managed properly, women will be relieved of this burden.

Today, most of the youth are unemployed and feel frustrated. This has forced them to engage in drug abuse, theft and other forms of crime to earn a living. I would like to thank the Minister for allocating some money for the revival of youth polytechnics. Today, youth polytechnics do not have qualified teachers and instructors because the Government does not pay them. Many of the village polytechnics are being taken care of by the communities on a self-help basis. *Wananchi* contribute money to pay some of the instructors. The Minister should come up with proper guidelines on the utilization of these funds. They should not be used to pay the instructors who are employed by the communities.

Mr. Deputy Speaker, Sir, I would like to thank the Minister for excluding donor funds from the Budget. This money has frustrated this country very much. When the Minister is preparing the Budget, a lot of donor money is factored in with the expectation that there would be money from donors. However, the donors do not give us that money. This has made us dependent on donors. I am happy that the Minister has not factored in donor funding. We are going to depend on local resources to finance our Budget. This is a good thing for our independence because donor money never gets to us. For instance, about three years ago, we were promised that rural electrification for coffee factories was going to be funded under the French Phase II. To date, we have not heard anything about the French Phase II. I am sure that hon. Members have told their constituents about this programme. Next year, we will have another general election yet the donor has not given us that money for the electrification of coffee factories in the country. I, therefore, thank the Minister for excluding all the monies promised by the donors because it never gets to us. It is only mentioned and we have never seen it.

The Minister said that he will raise some of the proceeds from the sale of the parastatals, like Telkom Kenya, National Bank of Kenya (NBK), the Kenya Re-insurance Company (Kenya Re) and others to finance the Budget deficit. These parastatals have been proposed for sale for many years. Even the former Government promised to sell them but they were never sold. Up to now, the Minister is banking on this to get money for running the Government. If they are not sold, where is he going to get the money to close this gap? I think the only option left for the Minister is to borrow from the domestic market. He will get money from local banks in terms of loans.

**Mr. Raila:** Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity.

Let me begin by congratulating the hon. Minister for presenting his first Budget. I am told it was very ably presented. I also want to congratulate his Assistant Minister. I know that the two will make a very good team at the Treasury.

I am contributing to this Motion as the hon. Member for Langata Constituency. I want to say what my people feel about this Budget. This Budget has been seen as a poor man's Budget. However, amazingly, people in Kibera are not happy with it. The reason is that after increasing the fuel levy, the cost of transport went up almost immediately. I want to invite the Minister to go and stand on the Mbagathi Road in the morning at 5.00 a.m to see for himself how thousands of people from Kibera walk to the extreme end of Industrial Area to work.

I could not have disagreed more with my colleague, the hon. Member for Embakasi, when he said that this is a poor man's Budget. He also represents residents of this City like hon. Gumo

and myself. He knows very well that because of the increase in the fuel levy, the price of everything has virtually increased. The cost of energy has gone up, yet most of our people use paraffin as a source of energy. So, this is going to cause a lot of suffering to our people. I do not see the logic in removing the road license, increasing fuel price and passing the increase to the consumer.

The increase in the Sugar Development Levy will also be transferred directly to our farmers. This is going to cause a lot of suffering to the already over-burdened and impoverished sugar farmers. I am a sugar farmer and I know the kind of misery to which our sugar farmers are subjected. Sometimes, some farmers get nothing after delivering their sugar-cane to factories. At the end of the day, when they get their pay sheets, they find that they owe the factory money. So, the Minister should sit down and tackle the nitty gritty of this issue and see how sugar farmers can be saved.

We have been talking about poverty alleviation. To do this, we need to look at factors that are causing poverty. We should look at how we should address poverty and the high cost of living. The Government is all the time responding to these challenges in its traditional way. When trade unions demand wage increase, it is increased arbitrarily on Labour Day. The salaries of our civil servants are increased arbitrarily. This is not the solution to the poverty problem facing this country. Our people continue to demand high wages and salaries because of the high cost of living. Why should we not address the causes of poverty rather than dealing with its consequences? The high cost of food, transport, medication and rent are contributing factors to poverty. How can we deal with these issues? We cannot continue increasing our salaries and wages when we want to attract direct foreign investment into this country. Already, Kenya is rated as a very high wage economy. A number of companies that would otherwise want to invest here are discouraged by our high wages. They go to low cost destinations like India, China, and even some of our neighbouring countries. So, we should put in place measures that will create incentives for investors.

I now wish to comment on the zero-rating of farm equipment. It has been known since time immemorial that this does not translate to reduced cost of items used by farmers. We are just putting more money into the pockets of dealers. The dealers in farm implements in this country sometimes make 300 per cent profit. Why should the Minister not deal with these issues more effectively?

I am also happy with the increase of the CDF Funds. But I would want to know the criteria that is used by the Government when allocating resources to constituencies. When talking about poverty, we need to know how it is measured. I represent one of the poorest constituencies in the country, but it receives half of what other constituencies receive. My constituency has a very big population. We should be fair in the distribution of CDF funds.

I still maintain that we need to invest heavily in infrastructure. I want to say that the Budget is distorted by putting too much resources in the Recurrent Expenditure as opposed to Development Expenditure. We are poor because we are under developed. So, we will not develop if we continue putting a lot of resources into the pockets of people rather than into infrastructural development. By investing heavily in infrastructure, we will be able to attract more local and foreign investments. I am also not happy about the introduction of the Capital Gains Tax, because of its negative consciences.

There has been no attempt to introduce incentives to women and youth in this Budget. The Kshs1 billion allocated to the Ministry of Youth Affairs, as far as I am concerned, is just tokenism. We need to come up with comprehensive programmes for emancipation of our women and youth. What has been done is something that is gratitude-oriented. Putting some little money in the hands of the Minister for Youth Affairs will not help this country.

I was very sad when I saw African teams going to the World Cup, and Kenyan teams

remaining behind here. We are just cheering other African teams participating in the World Cup. This is because sports activities in this country are collapsing. Our athletes perform well internationally, not because the Government does anything for them, but basically because they perform with their thorax. There is no attempt by the Government to promote and develop the sports potential in this country. We should invest more money in developing our youth and sports in this country. Nothing has been done in this regard.

The Minister has removed road licences, but I want the Government to move a step further and remove the police road blocks on our roads. These police road blocks, as the Minister knows, are nothing but toll stations. They impose additional taxation on our already over-taxed population. The road blocks are doing nothing in crime prevention. Traffic police officers are not concerned with crime. In fact, many traffic policemen have approached me when they were removed from the Traffic Department. They appealed to me to intervene so that they were taken back to roads, because they were hungry! So, the Minister should talk to his colleagues and ensure that police road blocks are removed all over the country. They can embark on mobile patrolling like is the case in other countries. I was in the USA last week and on my way from Washington to New Jersey, several people were being frisked out of the road because they were either overspeeding or driving dangerously. There is a light that motorists are shown to warn them to stop and then they are dealt with on the spot. So, this blanket blocking of every vehicle as if everybody is a criminal needs to stop.

Mr. Deputy Speaker, Sir, I would like to see more money being allocated for health and the development of our roads. With those few remarks, I beg to oppose.

**The Assistant Minister for Transport** (Mr. Githae): Thank you, Mr. Speaker, Sir, for giving me this opportunity so that I can also contribute to this year's Budget.

First, I would like to congratulate the Minister for Finance for presenting such a wonderful Budget. It was, indeed, pro-poor. It recognised certain difficulties that this country is going through and it, therefore, attempted to rectify some of the problems as the Minister had perceived them.

Mr. Deputy Speaker, Sir, time and again, speakers on the Floor of this House have spoken about poverty eradication. However, the more we talk about poverty eradication, it is like we are glorifying poverty. I think we need to copy what the South Africans are doing. They no longer talk of poverty eradication because that is negative; they talk about wealth creation. So, I am proposing that from now henceforth we should start talking about "wealth creation". We need to talk about creating wealth and not just merely eradicating poverty.

It is clear that the economy did well because farmers for the first time are being paid. For example, the maize farmers are being paid well and they are now getting a fairly good return on their investment. The dairy cow farmers are also happy because the price of milk has gone up and they also are getting a fairly good return on their investment. For the first time, we are seeing roads being repaired all over the country. This is a commendable move and more needs to be done.

The Minister stated that it was the Government's policy to first of all formalise and complete all the roads which were abandoned. I have one road in my constituency, Kaggio - Baricho - Kerugoya, which was abandoned more than 20 years ago. To make matters worse, only two kilometres of that road was done and fortunately or unfortunately, the two kilometres ended up where my house is. I am now being accused of having tarmacked only two kilometres for the road to end where my house is. I was not even in this House when this road was abandoned after the two kilometres had been done. I am told that this year, some money has been set aside to complete this road. I would like to ask the people concerned to move fast and remove this political predicament from me by completing this road because it is bound to bring an unfavourable political atmosphere in Ndia.

I would also like to congratulate the Minister for coming up with a fund for the youth and

women. We know that Kshs1 billion is not enough although it is a good step in the right direction. It is, indeed, a good beginning. It is normally said that the youth are the leaders of tomorrow. On the contrary, the time for the youth is now and not tomorrow. We have also been saying that the youth are having problems in getting employment. I think that if this Youth Enterprise Fund is properly utilised, we will be able to see some enterprises being started by the youth and the women. This is where our future is and so we need to support the youth and women alike. We should support women groups because women are the people who have really made change to take place in this country.

Mr. Deputy Speaker, Sir, I always feel like crying when I hear people politicising the CDF. What CDF has done over the last three years cannot be compared to what has been over the last 40 years. It is good that the Minister recognised this fact and increased the amount from Kshs7 billion to Kshs10 billion. However, obviously, more needs to be done. The only reason why Members of Parliament want the amount of money allocated for the CDF increased is because people can see something happening on the ground. Wherever you go, you can see something being done. There are other funds and I do not know why it is CDF only which is being highlighted.

In Ndia Constituency, we have been able to build in every primary school a mixed day secondary school using the money from CDF. Every primary school in Ndia Constituency will have a mixed day secondary school. We have been able to build a police post in every sub location using the CDF money. Also, we have already started building dispensaries; at least, one dispensary in every sub location. That is the reason why I almost cry when I hear people politicising this Fund. It is for *wananchi* and not for hon. Members of Parliament. We are just custodians of the Fund; in fact, some of us are not even chairpersons of the CDF Committees. My work is that of a watchman of the CDF. I only ensure that the money is used properly so that many more projects can be initiated.

Mr. Deputy Speaker, Sir, I am not happy about the issue of capital gains. Unless certain exemptions are made, capital gains may prove to be counter-productive. There should be an exemption of capital gains for first-time home-owners. It should be paid on the second and subsequent houses.

If you buy a house and you live in it for, at least, five years, there should be no capital gain. It should be geared towards the developers who are building apartments for resale. That is where capital gain should be taxed and not the individual persons struggling to own a house.

Yesterday, I came back from a trip in London where we were talking about international maritime organisations. I was shocked to realise that Kenyans do not own ships. Every Kenyan just thinks of buying a *matatu*. We should leave the *matatu* industry to the poor people. I am asking the rich Kenyans to stop buying *matatus* and buy aeroplanes or ships. They should leave *matatus* to the poor people. Rich people are still buying *matatus* - I understand that some hon. Members of Parliament also own *matatus*. I am now advising them to leave those for the poor. They should instead think of buying aeroplanes and start scheduled services in every constituency. We have got enough airstrips and the Government intends to rehabilitate them. We also need ferries in Mombasa. We really want Kenyans to own ships.

Mr. Deputy Speaker, Sir, may I congratulate the Minister for putting aside some money to pay teachers their salaries in arrears. I am praying every day that, next year, the economy achieves a 10 per cent growth so that we can pay teachers all their arrears at one go. I am asking Kenyans to join me in prayers, because we promised teachers that if the economy does well, then we would think of paying them lumpsum.

Mr. Deputy Speaker, Sir, I would also like to request the Government to employ more teachers. There are trained teachers who are reaching retirement age before they have worked. They have never gotten any employment. I would like to ask the Minister to be courageous and allocate

money for the employment of teachers and nurses. I am going to show him where he can get money from, even if it is more than Kshs20 billion.

Mr. Deputy Speaker, Sir, the reason why the traders are refusing to instal the electronic tax registers (ETRs) is because of the past Value Added Tax (VAT). They think that once they install these machines then the Government will know that they have not been paying the VAT. If the Minister were to waive past VAT accruals, all the traders would buy these machines, and I am sure that we would collect more than Kshs20 billion additional VAT. But traders fear that once they install the ETRs and the Minister gets the old figures, then he will find out that for the last so many years they have not been paying VAT.

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

**Mr. Deputy Speaker:** Hon. Members on my left, for some very special reason I am going to give this chance to Mr. Wambora. But when he finishes I will double your chances.

Proceed, Mr. Wambora!

**Mr. Wambora:** Thank you, Mr. Deputy Speaker, Sir, thank you for giving me the opportunity to contribute to the Budget Speech. I will make very brief comments. I will touch on general issues before going to sectoral issues.

I want to comment on the economic growth. I join my colleagues in congratulating the Government for the growth in the economy as reflected by the very strong Kenya Shilling. A lot of foreign reserves have gone up to more than Kshs2 billion. There are other indicators like the 5.8 per cent growth rate and per capita income which stood at US\$485 per annum in 2004. All these are good. However, we should not be complacent because of that outstanding economic growth, because the poor are yet to feel the impact of this growth. We have a challenge, which we can face in three ways so that we narrow the gap between the rich and the poor.

One way is to ensure that the economy grows further to, at least, 7 per cent, so that the poor can begin feeling the impact of our economic growth. Secondly, we need to improve governance. This will reduce wastage and corruption. The third way is employment creation. I see a pro-poor Budget as the one which focuses more on employment creation. There are many ways of going about this, but since I do not have much time I will not highlight many of them. I will just highlight two of them.

First, we need to decentralise resource allocation. Doing this will necessitate an increase in the allocation to the Constituencies Development Fund (CDF). I know the allocation has grown from 2.5 per cent to 3.1 per cent. But that is not good enough. We would be happy with 5 per cent. I hope that in the next financial year we shall be allocated between 5 per cent and 7 per cent of the revenue, so that we can create employment in the rural areas and at the grassroot level.

Secondly, we need to address unemployment. I do not even want to talk about future employment, but immediate employment. We have many vacancies in the economy, which should be filled. I want to cite two sectors. One of them is health and the other is education. We are told that there is a demand for 60,000 teachers in this country, both in high schools and primary schools. But we are not employing teachers. The excuse the Government has given is that the International Monetary Fund (IMF) said that we should not do so. I think this is an unacceptable scapegoat. We should not use the IMF as a scapegoat. I had a chance to be at the IMF offices on 10th June, 2006, with my colleagues in the Committee on Finance, Planning and Trade. I remember meeting an Executive Director, who is responsible for Kenya and 20 other countries. He told us in no uncertain terms that non-employment of teachers is not an IMF policy, but the attitude of the Treasury bureaucrats. I can quote this man without fear. This is a Kenyan who is serving as an alternate Executive Director of the IMF. He is as unhappy as the hon. Members when we give excuses for not employing teachers. So, the Government must accept its responsibility and employ teachers and nurses. It should stop giving unnecessarily excuses. The IMF is not responsible.



Mr. Deputy Speaker, Sir, I want to move to the sectoral priorities. I wish to start with education, which is enjoying the biggest allocation, 27 per cent of the total Budget, namely Kshs99 billion. This is as it should be. We only need to take care of employment of more teachers, so that the standard of education can be higher. Instead of having to export our teachers to Rwanda, Botswana and Seychelles, we should just employ them so that our school performance can be even much better. Kenya is the only country in the world that trains personnel but does not make full use of that trained personnel. That is completely unacceptable.

I was not very impressed when I looked at the Budget formatting for the Ministry of Health and the Ministry of Local Government. One cannot tell how much money will go to a constituency or district. The two Ministries should borrow a leaf from the Ministry of Energy and the Ministry of Water and Irrigation. When you look at their budgets on development you can tell how much money is for this and that district. That is the way to prepare a Ministerial budget. This will ensure that we avoid corruption. When all the money is left at the headquarters, we will get hon. Members going to negotiate with the Ministers. We do not want to do that.

I wish to thank the Government for allocating more funds for agriculture. That is exactly as it should be. But what we now need to do in agriculture is value addition and branding of our products for better value, so that the customers can get what they want. Marketing is another area that needs to be addressed both at the starting and finishing point. Without proper marketing we shall not be able to sell our products.

I want to end my comments on sectors by looking at the physical infrastructure. This is the part of the Budget which impressed me most. I have travelled to over 60 countries, and I have not come across any country in the world with poorer roads than Kenya, unless it is a failed state like Somalia or Southern Sudan. I am very happy with the Minister's move to introduce the infrastructural boards. That is music to my ears because it is the way to go. We must buy this concept. This is a concept which should have been implemented yesterday, because it is employed in most countries. I can quote specific states which I have visited. They are Georgia, Texas, California and Washington DC. They build their roads by selling long-term bonds. They actually privatise the construction of roads. Since 2003, they have been raising money through bonds and they are able to develop their infrastructure. That is the road to take. So, we need to set up a framework which will facilitate operationalisation of this instrument so that we can begin utilising this modern concept used by developed countries.

Before I leave the issue of infrastructure, let me comment on the idea of a free port. We, in the Departmental Committee of Finance, Planning and Trade, have managed to tour some of the best ports in the world, including Shanghai, Singapore, Dubai and Bangkok. I can assure you that they raise a lot of money because they have managed to privatise their ports. I think Mombasa should go that route. I would encourage the Minister for Transport to now bring their report to our Committee so that we can share ideas about a free port for Mombasa, and much later, start Lamu as a second free port.

Mr. Deputy Speaker, Sir, the progress being made in the Ministry of Energy through Ken-Gen is commendable. The Ministry utilised its resources properly this financial year. I think they have the best record; 94 per cent of their budget was able to be utilised by the end of May. I think if other Ministries can follow that route, then we shall be making a lot of progress in the field of infrastructure in the energy sector.

The water sector also did very well this year. By the end of last month, the Ministry of Water and Irrigation had managed to spend 93 per cent of their budget. We cannot say the same for other Ministries, like the Ministry of Roads and Public Works which only spent 57 per cent of their budget.

With those remarks, I beg to support.

**Mr. Kajwang:** Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to contribute to this Motion. I want to continue from where the hon. Member who has just spoken left.

Infrastructure is the key to the development of any country. We do not have to over-emphasise that Nairobi itself is already clogged. If you do not travel the road I usually do, there is a road called Outering Road. If you are coming from Komarock to town and you leave at 7.00 a.m., you will reach this town at 9.00 a.m. The amount of fuel which you waste on that road as you wait to reach town could build another road in one year. But the amount of man hours wasted on that road; if that energy was synergised, we would build another road. We must do something quickly about Outering Road and Thika Road, which are congested by 7.00 a.m. If you are coming from Kenyatta University or those sides and leave at 7.00 a.m. it will take you two hours to reach town. It is that bad. We must do something very quickly.

*[Mr. Deputy Speaker left the Chair]*

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

I can see that we cannot do it through taxes. We have collected the largest tax we have ever collected since Independence in the last financial year, yet after you make the mandatory payments, what you remain with cannot build roads. We need hundreds of billions of Kenya Shillings to do that.

So, we must go the way hon. Wambora has suggested. We must create special bonds for the construction of our roads. No country has ever developed its infrastructure by taxes because you just cannot collect enough. But people can invest in these roads if the Government were to put bonds in place. Our railroads can also go that way. We are not going to build new railroads with taxes. It is not possible. It seems like we have counted our money and we cannot do it. So, we must go that way. Even the railway which we are using was not built by taxes. It was built by Imperial British East Africa Company (IBEAC) which was also collecting bonds from people all over Europe at that time. So, we must just go that way.

Our airports should also go the same route, and our telecommunications cannot go on this way if we want to compete. Right now, there are very many international companies which want to invest in this country, so that they can use Kenya as a call centre. That means, if you want to talk to a company in America, you talk to Kenya instead, and they sort out your problems here. Europe is doing a lot with India. But you know that in the Indian Sub-Continent, although they know English, they know very little. Kenyans speak very good English, and we can be a good centre here if only our telecommunication was right. It is too expensive to talk to Kenya and so they cannot just do business here. Some people are trying, but they are doing it at a very high cost.

So, this special bonds instrument which the Minister has talked about, and concessioning which we have been talking about for the last five years, should be combined. Unless we fix our infrastructure, it does not matter whatever we try, nobody will just come and invest here. If I had Kshs100 million, I would find somewhere else to invest it. I would make much more money in Dubai than in Kenya. So, why should I invest it in Kenya? Because this is my motherland. But if somebody was a foreigner? So, you must do something which attracts him here. The cost of telecommunication must be down, the airports must be right without "Arturs" threatening people everywhere, and the railroads must be right so that goods move cheaply and quickly, and our roads must just be working.

Similarly, the cost of electricity must go down. If you do not do those things, then it does

not matter how much you ask those investors to come because they will not come. Investors come here to make money, not to lose money. They are not patriotic. So, you must give them what they want. If the infrastructure is right and the taxes are low, and the cost of labour is low, they will come. But the cost of labour in Kenya cannot go down because the two things which determine what a worker does with his money are not being fixed.

A worker wants to have housing, and our housing is a bit expensive and unavailable. Secondly, they want efficient and cheap urban transport. If you do not fix that, our workers cannot work for Kshs3,000 or even Kshs5,000, because transport takes half of it and housing takes the other half, and they do not even have anything to eat. So, if an investor is going to come here and pay people less than Kshs5,000, people cannot work for him and still survive. Yet, he goes to India and pays people the same amount but people work, because their food and transport is cheap, and their housing is available and cheap.

So, we must invest in those three. If you want to invest in it, we must go the same way of bonds. Our taxes cannot build any more houses. I do not know when the Nairobi City Council ever built any houses. Even the houses which were built by Kenyans themselves in certain estates, the infrastructure is terrible. Go to Zimmerman. Kenyans have put billions of shillings in Zimmerman, in beautiful flats, but there is no road or sewerage. If Kenyans have invested that kind of money because they are patriotic and they want to provide housing, why does the Government not fix their roads and put some drainage and sewage? If you cannot do it with taxes, then you just have to go the way of investments, so that Kenyans invest in those roads through bonds. They have invested in housing, and they can also invest in roads. But you organise them, and that is what bonds do.

Mr. Temporary Deputy Speaker, Sir, we are lucky we have the deepest and the best port in the East Coast, but we are not making money out of it because we think it is a cash cow. Everybody who goes there thinks it belongs to the Mijikenda or the Waswahili or the Arabs. There is so much war about who controls the port. It is not important. Djibouti is a small little thing at the Horn of Africa, but it is making billions of shillings.

Mr. Temporary Deputy Speaker, Sir, before I run out of time, let me say one thing. The banking industry is a very sensitive industry which survives on confidence. If it collapses, so many people collapse with it; the investors, the depositors and the small savers. When we come to this House and attack one bank, and give two reasons for that attack: money laundering and tax evasion, the investors lose confidence in that bank. As a result, the bank will collapse. A bank does not launder money. It is the client who puts his money in the bank who may launder. If we know the person who is laundering money, why do we not go for him? If we know the account where the money is being laundered, why do we not freeze it? If we know who is evading tax, whether it is Nakumatt Supermarket or whoever, why do we not go to that account or Nakumatt Supermarket itself? If there is any wrong or criminal liability committed by the bank and the supermarket, why do we not arrest the directors of Nakumatt Supermarket and the bank? Why do we have to close the bank?

Mr. Temporary Deputy Speaker, Sir, when the Governor of the Central Bank was on his way home, he asked the Minister for Finance to close down the bank or withdraw its licence without giving any reason. He himself has been giving that bank a licence year in, year out, up to January, 2006. Now, when he was almost going home in January, 2006, he wanted it closed down. He is the one who certified the bank! There are four people who sign a licence every year; the director of the bank, the Governor of Central Bank of Kenya, the Permanent Secretary, Ministry of Finance, and the Minister for Finance. If in January, 2006, that bank was correct, when did it start laundering enough for it to be closed? Then everybody says it is doing money laundering. I read this in the Press. They were convinced that there was money laundering and criminality. When you listen to the Minister speaking, and I want to thank him, he says that he really did not have a good

reason to close the bank and that he only closed it because he feared a run on the bank. Who told him that there was going to be a run?

Mr. Temporary Deputy Speaker, Sir, when hon. Billow was presenting the so-called "serious" or "damning" report, it had just come out that morning on 21st June, 2006, and the bank had been told to reply on 4th July, 2006. They were not replying on the question of tax evasion or money laundering. We do not even have a law against money laundering. We do not even know what it is until it is described in our law, because this is a law-making institution. But before they replied, on the same morning when the report was being served to the bank, we were closing it here in Parliament. The next day, the Minister for Finance sent the officers from the Central Bank of Kenya to close it down. Why do we do anything like that to our economy?

Thank you, Mr. Temporary Deputy Speaker, Sir.

**Mr. Ojaamong:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute on the Budget Speech. Once more, a Budget Speech has been read, just like the previous one for the last financial year.

Mr. Temporary Deputy Speaker, Sir, just like any other hon. Member, you will realize that as this Budget is read, very little trickles down to the ground. I will give a few examples to illustrate my point. When I came to Parliament, my district had no courts of law. We have been allocating a lot of money to the Ministry of Justice and Constitutional Affairs from the time we came here in 2002. To date, we do not even have a mobile court. This is injustice to my people.

**An hon. Member:** Where do they go?

**Mr. Ojaamong:** My people have to travel all the way to Bungoma or Busia in order to be served by the courts of law. I appreciate that this year, the Ministry of Justice and Constitutional Affairs is getting quite a lot of money. The people of Teso District should, at least, be given a mobile court. I would appreciate if they would be given a fully fledged court of law.

Mr. Temporary Deputy Speaker, Sir, as things appear now, it is unlikely that we shall have a new Constitution before the next General Elections. There are certain Constitutional amendments that have to be effected if our country has to run effectively and efficiently. One of these amendments is Section 42 of the Constitution, which prescribes the number of constituencies that Kenya should have. It states that we should have a minimum of 188 constituencies and a maximum of 210 constituencies. We have already reached the ceiling of 210 constituencies. The population of Kenya has increased in the last ten years and our people need to be represented effectively. The only way we can do this is by increasing the number of constituencies so that we can have more parliamentary constituencies. We thought that we could have a new Constitution before the next General Elections to enable us increase the number of constituencies. Unfortunately, as I said earlier on, it is unlikely that we shall have a new Constitution. Considering that the Government is very busy and is unlikely to deliver a new Constitution, I appeal to the Government to move with speed to amend Section 42(2) of the Constitution to allow for the increase in the number of constituencies.

So far, the Electoral Commission of Kenya (ECK) has collected views from Kenyans with regard to adjustment of boundaries, the number of constituencies and their names. When they came to my constituency, they assured me that they will be finishing that duty of taking the views of the *wananchi* by the end of June, 2006, which is in the next three days. So, the ECK has listened to the views of the *wananchi* with regard to adjustment to boundaries, the number of constituencies and their names. The only thing remaining is the limitation in the Constitution that we have to expand. I appeal to the Minister for Justice and Constitutional Affairs, because we foresee no possibility of getting a new Constitution before the next General Elections, to move very fast and bring an amendment to Section 42(2). Failure to do this, I will personally take the initiative to bring that constitutional amendment very soon. That will increase the number of constituencies in our

country.

Mr. Temporary Deputy Speaker, Sir, I am saying this because I represent a very large constituency, and I am surrounded by very hostile neighbours. So, I find it very difficult to represent my people because of those two factors. We are also a minority and marginalized group. That is why, in the whole of this Parliament with 210 elected and 12 nominated Members, I am the only one representing my small ethnic group which is surrounded by very hostile neighbours. In our presentation to the ECK, we said that we only wanted one extra constituency. Because we love Kenya, we also want representation in Kenya. If Teso District will be given two constituencies, we shall have no quarrel with this Government.

Mr. Temporary Deputy Speaker, Sir, if you consider the distance that I travel from Teso District to this Parliament, I spend a minimum of almost eight hours coming to Nairobi. I would be more comfortable travelling to Kampala, because I travel for a minimum of three hours from my home to Kampala. So, the Parliament in Kampala is more friendly to me than this one. But because we also like being in Kenya, I would like to appeal to this Government to consider the plight of my people and give us, at least, a second constituency. It would be very unfair if you were to give an extra constituency to the Luhyas in western Kenya before you give the same to the Tesos. It would be extremely unfair if you were to do that. So, when the ECK will be giving the constituencies, the first priority should go to Teso District.

**The Assistant Minister for Finance** (Mr. Kenneth): On a point of order, Mr. Temporary Deputy Speaker, Sir. Mr. Ojaamong is a very good friend of mine. I would not want to disrupt him, but is he in order to dwell on ethnicity? We are trying to build a cohesive nation. Is it in order for us to dwell on ethnicity?

**Mr. Ojaamong:** Mr. Temporary Deputy Speaker, Sir, Mr. Kenneth is comfortable because he is "eating". He comes from an ethnic group which has almost 10 Cabinet Ministers, 15 Assistant Ministers, 20 ambassadors and many other senior Government officials. So, he is very comfortable.

*(Laughter)*

**The Assistant Minister for Finance** (Mr. Kenneth): On a point of order, Mr. Temporary Deputy Speaker, Sir. Did you hear Mr. Ojaamong say that people are comfortable because they are "eating"? Could he substantiate?

**An hon. Member:** Of course, you are "eating"!

**The Assistant Minister for Finance** (Mr. Kenneth): Mr. Temporary Deputy Speaker, Sir, what is being "eaten" and where is it being "eaten"?

**An hon. Member:** *Ugali!*

**Mr. Ojaamong:** Mr. Temporary Deputy Speaker, Sir, it is obvious that they are "eating" taxpayers' money. Most of it goes to the hon. Member's region. So, I need not substantiate.

Mr. Temporary Deputy Speaker, Sir, it is, therefore, my appeal to the Government to add us one constituency so that we can also feel represented in this House. My people should also be appointed to serve in this Government because they are Kenyans.

**An hon. Member:** Do you want to become an Assistant Minister?

**Mr. Ojaamong:** Mr. Temporary Deputy Speaker, Sir, personally, I am very satisfied being a Member of Parliament, but my people should be appointed to serve the Government in other capacities. There should be Permanent Secretaries, Under Secretaries and Provincial Commissioners from my constituency in this Government. If you do so, you will make us feel--

**The Temporary Deputy Speaker** (Mr. Wambora): Order, Mr. Ojaamong! Address the Chair!

**Mr. Ojaamong:** Mr. Temporary Deputy Speaker, Sir, my people will be comfortable if

they are given a chance to enjoy the national cake being enjoyed by other Kenyans.

Mr. Temporary Deputy Speaker, Sir, I told the Minister for Justice and Constitutional Affairs last week that the senior-most Government official to have ever been appointed by this Government from my community is a chief. She believed it and promised to talk to the President to give us something in the next reshuffle. Therefore, it is my appeal to the Minister for Justice and Constitutional Affairs to also articulate my case when she goes to the Cabinet and say: "We have people from Mr. Ojaamong's community who have been left out of this Government and they would also like to be in the Government", because we all contributed to the election of this Government.

**The Minister for Justice and Constitutional Affairs** (Ms. Karua): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to ask me from the Floor of this House to go to the Cabinet and articulate his point of interests, which are of purely political nature and outside my mandate? I serve the whole country!

**Mr. Ojaamong:** Mr. Temporary Deputy Speaker, Sir, the Minister is the Deputy Leader of Government Business. I will address all my problems to the Cabinet through her, because she represents the Government here. So, I am quite in order.

Mr. Temporary Deputy Speaker, Sir, President Kibaki and his Government have good intentions, but the Civil Service he inherited from KANU has been a let-down to his Government. This Government is capable of delivering. So far, it has done a lot. However, the Kibaki administration has inherited very corrupt civil servants from the previous administration, who have trained them how to be corrupt. The new entrants into the system now want to sustain the corrupt practices. For that reason, we might not go very far.

Therefore, my appeal to the President and his Cabinet is that, if they really have Kenyans' interests at heart, they should move fast and get rid of the corrupt persons from the Civil Service. We know them. If you come to Teso District, I will point out to you the corrupt Government officers. Why would you want to retain such people in the system? Why would you want to bring the Government to shame for nothing, and yet you can get rid of them from the Civil Service? So, a lot of restructuring has to be done in the Civil Service. I am very happy that senior civil servants are now signing performance contracts. That is a step forward.

With those few remarks, I beg to support.

**The Assistant Minister, Office of the President** (Mr. Kingi): Ahsante sana, Bw. Naibu Spika wa Muda, kwa kunipa nafasi hii ili niweze kuuchangia Mswada huu. Ningependa kuanza nikiwaunga mkono Wabunge wenzangu waliosema kwamba Bajeti hii imezingatia maadili ya Wakenya na kujaribu, kwa hali ngumu kidogo, kuhakikisha kwamba kila Mkenya, popote alipo, amefikiwa na Bajeti hii.

Bw. Naibu Spika wa Muda, Mbunge mwenzangu aliyetangulia kuzungumzia Mswada huu, Bw. Ojaamong, aligusia swala la ajira. Ameiomba Serikali iwaajiri kazi watu kutoka sehemu yake ya uwakilishi Bungeni. Ningependa kumuhakikishia Bw. Ojaamong kwamba Serikali imeshafanya hivyo, inazidi kufanya hivyo, na itaendelea kufanya hivyo. Katika sehemu yake ya uwakilishi Bungeni, kuna manaibu wa machifu, machifu na walimu ambao wanahudumu katika Serikali. Ndio maana nimesema kwamba tumeshawaajiri, na tutazidi kuwaajiri wakaazi wa Teso kama tunavyowaajiri Wakenya wengine mahali popote walipo.

Kuhusu swala la kuongezwa kwa idadi ya maeneo ya uwakilishi Bungeni, sote tumepewa nafasi ya kutoa maoni yetu kwa tume ya Uchaguzi Nchini (ECK), ambayo inazunguka kote nchini kuchukua maoni ya wananchi juu ya jambo hili. Ninaamini kwamba Bw. Ojaamong atapata nafasi ya kutoa maoni yake kwa tume hiyo. Kama atajitetea vizuri mbele ya tume hiyo, sielewi ni kwa nini ana wasiwasi kiasi cha kuja Bungeni na kumwomba Waziri wa Haki na Maswala ya Katiba aende kumtetea, kana kwamba yeye mwenyewe hawezi kujitetea.

Bw. Naibu Spika wa Muda, Bajeti hii imezipa nafasi sekta nyingi za nchi hii. Tukianza sekta ya elimu, tunafahamu kwamba elimu huleta maendeleo na msingi wa maisha ya leo. Kwa hivyo, kwamba sekta ya elimu imeangaziwa vilivyo na kupewa kipa umbele katika Bajeti hii, ni jambo la kupongezwa. Sasa, kinachosalia ni wasimamizi katika sekta hii kuhakikisha kwamba pesa hizo zimesimamiwa vizuri ili ziweze kufanya shughuli ambayo imenuiwa.

Walimu wamelalamika sana kuhusu mishahara yao. Hivi majuzi, walitishia kugoma kwa sababu ya marupurupu yao yaliyozungumziwa tangu mwaka wa 1996, na ambayo hayajalipwa kikamilifu. Marupurupu hayo yalileta maneno mengi. Kwa hivyo, ninamwomba Waziri wa Elimu aanzishe mazungumzo na walimu, na iwapo kuna uwezekano wa kuwalipa walimu hao marupurupu ya nyongeza za mishahara yao yaliyosalia, asisite kufanya hivyo. Akifanya hivyo, Waziri atawapatia walimu motisha ya kuweza kufanya kazi kwa bidii zaidi.

Bw. Naibu Spika wa Muda, hapa Bungeni, mara kwa mara, tumekuwa tukijibu Maswali kuhusu majengo ya shule yaliyoharibiwa aidha na upepo mkali au mvua nyingi. Inaonekana hakuna mwongozo maalum wa kuziwezesha shule zinazoathiriwa na majanga kama haya kufaidika. Kwa hivyo, ninamwomba Waziri katika Afisi ya Rais wa Mipango Maalum kuhakikisha kwamba mambo haya yamefikiriwa ili majengo ya shule yanapobomoka kufuatia majanga haya, yarekebishwe mara moja ili watoto wasitaabike.

Mimi nahusika na mambo ya utawala wa mkoa. Katika Bajeti yetu, tulipatiwa kiwango cha pesa ambacho hatukukitarajia. Mambo mengi katika taifa letu hutegemea utawala mzuri. Usalama huwezesha elimu kuendelea vyema na pia huwezesha watu kufanya kazi vizuri. Tunatarajia kwamba katika Bajeti ijayo, mambo ya usalama yatapewa uzito kama vile elimu inavyopewa uzito. Tulitarajia kupata pesa za kutosha ili tuajiri askari wengi ambao wangetapakaa kila mahali na kuhakikisha kwamba usalama unaimarishwa. Tulitarajia kupata pesa za kutosha ili tuwaajiri maofisa wa usalama katika kila tarafa kwa sababu mara nyingi, watu hutaka tupeleke maofisa katika kila tarafa, lakini kwa sababu ya upungufu wa pesa, hatuwezi kuwaajiri. Tunataka pesa zaidi ili tuhakikishe kwamba tutafungua kituo cha polisi katika kila lokesheni, aidha cha kawaida au kile cha utawala, ili tuhakikishe kwamba wananchi wanaishi maisha mema. Kwa hivyo, ingawaje Bajeti hii imekuwa nzuri, kuna sehemu za muhimu ambazo tunaona zimetubana sana. Tunatoa mwito kwamba sehemu za muhimu kama hizo ziangaziwe vilivyo.

Tatizo kubwa lililopo katika mkoa wa Pwani ni lile la ardhi. Nashukuru kwamba Waziri wa Fedha ametenga kiwango cha Kshs400 milioni ambacho nadhani lengo lake ni kushughulikia maslahi ya ardhi ya maskwota na sehemu ambazo hazijagawanywa, ili wananchi wapewe vyeti vya kumiliki ardhi. Pesa hizo, Kshs400 million, hazitoshi, lakini ni pesa ambazo zinaweza kuanzisha kazi na ionekane. Tuna imani kwamba Waziri wa Ardhi, atakapokuwa akitumia pesa hizo katika kufanya kazi yake, ataangazia Mkoa wa Pwani ambapo kuna matatizo sugu ya ardhi, kwa sababu kuna maskwota na watu wengi wasio na makao. Kwa hivyo, tunaomba pesa hizo zitumiwe vizuri ili ziwapatie makao wananchi wa Mkoa wa Pwani kwa sababu wamepata matatizo kwa muda mrefu.

Ningetaka kuzungumzia mambo ya uvuvi, ambayo ni uchumi kabambe kwa watu wa Pwani na pia wananchi wanaokaa katika sehemu za Ziwa Victoria. Bajeti yetu imetenga pesa kidogo na tunaamini zitakapoanza kutumiwa, zitatumiwa vyema na kuwapatia wavuvi vifaa bora ambavyo watatumia kuvua samaki na kuziua ili wapate pesa za kuwawezesha kufanya shughuli zao. Katika Mkoa wa Pwani, wavuvi wengi hawana vifaa vinavyohitajika kufanyia uvuvi. Wageni ndio wanafanya shughuli hiyo kwa sababu wao ndio walio na vifaa vya kisasa. Nadhani si lengo la Serikali au nchi yetu kuimarisha uvuvi kwa wageni na si kwa Wakenya.

Nataka kushukuru Wizara ya Mifugo na Uvuvi kwa kufungua kiwanda cha Kenya Meat Commission (KMC), kilichofunguliwa majuzi. Hiyo ni ishara bora hata kwa wale ambao viwanda vyao vilikuwa vimefungwa, kwamba sasa vitafunguliwa. Napongeza mipango iliyopo ya

kuhakikisha kwamba kiwanda cha Mombasa kimefikiriwa na hivi karibuni kitafanya kazi. Katika moyo huo, tungeomba viwanda vingine, kama vile vya Mariakani Milling Scheme na Ramisi Sugar Factory, vifikiriwe ili vifunguliwe na wananchi wapate kazi za kutengeneza vifaa ambavyo vinaweza kupatia nchi yetu pesa za kuimarisha uchumi. Nataka kumpongeza Waziri kwa kuangazia mambo ya vijana na kumuuliza Waziri anayehusika na mambo hayo kwamba anapopanga miradi, ahakikishe kwamba itagusa vijana wote popote walipo katika taifa hili kwa usawa.

Kwa hayo mengi, naunga mkono.

**Mr. Sang:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity. I would like to thank the Government for implementing phase four of the teachers' salary increment, which has been delayed for over ten years. While thanking the Government for implementing the agreement, I would like to say that the delay has rendered the implementation almost useless because the standards of living have really gone up in the last ten years. I want to urge the Government to initiate another agreement between the Teachers Service Commission with a view to having teachers' salaries increased. We all know that teachers are the most overworked people in this country. After working hours, they are still required to mark pupils' books, come up with schemes of work and lesson plans to an extent that they have very few hours to sleep. Teachers, therefore, deserve better pay than what they are getting at the moment, so as to serve this country effectively.

Apart from salary increment, we need more teachers to be employed so as to cater for the heavy workload being taken up by the ones we currently have. Implementing phase four alone is not enough. We need more teachers and classrooms to cater for the influx of pupils, following the Free Primary Education Programme. I also want to urge the Government to employ more field officers in the Ministry of Education to cater for the number of institutions that are springing up in the rural areas.

I believe that most hon. Members noticed that in the Budget Speech, the Constituency Bursary Fund was abolished. The fund is supposed to be catered for by the CDF. How are we supposed to take care of bursaries from the CDF when the fund is also supposed to cater for the construction of police stations and health centres, which initially were catered for by the local authorities? I urge the Government to support the proposed Bill, which will be brought to this House by hon. Karue, to increase the CDF to 7.5 per cent of our revenue earnings. That will help us to be able to cater for health facilities and police posts, and other facilities.

Mr. Temporary Deputy Speaker, Sir, I also want to thank the Government for coming up with a proposal to reduce the number of vehicles allocated to Ministers, Permanent Secretaries and other Government officers. I do recall, in 1998, in my maiden speech, I made a proposal to that effect. I said that Government officers should be given a car allowance to organise for their own transport or take care of their own vehicles. We know the nature of our people. When they use a public facility, they do not care about it. They say: "*Ni mali ya Serikali!*" But when it is your own asset, you really take care of it.

Mr. Temporary Deputy Speaker, Sir, there are essential services like health and education. Last Monday, I was shocked when I visited the District Officer's (DO) office in my district. I did that when I was informed that the Government intends to withdraw vehicles from DOs' offices. That would be the most unfortunate thing to do because, as you are all aware, there are strikes in our schools and disasters that need to be taken care of by education officers. So, if those vehicles must be withdrawn I want to appeal to the Government to spare the DO's office, Ministry of Health office and the police. Those are essential services, and that should include Ministry of Health and Ministry of Education.

**The Assistant Minister for Finance (Mr. Kenneth):** On a point of order, Mr. Temporary



Deputy Speaker, Sir. I just wanted to inform the hon. Member that vehicles for essential services, including the Provincial Administration, are not targeted for withdrawal.

**Mr. Sang:** Thank you very much for that information.

Finally, I want to thank this Government for the democratic space, of course, it is comparative to the former regime, that we are enjoying at the moment. In the days of KANU in power, some of us suffered a lot. So, this Government deserves a pat on the back for the wide democratic space, but they have to be careful. When you are praised, you are bound to make mistakes, but not necessarily. This Government has also brought sanity to the Provincial Administration. It was so surprising that the District Commissioners (DCs), DOs and the chiefs took an about-turn immediately this administration took over power.

Mr. Temporary Deputy Speaker, Sir, as Members of this august House, I want to appeal to each one of us to dedicate ourselves to the service of the nation. I want to emulate the Deputy Leader of Government Business for appealing to all of us to think as Kenyans. This country belongs to all of us. If there is a disaster, we will all suffer, and if there is development, we will all enjoy that development. If there are "Margaryans" and others, we should also as a nation fight them without any discrimination.

With those few remarks, I beg to stop there.

**The Minister of State for Youth Affairs (Dr. Kuti):** Mr. Temporary Deputy Speaker, Sir, I would like to start by joining my colleagues who have spoken earlier to congratulate the Minister for Finance for a Budget that has brought hope to all Kenyans. I call it a "feel-good-Budget" because most groups of people in Kenya have been addressed positively in one way or the other. I would also like to congratulate the Minister for furthering our Independence, just like last year, by not factoring in budgetary support from the donors. That is the way forward. Independence begins by being self-reliant. I am very pleased that we are heading towards total self-reliance. I hope that next year, we will further reduce donor involvement in our Budget on development projects.

Mr. Temporary Deputy Speaker, Sir, there was an outcry over the issue of removing road licences. That was a positive move, but the increase in fuel prices has raised an outcry. But Kenyans need to look at that wholly. What most of us have failed to note is that time is a resource, just like money. We spend a lot of time being stopped by policemen over road licences. We also spend a lot of time lining at the Kenya Revenue Authority (KRA) offices renewing our licences. That is a waste of time and money. If it is converted into Kenya Shillings, it may be much more than the Kshs3.20 that has been added. Therefore, the end result of that measure would result into a saving. We should look at it that way.

Mr. Temporary Deputy Speaker, Sir, an hon. Member who spoke earlier lamented that roads are not being done. When the NARC Government came to power, it started on a very good note. It has tried to improve the lives of Kenyans. But a section of the Government deviated from that and engaged in endless politics. They kept on asking: "What is in this Government for us", rather than, "what can we do for Kenyans in general." Those portfolios occupied by such Government officials suffered a setback, including roads. A lot of talking took place rather than the actual repair and construction of roads. Funds earmarked to construct roads were returned to Treasury at the end of the financial year because there was more politicking than actual work.

Mr. Temporary Deputy Speaker, Sir, I am sure Kenyans have noted that, with the current Government of National Unity, there is silence and sanity. The Government is focused on the problems facing Kenyans. It is addressing them. It is not dealing with internal wrangles that characterised the NARC Government in the earlier days. There is a general good feeling across the country. There is general hope. We are replacing hopelessness with hopefulness. There are development projects in various parts of the country.

I would like to say the following in relation to pastoralism. I am a pastoralist, leading a

pastoral community. The recent re-opening of Kenya Meat Commission (KMC) is a big boost to pastoralist communities and Kenyans in general. For a long time, pastoralists have really suffered, especially primary producers. A family struggles to bring up a heifer for five years. In those five years, they experience very harsh weather conditions. There is insecurity and drought. After five years, due to problems like lack of schools fees, sickness or needs at home, the primary producer takes that five-year old heifer to the market. The broker in the market offers a very low price. The primary producer is punished for the work he did for five years, instead of being rewarded. The broker then takes the animal to Nairobi and makes twice the price he gave the primary producer. That happens, and yet he has been with the animal for only 24 hours.

The butchers in Nairobi make three times more the price offered to the primary producer. The primary producer is given Kshs7,000, and yet when the same heifer is brought to Nairobi, it is sold at between Kshs40,000 to Kshs45,000. You can see how the primary producer suffers in the absence of KMC. With the re-opening of KMC, I am sure the prices of animals will go up. The primary producer will be able to enjoy his sweat more. On behalf of the pastoralists, I would like to thank the Government for re-opening the KMC.

Mr. Temporary Deputy Speaker, Sir, the pastoralists will not forget the last drought. They lost over 60 per cent of their livestock. I would like to mention that the pastoralists really appreciated the way the Government took its responsibility during that hard time. Food was availed to people in various corners of the country. But we could not have avoided a few deaths because of the severity of the drought. However, had the Government not taken serious measures, many people would have died.

Mr. Temporary Deputy Speaker, Sir, for the first time, the pastoralists saw hay being provided alongside food for the people. There was food for the people and livestock. When the drought started, the Government started an off-take programme of Kshs200 million. Isiolo District, where I come from, got Kshs40 million for buying weak animals. The farmers were provided with cash to buy food and pay school fees. That has really been appreciated. The re-stocking programme, which is about to take place, will really go a long way in replenishing the animals that were lost during the drought. The people are eagerly waiting for that programme to start. The only problem is the money that has been set aside. The Kshs200 million assigned for that project is too little to cover the loss. However, it is an attempt that we appreciate. We are asking the Government to raise that amount to Kshs500 million or Kshs1 billion. That will enable the pastoralists to participate fully when the KMC starts operating. Right now, the livestock out there are too few to sustain KMC.

Mr. Temporary Deputy Speaker, Sir, I cannot forget the boreholes and dams that are being sunk in various areas that are occupied by pastoralist communities. We really appreciate that. For the first time, we are seeing about ten to 15 boreholes being dug in every constituency.

Mr. Temporary Deputy Speaker, Sir, security is very important for any development to take place. Most pastoral communities have experienced politically-instigated insecurity. I thank the Government for maintaining security.

With those few remarks, I beg to support.

**Archbishop Ondiek:** Thank you, Mr. Temporary Deputy Sir, for giving me this chance to contribute. I have been trying to catch your eye since 2.30 p.m.

Mr. Temporary Deputy Speaker, Sir, I would like to support the hon. Member who has just spoken on the employment of teachers. In the last Budget, a lot of money was allocated to the Ministry of Education, but we have not seen the fruits of that money within our constituencies. You find that a school with 600 pupils is being taught by only two teachers and the headteacher. They teach from Standard I to Standard VIII. One wonders whether such a school can offer any education or it is just a playground. We keep on talking about low standards of education in this

country. The standard of education is not going down because of politics; it is because there are no teachers to teach the pupils. Before we introduced free primary education, we should have asked ourselves: "Where are we going to get the teachers to teach the additional pupils? Where are we going to get the facilities for those students?" The Government must employ teachers. In this country, teachers are dying and retiring. We do not know why they are not replaced instantly. We have talked about that several times in this House and nobody has ever taken any action. Whatever is discussed in this House should be taken into account. I visited a school in Olambwe Division and found only three teachers. The school is called Wandiji Primary School. It is in Mr. Kajwang's Constituency. The pupils are not taught. It is not only in that division, but the whole country.

Mr. Temporary Deputy Speaker, Sir, you, being a Member of Parliament, I do not know whether you have the same problem in your constituency. I have that problem. In most schools, the highest number of teachers you find are four. We do not know whether those funds are being used properly. Are they being used for something else? Why have we not employed more teachers? It is very difficult to tell.

We appreciate the increase in teachers' salaries. However, even if you increase the salaries of four teachers in a school like Sifuyo Primary School in my constituency--- The four teachers teach eight classes with 700 students! You are not helping anything. Even before you think of increasing the salaries of teachers, why not increase the number of teachers first?

Mr. Temporary Deputy Speaker, Sir, it is unfortunate that the Minister for Youth Affairs has just spoken and he has just left. Kshs100 million has been set aside to revive the polytechnics in this country. If you disburse these funds to the 210 constituencies, only about Kshs500,000 will go to each one of them. What can you do with Kshs500,000 in a constituency? Polytechnics require a lot of equipment and buildings. There are some constituencies which have four village polytechnics. In such cases, which polytechnic will be revived and which one will not? This is the problem most hon. Members are facing. If you allocate such kind of funds to a particular location, people in the other locations will complain.

The management of roads in this country is very poor. Funds are given to the District Roads Engineers who are supposed to award contracts and supervise the roads. Some of our roads have been done very poorly. If you ask the engineers who have supervised the roads, they tell you that the roads have been done, but if you inspect the roads, you find that they are completely undone. All the funds which are being allocated to the districts should be directed to the CDF, so that we can supervise their usage. If this is done, the money will be put into meaningful use and it will help most of our people.

Mr. Temporary Deputy Speaker, Sir, I want to talk about the Local Authorities Transfer Fund (LATF). The councillors' allowances should be increased, so that they can be more efficient and stop stealing the LAFT funds. This will also minimise the misappropriation of the funds. Sometimes I sympathise with the councillors when I look at their allowances. What can you do with Kshs14,000 a month and you are a leader in an area? The Minister for Local Government should address this issue, so that councillors can earn their salaries directly from the Consolidated Fund instead of being paid by the local people.

The LATF should be used together with the CDF. The CDF has done a lot of things although many people do not appreciate this fact. Urban dwellers believe that politicians are misusing these funds because they never go home. Most of the people who make noise in the newspapers that politicians are misusing the CDF are those who do not visit the rural areas. The CDF is the most important thing that has ever happened to this country. It has achieved a lot and has earned a lot of credit for the Government. We should give credit where it is due. The CDF has gone into the people. A lot of projects have been initiated in my constituency through the CDF.

With regard to the 97 per cent of our funds which is supposed to be used for development

by the Government, not a single project has been initiated in my constituency during this financial year. So, I do not know where this money goes. I would like to know whether this money is for paying salaries or what it is meant for. When I ask, I am told that there are funds for Development Expenditure and others for Recurrent Expenditure. However, when you look at what the development funds are doing, you do not see but the recurrent funds are doing something because I have never heard my chief saying that he has never been paid a salary. Where are the development funds that account for 97 per cent of the Budget?

Mr. Temporary Deputy Speaker, Sir, sometimes I get amused when I hear people complaining about this 2.5 per cent. Why do they not complain about 97 per cent? Where is the 97 per cent, if they really go home unless they are just jealous of politicians? According to me, I think that they believe that if you have this money you will never be removed from Parliament. However, I have been in this Parliament for more than two terms and I did not use the CDF. The CDF is only there to develop our people and help our constituencies; it is not for the politicians.

Thank you very much and I beg to support.

**Mr. Salat:** Mr. Temporary Deputy Speaker, Sir, thank you for giving me this opportunity to contribute to this year's Budget Speech by the Minister for Finance.

Mr. Temporary Deputy Speaker, Sir, at the outset, I would like to thank the taxpayers for having contributed their part in paying their taxes so that these taxes can be used to alleviate poverty and improve people's lifestyles. Since we came to this House, the tax bracket has continued to increase and, as such, a lot is expected from the Government. The money that is being collected is supposed to be put to good use and that is making sure that funds are allocated to areas where they are needed most.

Mr. Temporary Deputy Speaker, Sir, I would like to talk about the empowerment of the youth of this country, as contained in the Minister's Budget Speech. The youth of this country have been a forgotten lot. The youth also include the marginalised young women and men of this country. Their population is so high but their contribution to the national development has been very minimal. So, by the Minister allocating Kshs1 billion towards the empowerment of youth in this country is a welcome move. I hope and so is every Kenyan's hope that the Kshs1 billion will be used transparently. When we talk about the youth, we are not talking of youth from one region but Kenyan youth. So, I hope the management of these funds will go along way in improving the welfare of this marginalised group. If we continue empowering the youth in terms of creating employment and improving their skills, this country will develop rapidly but as long as we are going to ignore them, nothing will be achieved.

Mr. Temporary Deputy Speaker, Sir, I appeal to the Minister that when he actually comes up with the concept of how these funds are going to be distributed, I hope that it is going to be transparent because we expect that these funds will be felt everywhere including my constituency where there are a lot of idle youth. I am appealing to the Government to encourage the youth and I thank the Minister for this incentive. I would like to request that we continue allocating money for the youth in every Budget so that they are empowered.

Mr. Temporary Deputy Speaker, Sir, on the issue of the Kshs400 million that the Minister set aside for resettling victims of land clashes or people who have been evicted from forest land, if the Government had realised that there was a large number of displaced people and had set aside funds to resettle them, especially those at the Mau Forest, the issue of squatters would have been a forgotten story. Since this is the first time that such an amount of money is being put aside for this purpose, I would like to urge the Government to continue setting aside such funds so that there is hope, and so that displaced people know that the Government has their welfare at heart. I have always said that the way the Government carried out the evictions was very inhuman to the extent that those evicted felt like they were not Kenyans. I would like to urge the Government to increase

the amount of money required to resettle those people. If the Government feels that there are some people who are settled on areas that they consider to be catchment areas, the best they can do is to buy out those people so that we can preserve what we consider to be catchment areas. Therefore, this allocation should be put in future Budgets because the problem is not specific to the Mau Forest area. We have problems of squatters all over the country. We cannot say this amount of money is sufficient. However, if the Government can tell Kenyans that this is just but the beginning, Kenyans will know that there is hope. This money should not be used selectively, but it should be distributed evenly.

Mr. Temporary Deputy Speaker, Sir, on the issue of the Constituencies Development Fund (CDF), the hon. Member who spoke before me talked about the issue of bursary funds falling at the constituency level. The issue of students lacking fees and relying on bursary funds is worrying. The Minister needed to make sure that the 3.0 per cent that we allocate from the CDF is increased. The Minister said that he has given an increase from 2.5 per cent to 3.0 per cent. In so doing, he said that the CDF will be in charge of giving bursaries to students. That is not enough. That is why this House has been pushing for the CDF to be increased to 7.5 per cent. That will enable us to cater for all the needs that our constituents have. The increase from 2.5 per cent to 3.0 per cent is not enough. So, I would like to urge the Minister to re-consider this because the CDF is mainly there to benefit Kenyans. Its purpose is to distribute the resources of this country evenly. What the CDF has done in the last three years cannot be compared to what has ever been done because Kenyans can see that their money is being used for their benefit. If the CDF is increased to 7.5 per cent, that will revolutionise development and change the way people think. That will revolutionise all the projects we want to undertake as hon. Members of Parliament. We should not resist the increase as a Government. We want to increase the CDF to 7.5 per cent for the benefit of this country. We should not be seen as if we are taking away power, we are only evenly distributing the resources that are meant to reach every corner of this country.

Mr. Temporary Deputy Speaker, Sir, today, I spoke to the Minister for Justice and Constitutional Affairs, Ms. Karua. I have seen a different Martha from the one I knew before.

**Hon. Members:** A different mother!

**Mr. Salat:** I am talking about hon. Martha Karua! She has changed to the extent that she has come out as somebody who has the best interest of this country at heart. I encourage her because unless we get Kenyans thinking about Kenya, and not about themselves, we will not make progress. As much as we want to think about that, we still see a lot of inequalities in the way employment opportunities are distributed. The Government should treat all Kenyans equally by employing people from all communities to key positions. Mr. Ojaamong is still insistent that Teso is included.

**The Assistant Minister for Foreign Affairs (Mr. Wetangula):** What is happening in Teso?

**Mr. Salat:** Mr. Temporary Deputy Speaker, Sir, we want to see a Kenya that belongs to all of us. We want to see a Kenya that we can have pride in. The incident of the Artur brothers, the other day, made us feel that there is something so wrong somewhere; that we are not a country that takes care of Kenyans but embraces foreigners. I hope the incident will be brought to light and those responsible will be made to answer. As we speak, Kenya is being watched as a country that does not care for its own citizens.

With those few remarks, I beg to support.

**Ms. Ndung'u:** Thank you, Mr. Temporary Deputy Speaker, Sir. I would like to join my other colleagues in congratulating the Minister for Finance on his Budget.

This Budget, and for a long time we have not had a Budget like this, is about the Kenyan people. When I say the Kenyan people, I am talking about 72 per cent of the population who are

Kenyan under the age of 40, who are the youth. After the Budget Speech, I have spoken to many of my colleagues outside the House and many young people. Today, I held discussions with people in the University of Nairobi. For once, they feel ownership of this Budget. They are now asking questions about how the Budget is going to be implemented. They are very excited about the funds that have gone to the Ministry of Youth Affairs. Investing in young people is very important because they have different ideas from those of us who are older. They also have other things that they need to do with the resources that we give them. I can already see the young people who are planning the different self-employment job opportunities, recreational activities, programmes on drug rehabilitation and HIV/AIDS. We are talking about leadership building. As I congratulate the Minister for this very good initiative of giving this amount of resources to young people, we will be watching to see how this money is going to be managed and implemented. It will be a pity if these resources do not reach the majority of Kenyans, who are the young people.

Mr. Temporary Deputy Speaker, Sir, I would also like to thank the Minister for having the mind of a young person. Today, we have many young working families. Both mothers and fathers are going to work. They have full day hours and they are still trying to juggle parenthood. The issue of zero-rating duty on diapers is a winner. I have spoken to young parents and they are very excited because they are now to spend more time--- In fact, one of them told me the other day that at this rate, they may be able to afford another baby because of the savings that they are going to make. When many people think about diapers they think about women and how they are going to save. However, even in the same way we addressed the zero-rating of duty on sanitary towels last year, every father is also going to feel that their pocket has been uplifted because duty on diapers has been zero-rated.

The other vulnerable group that is going to reap benefits from the zero-rating of duty on diapers is our older generation. Nowadays, many of our parents and persons in the older generation face problems because they are living longer. Many old people in this continent depend on diapers. I think this is going to help old people and improve services at our nursing homes. Families can also provide them to their parents. Our grandfathers or grandmothers who would need to be changed into nappies every so often can now be provided with diapers cheaply. This will also preserve their dignity.

I also want to congratulate the Minister for recognising a big percentage of our population. These are the women of this country, who make up 52 per cent of our population. I want to thank this Government for finally considering women in its Budget. For a long time, I was outside Parliament and worked in the civil society. We used to lobby the members of the last Government to include gender and women issues in its Budget. You cannot have a Budget that does not reflect the interests of 52 per cent of the population. Until this Government came into power, women were generally invisible. Now, we are beginning to be visible and recognized. The Minister has also allocated funds to women through the allocation to agriculture and this is laudable. Women may not own land, but have access to it and are in charge of production.

I would like to appeal to the Minister to do something about banks in this country that discriminate against women. Women cannot apply for loans without their husbands' approval. Banks must be told to stop this practice. Women are good people to lend money to. They normally pay back loans given to them. We also need to take into consideration the fact that there are many single women who are farming and doing small businesses. They need to access loan facilities. I hope that the funds allocated for use by women will be accessed without application of these funny rules. Women are human beings of the same values as their fathers, brothers or husbands.

Mr. Temporary Deputy Speaker, Sir, I also want to congratulate the Minister for thinking about squatters and internally displaced people in this country. These people have suffered a lot. Between 1991 and 1997, I visited very many squatters. They were people who were displaced by

tribal clashes and lived like animals. It was the most terrible thing to see. It was through the efforts of the civil society that the Government eventually acknowledged the problems of these people and helped them. So, let me congratulate the Minister for singling them out. I think that his assurance that they will be resettled will be turned into reality as soon as possible.

As we move forward this year, we need to look into the changes we should make to our Constitution. It is true that we need to increase our constituencies. It is also true that we should make this Parliament more representative. So, as we move forward, as a Parliament, we need to negotiate on the changes we would like to have. We need to make sure that we increase the representation of women and youth in this House. We should not use cost as an excuse. After all, democracy is an expensive process.

I would like to say that I support the Minister's proposal that hon. Members should be taxed. I think leadership can only be by example. I think that as we continue to educate our people on CDF, it is only fair that we also accept to be taxed.

Mr. Temporary Deputy Speaker, Sir, we also need to make sure - I hope the Minister has taken care of this - that we invest seriously in Parliament in terms of building its capacity so that hon. Members can be allowed to bring more Private Members Bills. We really need to invest more in the legislative agenda. Looking at the Standing Orders, I hope that we shall increase our working hours in this House. However, we need to increase the capacity of hon. Members to be able to bring forth more legislations.

Mr. Temporary Deputy Speaker, Sir, recently, we passed the Sexual Offences Bill and I wish to thank hon. Members for doing so. However, the financial implications of the Bill is something that we need to discuss. It was not a financial Bill and I took care to make sure that it is not one. However, for that Bill to be implemented, the policy framework which spans over five Ministries needs to be taken seriously. Therefore, the Minister for Finance must ensure that the Ministries in charge of Internal Security, Health, Education, Social Services and Prisons contain sufficient funds to provide people with services in order to make this Bill a reality.

You cannot stop sexual violence unless the Government itself puts services on the ground. For example, the Government needs to educate people, give them health services, and train our police officers and judicial officers. As we wait for the Presidential assent to the Sexual Offences Bill, I hope that the Minister for Finance will take into account this issue so that in the next year's Budget this matter is taken into full consideration.

I wish to say that I am very proud to be a Kenyan. I am happy and pleased with this Budget because it is a reflection of our democracy. I am pleased to see that money from donors has not been factored in this Budget. Indeed, it is high time we got the economic independence that countries like Malaysia have so that we are not insulted by anybody on our own soil. I think that is the way to go. We are a great example to the rest of Africa and I am truly proud to be a Kenyan.

With those remarks, I would like to congratulate the Minister once again.

**The Temporary Deputy Speaker** (Mr. Wambora): The hon. Dr. Shaban!

**Dr. Shaban:** Thank you, very much---

**The Assistant Minister for Local Government** (Mr. Shaaban): On a point of order, Mr. Temporary Deputy Speaker, Sir. I am also known as Shaaban!

**The Temporary Deputy Speaker** (Mr. Wambora): What is it? Your name is not Dr. hon. Shaban. I put emphasis on the title "Doctor".

**Dr. Shaban:** Thank you very much, Mr. Temporary Deputy Speaker, Sir. I want to congratulate the Minister for having taken care of squatters in the Budget. Taveta is an area where the issue of squatting has been very thorny for very many years. This is a subject that we have discussed here and I have also been to the Ministries concerned to discuss the same issue. Finally, at least, somebody somewhere has remembered that squatters must be settled. I have actually been

taken to court for taking water to squatters in my constituency. So, this is a very welcome gesture. I hope that this will be the beginning of settling down squatters and it will be a budgetary item every year so that as many people as possible can be settled by the Government.

With regard to roads, I have looked at the list of the major roads that have been considered in the Budget. The Minister, when reading his Speech, mentioned the Taveta-Mwatate-Voi Road. However, when I went through the Budget, I did not see money for this road factored anywhere. This is a major road and when people talk about major roads and they do not talk about Taveta-Mwatate -Voi Road, then I do not know what a major road entails. This particular road joins our country, on the southern side, with Tanzania. It is embarrassing that so often most of us have to go through Tanzania when travelling to our constituencies. The Tanzania road which joins our two countries is a far much better road than ours which is in a very bad condition. Every time the Government spends money on gravelling the road, the rains come and sweeps it away. We are forced to go back to where we started. It is a major road that serves, from Mombasa, the northern part of Tanzania. The people of Tanzania like using the Port of Mombasa since it is easier to clear goods there. So, the road is a fairly busy one and if the Government funds the construction of this road, most likely, it will recover its money because of the economic activities by Tanzanians from the northern part at the Port of Mombasa.

Mr. Temporary Deputy Speaker, Sir, I would also like to talk about the Kenya Wildlife Service (KWS). Whereas the Minister talked about not depending so much on donors, it is a pity that what has been factored in by the Government to fund the KWS is minimal. The KWS is supposed to be mostly donor-funded. We cannot go on hoping that a body like the KWS can only be donor-funded, yet we expect it to take care of our wildlife which promotes tourism.

The people of Taveta have suffered because of the human/wildlife conflict. I thought in this particular Budget we would have some amount of money allocated for the construction of electric fences. Human/wildlife conflict is one of the major problems facing people who live near game parks and reserves. The people of Taita-Taveta are poor, yet the KWS has not been given money to put up electric fences, a very expensive undertaking. We cannot expect the Constituencies Development Fund alone to fund construction of electric fences. Because of the human/wildlife conflict in that area, it is very difficult for the people living in Taveta to carry out the fencing of the national park next to them as a community programme.

Mr. Temporary Deputy Speaker, Sir, I would like to talk about hardship allowance for teachers. It is a pity that there are areas where teachers in a neighbouring constituency get a hardship allowance while those in the next constituency do not. The constituencies could be divided by a road. You will find that teachers on one side of the road get a hardship allowance while those on the other side of the same road do not get it. All the teachers in Mwatate get a hardship allowance, but those in Taveta, who live in a more remote place, deserve it even more. The teachers in Kajiado District, which neighbours us on the northern side, also get the hardship allowance. I hoped that during the last review of the teachers' salaries, the hardship allowance for teachers in my area would be introduced.

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

*[Mr. Deputy Speaker resumed the Chair]*

Mr. Deputy Speaker, Sir, in the Development Vote of the Budget, there is some allocation of Kshs327 million to the Cabinet office for training. As far as we know, the office does not have a lot of personnel. I wonder what the Kshs327 million for training is meant for. Who is it supposed



to train? What kind of training is this that can cost Kshs327 million? Some of this money should have been allocated to rehabilitate the Taveta-Mwatate-Voi Road. This would be a meaningful use of this money.

Mr. Deputy Speaker, Sir, I am sad that the Minister removed the constituency bursary kitty, which had actually been targeting orphans. In our country today we cannot wish away our orphans. We have very many of them who deserve a fair chance to go to school. They have nobody to take care of them. The kitty was helping them join secondary schools. Most CDF committees were using it to fund students who were going to tertiary institutions. But now, we have a heavier burden because all those orphans who are being taken care of from that side and we were trying to help them with a bit of 10 per cent, will now be factored in the CDF and it will be very difficult for us to carry out this important duty. It is important for the Minister to look at it again and re-think. The Act is very clear; it is only talking about 10 per cent, and we do not know how to carry this extra burden that is put on us.

I would also want to talk about the environment and natural resources. I would have liked to see a situation where there are more funds allocated towards protection of our natural resources, the water catchment areas, lakes and rivers which are drying away because of misuse by human beings. I would have wanted to see the Kenya Government taking steps towards that direction of saving our natural resources.

With those remarks, I beg to support.

**The Assistant Minister for Local Government** (Mr. Shaaban): Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to support this Motion. One of the most important items in the Budget is the introduction of the Contingency Fund. In order to mitigate times of drought and other calamities, it is important to have a Contingency Fund so that we do not scavenge around. This country is prone to drought. Sometime back, there used to be drought after every five years. Now, the drought cycle is increasing every other day. It is, therefore, very important that the Minister thought it fit to have the Contingency Fund so that we can use it in times of great need. However, the amount of money set aside for this Fund is little and may not cover the various calamities like drought and floods. I would have expected the Minister to set aside about Kshs5 billion so that it can cover such eventualities instead of re-allocation of money from various ministries meant for other important services.

Mr. Deputy Speaker, Sir, I also commend the Minister's introduction of Youth Development Fund. We know that about 71 per cent of Kenyans are 35 years and below. It is important that we develop our youth who for long have felt that they have been marginalised. It is my wish that these funds are properly utilised so that our youth can benefit. This is because unemployment in this country is very high since we have not been able to absorb most of our youth both in the formal and informal sectors of our economy. So, I hope that when these funds go to the district level, they will be properly utilised.

Mr. Deputy Speaker, Sir, water is a very useful component of life. Where there is no water, there is no life. It is said that "Water is life". Many Kenyans are still beyond the reach of water that is portable, wholesome and fit for human consumption. Even where there is piped water, it is not clean. The goal of the Ministry of Water and Irrigation has, for a long time, been for every Kenyan to have clean portable water. That goal has never been realized even after many years.

Mr. Deputy Speaker, Sir, since water is life and a very important commodity, the Ministry of Water and Irrigation should enhance the development of water resource so that it is available to every Kenyan in this country. The allocation of Kshs1.5 billion for the drilling of boreholes and dams is worth mentioning although it is not yet adequate. There is a very big need for water in Arid and Semi-Arid Lands (ASALs). There is need for the provision of water to both human beings and livestock in the ASAL areas. Many of our towns and market centres still do not have clean and

adequate water. For example, Mandera District Headquarters, which I represent, is yet to provide clean water to the more than 100,000 residents of Mandera Town 40 years after Independence.

It is interesting to note that there is a perennial river which passes near the town on the border of Kenya and Ethiopia and pours its waters to the Indian Ocean. It is unfortunate that 40 years after Independence, the residents of Mandera cannot access clean water. The Ministry of Water and Irrigation should take it upon themselves very seriously to ensure that the residents of Mandera, who actually have a river flowing near them, have clean water. There are a lot of donkey carts moving around the town looking for water. Year in, year out, the residents of Mandera Town, which is the district headquarters, have been promised that they will have clean water. We have not been able to see water running in our taps. I appeal to the Ministry to do everything possible to construct and develop a water supply system so that the residents can have clean water like the rest of the country.

Mr. Deputy Speaker, Sir, the residents of Mandera do not only lack clean water. They also lack a sewerage system. That is a major town with a population of more than 100,000 people. The Ministry of Water and Irrigation, whose mandate and core business also include the provision of sewerage systems, should assist the residents of Mandera Town to get a sewerage system as quickly as possible. I would also like to assure this House that the Ministry of Local Government will do everything possible to ensure that we provide the necessary services to the people of Kenya.

Mr. Deputy Speaker, Sir, this year, the Government has set aside Kshs7 billion for local authorities countrywide. I would like to assure Kenyans that this money will be utilised as per the Act that created the Local Authorities Transfer Fund. In order to ensure that this money is properly utilised, the Ministry of Local Government will come up with regulations to ensure that, at least, 50 per cent of the Local Authorities Transfer Fund goes to infrastructural development of the road, health, and water sectors. In other words, we want the money to be used on capital projects, so that we can have viable projects that will enable local authorities to serve the people better.

Therefore, we want the people to support local authorities, particularly Nairobi City Council, which is now doing a commendable job. As you are aware, Nairobi is now cleaner. The Nairobi City Council is now providing better services. We have already achieved, particularly in the Central Business District---

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

**Mr. Cheboi:** Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to contribute to this debate. I will just spend a few minutes.

Mr. Deputy Speaker, Sir, I would not want to be seen to be singing platitudes to what has already been said here. However, I must say that one of the things that the President has done in the recent past is to appoint very brilliant persons as the Minister and Assistant Minister for Finance. I say so because, the Budget that was presented to this House this year was not only populist but also very political.

Quite a number of things outlined in the Budget are geared towards next year's general elections. Reducing taxation on bicycles is meant to appeal to the political side of this country. Why was money not set aside for re-settling victims of tribal clashes in the previous Budgets, only to be included this year? The youth have been forgotten for quite a long time. However, this year, they have been sneaked into the Budget. I must congratulate the Minister for that action.

Mr. Deputy Speaker, Sir, it is in our docket that whenever something good is done, we point it out and say that it was done correctly. What I do not know is whether whatever is contained in this year's Budget will be sustained. I feel fortified in saying so because, the Budgets I have seen since I joined this House have been Budgets through which the Government promises Kenyans certain things which are eventually not fulfilled.

In the financial year 2003/2004, money was provided for a hospital in my constituency. Up

to now, we have not accessed that money. Last year, Kshs20 million was provided in the Budget for a road in my constituency between Kiptagich and Silibwe. However, when an hon. Member asked a question about that road this afternoon, he was told that no money was provided for that road in the current financial year. That is why I said the proposals contained in this Budget are very good, to a large extent, but---

### ADJOURNMENT

**Mr. Deputy Speaker:** Order! Order,  
hon. Members! Mr. Cheboi, you will continue tomorrow. You have eight minutes remaining.

Hon. Members, it is now time to interrupt our business today. The House is, therefore, adjourned until tomorrow, Thursday, 29th June, 2006, at 2.30 p.m.

The House rose 6.30 p.m.