

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Wednesday, 27<sup>th</sup> May, 2009

The House met at 2.30 p.m.

*[Mr. Speaker in the Chair]*

PRAYERS

## ORAL ANSWERS TO QUESTIONS

*Question No.067*

### SCHEME OF SERVICE FOR GRADUATES IN POLICE FORCE

**Dr. Eseli** asked the Minister of State for Provincial Administration and Internal Security:-

(a) whether he could confirm that 37 university degree graduates were recruited into the Police in June, 2007, and to date, many are still serving at the level of constable;

(b) clarify whether there is a scheme of service for such graduates in the Police Force; and,

(c) when they will be upgraded to ranks and salaries commensurate with their academic qualifications.

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security** (Mr. Ojode): Mr. Speaker, Sir, I beg to reply.

(a) Yes, it is true that 37 university degree graduates are still serving at the level of constable.

(b) There is no scheme of service yet in force. However, there is a provision that graduate constables enter the service at a salary commensurate with Job Group "PG5", which is the same Job Group for Police Inspector. A proposed scheme of service which will cater for the university graduates is being developed and is currently before the Permanent Secretary, Office of the Prime Minister, and also Ministry of State for Public Service, awaiting his approval. The scheme of service is for general duty officers and also direct entry specialist officers enlisted in the force.

(c) The rise to the rank of Inspector is based on availability of vacancies and the successful completion of the Police Inspector Course. The 37 officers have submitted their degree certificates and have been upgraded to the salary of Job Group "PG5". Under the provisions of Regulation 14(1) of the Public Service Commission (PSC) and the Police Force Regulation 206, appointments and promotions are determined by consideration of merit, ability and suitability of each individual officer.

**Dr. Eseli:** Mr. Speaker, Sir, I want to thank the Assistant Minister for that candid answer, which suggests that graduate inspectors are now earning a salary commensurate with their qualifications. However, could he clarify the fact that, that might de-motivate other policemen from studying for degree courses, since they are not promoted accordingly? The differences in salaries could mean that a police constable who is a graduate might, therefore, be earning a salary higher than that of a Sergeant, who is supposed to be the senior. That could introduce an element of indiscipline in the force. In fact, the Assistant Minister should clarify that---

**Mr. Speaker:** Order, Dr. Eseli! This is Question Time and you are allowed to ask one supplementary question at a time!

**Mr. Ojode:** Mr. Speaker, Sir, the Kenya Police has set aside some funds for purposes of those who would like to further their education. We are in the process of getting the scheme of service from the Ministry. I do not want to say anything at this particular time because I am not privy to the information on the scheme of service. But I will comment once the scheme of service is out.

**Mr. Chanzu:** Mr. Speaker, Sir, I would like the Assistant Minister to tell us how the salary Job Group "PG5" compares with the mainstream Civil Service salaries?

**Mr. Ojode:** Mr. Speaker, Sir, the information I have is that officers at the "PG5" Job Group will be earning salaries commensurate with other degree holders. I do not want to compare because that is literally a different Question. If the Question had asked for that, I would have brought in the comparison.

**Mr. Chanzu:** On a point of order, Mr. Speaker, Sir. As much as the Assistant Minister would like to talk too much about this, but the moment you talk about a Job Group like "PG5" or "A", you must bear in mind that you are talking about money. So, he must have that! Is he in order not to give us the figures?

**Mr. Ojode:** Mr. Speaker, Sir, Job Group "PG5" is the same as the other graduate cadres in the Ministries. I think it is Job Group "K". They should be getting the same salaries.

**Dr. Khalwale:** Mr. Speaker, Sir, of those 37 graduates, what are the respective disciplines that those young people are qualified in? We could be having degree holders in nursing, for example, and there is a serious need for specialized services like those of nurses. If there are such people, when does he intend to automatically promote them, so that they can start discharging those particular services?

**Mr. Ojode:** Mr. Speaker, Sir, they are of various disciplines. We are converting all graduates into the "PG5" Job Group, whether one is a nurse or an engineer. They will get a salary commensurate with officers at Job Group "PG5".

**Dr. Eseli:** Mr. Speaker, Sir, although the Assistant Minister has virtually accepted that they actually misled the graduates to join the police force before they had a scheme of service, he has still failed to answer what I had asked him. Could that be contributing to indiscipline because a constable, although he is a graduate, is earning more than his senior, who is a sergeant? Could that be causing the indiscipline that we are witnessing in the forces?

**Mr. Ojode:** Mr. Speaker, Sir, it will not cause any indiscipline because we are also encouraging our police officers to further their education.

## DESTRUCTION OF IMENTI FOREST

**Mr. Speaker:** Hon. Members, with respect to Question No.075 on the Order Paper, both the hon. Member and the Minister, as well as the Assistant Minister, are away on Parliamentary business elsewhere. So, the Question is deferred to Tuesday next week.

*(Question deferred)*

*Question No.187*

IRREGULAR ALLOCATION OF PRIVATE  
LAND BY KIRINYAGA COUNTY COUNCIL

**Mr. Gitau:** Mr. Speaker, Sir, I have talked to the Minister and he has indicated to me that he would like to have the Question deferred to some time next week, so that he can get a more comprehensive answer.

**Mr. Speaker:** Order, Mr. Gitau! First, you ask the Question!

**Mr. Gitau** asked the Deputy Prime Minister and Minister for Local Government:-

(a) why the County Council of Kirinyaga is irregularly acquiring, subdividing and allocating private land LR No.13963, which belongs to South Ngariama Ranching Co-operative Society Ltd.;

(b) whether there are approved plans and consent to subdivide and allocate the land from the relevant authorities; and,

(c) what steps he is taking to stop the irregular process.

**Mr. Speaker:** Minister!

**The Assistant Minister, Office of Deputy Prime Minister and Ministry of Local Government** (Mr. Nguyai): Mr. Speaker, Sir, personally, I am not very satisfied with the answer that I have here. I want to give a comprehensive answer that addresses the issues and resolves the problem. So, I wish to seek your indulgence to defer the Question to Tuesday next week.

**Mr. Speaker:** Fair enough! Mr. Gitau, I have your concurrence already! So, it is ordered that this Question will be answered on Tuesday next week.

*(Question deferred)*

*Question No.135*

MEASURES TO PROTECT KENYANS FROM  
UNSCRUPULOUS AUCTIONEERS

**Mr. Speaker:** Mr. Washiali! I have intimation that Mr. Washiali is out of the country accompanying the Prime Minister to Iran. So, we will defer his Question to Thursday next week.

*(Question deferred)*

### COMMUNICATION FROM THE CHAIR

#### STATUS OF QUESTIONS DIRECTED TO THE PRIME MINISTER AND RE-DIRECTED TO LINE MINISTRIES

**Mr. Speaker:** Hon. Members, before we move on to the Prime Minister's Time, I have the following Communication to make.

Hon. Members, last Tuesday, 19<sup>th</sup> May, 2009, hon. Charles Kilonzo, MP, sought clarification from the Chair on the status of Questions directed to the Prime Minister pursuant to Standing Order No.40 and which the Prime Minister has transferred to line Ministries on the account that they should be handled by those line Ministries, given the content of the matters raised by those Questions. By tradition, when Ministers receive Questions and they consider that such Questions should be answered by other Ministers depending on the functions and responsibilities of their Ministries, the Permanent Secretaries have transferred such Questions and informed the Office of the Clerk of the change for the purpose of putting them on the Order Paper.

In the recent past, the Prime Minister has re-directed a number of Questions that had been sent to him to answer, to line Ministries which, according to him, should be answered by the line Ministries as matters addressed in those Questions are not cross-cutting issues, nor are they raising policy issues to warrant the Prime Minister to answer them. As I indicated to Members last week, provisions dealing with Standing Order No.40, relating to the Prime Minister's Time are new in our Standing Orders and should thus be treated carefully and rationally, as what we establish will eventually constitute a practice that will bind the House in future.

From the foregoing, I wish to state that in addition to my previous ruling as was delivered on 13<sup>th</sup> May, 2009, where I directed that Questions and Statements of urgent national character will be admissible without notice provided, requests for answers to such Questions and Statements are received in my office at or before 10.00 a.m. on Wednesday mornings for approval. The Prime Minister will be required to return to the office of the Speaker, Questions which in his opinion should be best answered by line Ministries. I will repeat: The Prime Minister will be required to return to the office of the Speaker, Questions which in his opinion should be best answered by line Ministries and the Speaker will in turn direct those Questions to the relevant Ministries with notification to the Questioner. The Speaker will, therefore, deal with the matter as I have intimated above.

Thank you.

### PRIME MINISTER'S TIME

*Question No.QPM007*

PRINCIPLES UNDERLYING *KAZI*  
*KWA VIJANA* INITIATIVE

**Mr. Wamalwa** asked the Prime Minister:-

(a) what the principles underlying the formation of the *Kazi kwa Vijana* initiative are and how much funds have been set aside for the initiative; and,

(b) what the progress of the implementation of the project is.

**The Deputy Prime Minister and Minister for Finance** (Mr. Kenyatta): Mr. Speaker, Sir, the *Kazi Kwa Vijana* (KKV) Programme is an initiative of the Grand Coalition Government. As hon. Members are aware, one of the major problems facing this country is lack of gainful occupation for our youth. The majority of our youth are disenchanted and are resorting to activities which border on criminality. The principles, therefore, underlying the formation of the KKV initiative has to tackle the twin problems of hunger and unemployment amongst our youth during this time of global financial crisis.

Through this engagement, the youth are expected to learn useful skills which could enable them to commence personal enterprises in the future. The initiative is also meant to cushion the youth from the effects of drought and famine by way of providing them with income to buy food through employment in public works. They are to be employed under labour contracts in selected public works projects identified under the KKV Programme.

The projects that the youth are engaged in are intended to meet a specific national need. For example, projects under the activity of irrigation and water supply are intended to enhance food production in marginal areas and areas most affected by drought. There are also KKV projects designed for the conservation and management of the environment, while others will improve road transportation in rural and urban areas.

Mr. Speaker, Sir, in summary, KKV will address many issues; the key ones being, gainful employment for our youth, skills acquisition, irrigation and water supply for increased food production, conservation and environmental management, implementation of infrastructure in both rural and urban areas.

The Strategy and Delivery Unit of the Office of the Prime Minister is mandated to co-ordinate the implementation of KKV programmes across several Ministries and State Corporations. The line Ministries, and State Corporations under them, have a direct responsibility for the implementation of each of the KKV projects falling within their mandate. The responsibilities include the management and accountability of the funds allocated by the Government for each project. The local population and leadership have representation in relevant committees involved in the execution of the KKV projects. The Ministry of State for Planning, National Development and Vision 2030 and that of Youth Affairs and Sports have national and grassroots responsibilities for managing aspects and linkages of the KKV projects.

The Government is continuously monitoring and evaluating the implementation of KKV projects to ensure their execution is aligned to their objectives. Of serious concern to the Government is the need to eliminate potential problems of corruption or political bias in the KKV Programme. To this end, a special website [www.kkv.go.ke](http://www.kkv.go.ke) has been set up in the Office of the Prime Minister for daily and rapid electronic communication by interested persons at the grassroots on issues related to the implementation of the KKV projects. Members of the public are particularly encouraged

to make use of the website in communicating any matters of concern or interest to them relating to the KKV projects.

Mr. Speaker, Sir, another principle of the KKV Programme is to take economic resources to the grassroots and empower large segments of the population instead of a few individuals. When a large project such, as an irrigation scheme or road works project, is undertaken through youth labour, payment which would have otherwise benefited only just an individual contractor are spread through a larger segment of the population, therefore, helping in poverty eradication. The local population also eventually benefits from the same projects and strives to sustain them because they appreciate them as their own.

For a comprehensive overview of the KKV, hon. Members are referred to the KKV Manual which has been published by the Government and whose copies have been given to each hon. Member. The overall budget for the KKV Programme is expected, if monies are available, to be approximately Kshs15 billion over a period of six months running from April to September, 2009. In the Supplementary Budget, that Parliament just approved, Kshs3.4 billion has been provided for this Programme.

Mr. Speaker, Sir, the KKV Programme was officially launched at Mashuru Division in Kajiado District by His Excellency the President and the Rt. Hon. Prime Minister on 12<sup>th</sup> March, 2009 and this was followed by a similar function in Yatta. The KKV Programme is now in its third month of implementation with various projects having been implemented and concerned Ministries providing weekly reports to the Office of the Prime Minister. The Ministry of Planning, National Development and Vision 2030 provides fortnight progress reports to the Office of the Prime Minister based on information received from the District Development Officers (DDOs) in the districts.

To date, the Ministry of Water and Irrigation has utilized a total of Kshs34,059,892 for the construction of roof catchment systems, bush clearing, desilting of dams, rehabilitation and construction, trenching and laying of pipes. A total of 9,347 youths have benefited from the Ministry's project. The Ministry of Environment and Mineral Resources has so far spent a total of Kshs390,000 on river cleaning, tree-planting and waste removal and a total of 570 youths have been employed in those projects. The Ministry of Regional Development Authorities has carried out tree-planting, fencing and desilting of water sources. A total of 3,813 youths have benefited from this project. The Ministry of Roads has desilted canals and cleared bushes along major roads and a total of 7,643 youths have benefited through payment of Kshs1.9 million. The Ministry of Youth and Sports, on the other hand, has organized sensitization workshops on tree-planting and nurturing activities. The programme cost is expected to be around Kshs895,000 and 270 youths will benefit. The Ministry of Forestry and Wildlife has spent Kshs90 million on tree-planting, bush clearing and digging of holes. A total of 2,228 young Kenyans have benefited from the Ministry's programme. Some of the details of the projects so far undertaken, like in cost and location, number of youths engaged, impact and so on, can be tabled before this House.

**Mr. Wamalwa:** Mr. Speaker, Sir, I would like to congratulate the Government for the initiative. I would like to know from the Deputy Prime Minister and Minister for Finance why there has not been enough consultation. They say the wearer of the shoe knows where it pinches. There have not been enough consultations with the youth of this nation to get their input into this initiative. Local leaders like, Members of Parliament,

have not been involved. What criteria was used in disbursement of these funds to various constituencies? There are constituencies that have not received money up to now!

**Mr. Speaker:** Yes, Deputy Prime Minister and the Minister for Finance!

**The Deputy Prime Minister and Minister for Finance** (Mr. Kenyatta): Mr. Speaker, Sir, I thought I would take a few more clarifications before responding.

**Mr. Speaker:** Okay, then you can take a few more. The direction that we have given previously is that you will respond to four interrogations with the Questioner having the first bite at the cherry! So, Mr. Mureithi!

**Mr. Mureithi:** Mr. Speaker, Sir, we are very grateful to the Government for coming up with this great initiative of *Kazi Kwa Vijana*. I would like the Deputy Prime Minister and Minister for Finance to tell us why this initiative cannot be devolved like the CDF. By so doing, Members of Parliament will be able to know in which project they will involve the youth. Right now, it is possible for *Kazi Kwa Vijana* projects to be undertaken at the district or constituency level without a Member of Parliament being involved. So, I would like him tell us why this initiative cannot be devolved.

**Mr. Speaker:** Order, Mr. Mureithi! Avoid being repetitive!

Yes, Mr. Twaha!

**Mr. Twaha:** Mr. Deputy Speaker, Sir, while I thank the Deputy Prime Minister and the Minister for Finance for this initiative, is he aware that poverty, unemployment, crime and land problems are really symptomatic of the population growth rate in this country? What steps is the Government putting in place to sensitize Kenyans that population is growing too fast and is overwhelming our resources? At Independence, we were three million. Today, I think we are over 40 million. Our population doubles after every 18 years. That is the real problem. That is the elephant in the room that everybody is ignoring!

**Mr. Shakeel:** Mr. Speaker, Sir, I would like the Deputy Prime Minister and Minister for Finance to clarify a few issues. The Ministry of Roads and the Ministry of Water and Irrigation, among other Ministries, are urged to utilize the youth of this country in their various projects and activities. However, in Kisumu East District, the Ministry of Roads is duplicating the work done under this initiative. Unless this programme is well organized and co-ordinated, it will remain as a pipe dream. This programme is very noble. We are now finding---

**Mr. Speaker:** Order, Mr. Shakeel! It is Question Time to the Prime Minister!

Mr. Deputy Prime Minister and Minister for Finance, I want to get an indication from you because we have little time depending on how you are organized. Do you have a Statement to make or will you just respond to the Question on the Order Paper?

**The Deputy Prime Minister and Minister for Finance** (Mr. Kenyatta): Mr. Speaker, Sir, I have no statement to make. So, I am just responding to supplementary questions.

**Mr. Speaker:** In that case, judging by the kind of interest that Members have in this matter, we will take the liberty to take three more questions.

Let us have Mr. Mbugua!

**Mr. Mbugua:** Mr. Speaker, Sir, I would like to get a clarification from the Deputy Prime Minister and Minister for Finance. While this is a very good initiative, I think it needs to be sand-papered. This is because you will find that the youth who are

employed, especially at the constituency level, have their names written on a piece of paper. So, this initiative is prone to fraud. Is this programme is sustainable?

*(Mr. Mbugua removed the microphone from the stand and held it in his hand)*

**Mr. Kiuna:** On a point of order, Mr. Speaker, Sir. The hon. Member has detached the microphone from the stand!

**Mr. Speaker:** There is nothing out of order!

*(Laughter)*

If it is convenient for him to do so, then he may proceed!

**Mr. Mbugua:** I just held it and it fell.

**Mr. Speaker:** Order, Mr. Mbugua! You have asked the Question, please, put the microphone back!

**Mr. Mbugua:** Is the programme sustainable based on the fact that youth engaged in it have not been paid up to now? The youth are crying!

*(Mr. Mbugua returned the microphone to its stand)*

**Mr. Deputy Speaker:** Fair enough! Allow the Minister to respond.

**Dr. Nuh:** Mr. Speaker, Sir, this seems to be quite interesting. I have been paying keen attention to the figures. I would want him to confirm whether he talked of Kshs1.9 million benefiting 7,000 youths or Kshs1.9 billion benefiting 7,000 youths? If it is Kshs1.9 million, then it comes to about Kshs200 per youth. We are talking of the *Kazi Kwa Vijana* Programme!

**Mr. Kigen:** Thank you, Mr. Speaker, Sir, for this opportunity. I would like the Deputy Prime Minister and Minister for Finance to tell us how he can avoid a situation where some constituencies get more money than others!

**Mr. Speaker:** Mr. Deputy Prime Minister and Minister for Finance, you may now respond to those questions!

**The Deputy Prime Minister and Minister for Finance** (Mr. Kenyatta): Thank you, Mr. Speaker, Sir. The first question raised by Mr. Wamalawa was with regard to whether we have done enough consultations. I can only agree that we could have had more consultations, especially with the youth. But the truth of the matter is that this was considered as an emergency programme to deal with the situation that our youth found themselves in, especially in areas that are hardest hit by the recent drought. This is more or less an emergency programme which we had to put in place as quickly as possible. But, in future, definitely, a lot more consultation will be useful.

The criteria used is governed by the manual which I indicated earlier. Every Member has been given a copy, but I will table another copy.

*(Mr. Kenyatta laid the document on the Table)*



Each Ministry was asked to come up with programmes in different parts of the country that could be implemented using labour as opposed to mechanization. That is basic criteria that Ministries were given; to go for projects within their current portfolios that could be turned into labour-intensive programmes.

As to the question why it cannot be devolved, as I said, this was not going to be a permanent programme, but it was supposed to be an intervention programme. What we take from the Statement is that we need to come up with a more permanent programme. I do agree with Members that this programme would be better implemented if devolved. It will also have a greater impact throughout the country if we all hon. Members are involved.

With regard to duplication of work, I think that is a relevant question. We need to sit down with the Questioner and establish if that is, indeed, the case and remedial action will be taken.

Mr. Speaker, Sir, with regard to whether this program is sustainable, as I mentioned in my Statement, it was not supposed to last for a period in excess of six months. So, there is no question of sustainability.

Mr. Speaker, Sir, with regard to low returns, I cannot comment precisely on the kind of return that people are getting, but I would basically say that it depends on the particular project that was being implemented. It could have been a one-day project. Those are details that I would have to get back to the hon. Member and confirm because I am not sure that Kshs1.9 million was intended for which project in particular.

Lastly, Mr. Speaker, Sir, I cannot remember which was the last one. There is only one I was not really prepared to answer, and that is on the role of each and every leader and the question of our population. It is good to have a growing population, but as to how we control it, I think that is a matter that hon. Members can, in their own good time, deliberate upon and come up with a policy which they can communicate to Kenyans throughout the country.

Thank you, Mr. Speaker, Sir.

**Mr. Speaker:** That is fair enough.

Next Order!

**Mr. Kigen:** On a point of order, Mr. Speaker, Sir. Is it in order for the Deputy Prime Minister and Minister for Finance to avoid my question?

**Mr. Speaker:** It is not in order if he has done so! Mr. Minister, have you avoided the hon. Member's question?

**The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta):** Could he, please, repeat the question? Oh! Sorry! Was that the question on how to ensure equity through the---

**Mr. Kigen:** Yes!

**The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta):** Like I said, Mr. Speaker, Sir, all the programs are the ones that are contained in the manual. Those are the ones that were valued and I think there was an attempt to ensure that as many parts of our country as possible were covered. So, the manual actually indicates where the programmes are and what the budget is for each particular programme. There was an attempt to ensure that it covers as many parts of the country as possible.

**Mr. Speaker:** Next Order!

**MINISTERIAL STATEMENTS**

**Mr. Speaker:** Mr. Ojode?

CONFRONTATION BETWEEN RIOTERS  
AND POLICE IN KAKUMA

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security** (Mr. Ojode): Thank you, Mr. Speaker, Sir. I have two Ministerial Statements to make.

Mr. Speaker, Sir, following a request by the hon. Member for Turkana Central, hon. Ekwee Ethuro, which required my Ministry to issue a Ministerial Statement with regard to the injuries sustained during a confrontation between rioters and the police which occurred in Kakuma, Turkana North, I wish to state as follows:-

One, on 5<sup>th</sup> May, 2009, approximately 1,000 members of the Turkana community invaded the United Nations High Commission on Refugees (UNHCR) and Lutheran World Federation (LWF) offices at Kakuma. The residents were demanding the removal of officers employed at the UNHCR that they perceived to be outsiders, claiming that they had denied them opportunities for employment in the two organizations.

Mr. Speaker, Sir, during the demonstration, nobody was killed. However, 12 officers and three civilians were injured when the demonstrators attempted to enter the offices and evict the employees. The local councilor, Patrick Lusike managed to calm down the crowd, who later regrouped at Kakuma Baraza Park and demanded an audience with officers of the two agencies. The officials declined to address them and the mob tried to invade the offices again. The demonstrators lit bonfires and pelted police officers with stones, forcing them to fire tear gas and live bullets, which they fired in the air. Three people were, however, injured by stray bullets while three Government vehicles were damaged.

Mr. Speaker, Sir, the officers and the persons who sustained injuries were as follows: -

Officers from the GSU were Charles Mutui, Lemilon Benard, Vincent Kamais, Kennedy Kamau, Richard Gachanja, Ongeto Dickson, Philip Murugus, Jandarias Abwao and G.D Kiprotich Koros. Administration Police officers included P.C. Philip Korir, Charles Okeyo and Maurice Nyafu. Ekitabo Ekuom aged 22 years, who was short on the left armpit was treated at IRC Hospital, Kakuma, and later referred to Kakuma Mission Hospital in serious condition. Elkano Luwei, aged 27 years, who was shot in the right arm, was treated at the IRC Hospital and was discharged.

Mr. Speaker, Sir, the following vehicles were also damaged:-

GKA 704F Land Cruiser, the windscreen was broken; GSU Land Rover, GKA 638R, had dents on the body. GKA 730M, a district officer's car, was also dented. Other four injured persons later surfaced with injuries caused by stones and have been issued with P3 Forms along with the others.

Mr. Speaker, Sir, a police general inquiry file No.1009 has been opened by the Criminal Investigations Department (CID) and will be forwarded to the Attorney-General for direction.

Thank you, Mr. Speaker, Sir.

**Mr. Speaker:** Is there anybody interested in clarifications on this one? Mr. Assistant Minister, you may proceed with the next Statement!

OWNERSHIP STATUS OF DISPUTED  
PLOT IN GROGAN AREA

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security** (Mr. Ojode): Thank you, Mr. Speaker, Sir.

Mr. Speaker, Sir, hon. C. Kilonzo, the Member of Parliament for Yatta had, on 20<sup>th</sup> May, 2009, requested for Ministerial Statement from my Ministry with regard to the fracas over a piece of land at Globe Cinema Roundabout.

Mr. Speaker, Sir, the police are not party to the disputed plot at Grogan, near the Globe Cinema Roundabout. The brief facts of this matter are that, indeed, there is a dispute surrounding the piece of land known as LR No.209/136/259/24 with the original number as 209/136/259/24 situated in Ngara Area, Nairobi.

Mr. Speaker, Sir, on 19<sup>th</sup> February, 2009, the Milimani Resident Magistrate, Mr. N. Kiema, issued an order of injunction against the defendants, Mr. Macharia Irure Charles trading as Mash Auto Garage and three others in Civil Suit No.865 of 2009, restraining them from trespassing on the said land. Other terms of the order were that the defendants do demolish any structure erected on the said piece of land and, in default, the plaintiff, His Holiness Syedna L.B. Saheb and two others, to carry out the demolition.

Mr. Speaker, Sir, the order obligated the general duty police and Administration Police from Ngara and Pangani areas to provide security and ensure compliance. The order was served on the relevant police officers on 12<sup>th</sup> May, 2009, to help in effecting service to the defendants. The defendants were, therefore, given time to vacate.

Mr. Speaker, Sir, on the night of the 13<sup>th</sup> and 14<sup>th</sup> May, 2009, the plaintiffs in the case went and fenced off the land in issue and dug trenches in and around the plot, making it impossible for the defendants to access the land. When the defendants arrived in the morning and found that the plot had been fenced off, they became furious. They were later joined by over 2,000 youths who uprooted the fence and engaged in acts of thuggery, blockading the road around the Globe Cinema Roundabout and stoning motorists while, at the same time, stealing and looting from motorists, shopkeepers along Kirinyaga Road and unsuspecting citizens in the area. The police had, therefore, to move and restore peace and order. The youths then engaged the police in running battles for several days, as a result of which the police were forced to eventually move into the disputed plot where the youths were regrouping and re-launching their unlawful activities.

Mr. Speaker, Sir, on 28<sup>th</sup> April, 2009, another court order was served on the police staying the execution of the earlier order of February. The police promptly acted on this latest order and moved out of the plot. The case is still pending before court. The police did not take partisan positions whatsoever in this matter since their role was only to restore law and order. When this was achieved, we had to withdraw the police services from that particular plot.

I would be willing to lay the court order on the Table, if there is any need, for ease of reference.

Thank you, Mr. Speaker, Sir.

**Mr. Speaker:** That is fair enough. Mr. C. Kilonzo?

**Mr. C. Kilonzo:** Mr. Speaker, Sir, any Government and, in particular, our Government, has a constitutional duty to protect private property. That is one side of the coin. The other side of the coin is that the Government has a duty to listen to the needs of the people and address them. You, as a Government, have a collective responsibility. As an Assistant Minister, what is the Government doing to ensure that those mechanics who have been in that area for more than 40 years are given an alternative location next to River Road, where they get their spare parts? You have a duty as a Government! What are you doing to ensure that they are not the losers this time round?

**Mr. Speaker:** Anybody else who is interested?

**Mr. Mwangi:** Mr. Speaker, Sir, having listened to the Assistant Minister and having observed what has been happening in the City of Nairobi, I realise that our informal sector workers have socio-economic problems. What action has the Government taken, even as it helps property owners, to help Kenyans in the informal sector to settle down and earn a living at this time when we are experiencing the global economic crisis?

**Ms. Odhiambo:** Mr. Speaker, Sir, could the Assistant Minister confirm that in the Grogan case and the one he read out in his earlier Statement, the police seem to be using a lot of stray bullets? Could he also confirm whether the police are given “targeted bullets” and “stray bullets” when they go to quell any fracas? This is because the “stray bullets” seem to be used more than the “targeted bullets”.

**Mr. Dor:** Mr. Speaker, Sir, I would like to make a clarification on the issue of the court order that the Assistant Minister has mentioned. The court order was served to the landlords who had already sold the ten plots to the new owners under the name of Jamia Mosque Committee. Could the Assistant Minister allow the new owners, who have not been served with any court order to take possession of their land that they bought legally?

**Mr. Linturi:** Mr. Speaker, Sir, I would like the Assistant Minister to clarify further whether the law of adverse possession applies in the case of the mechanics who have been in the area for the many years they are talking about.

**Mr. Njuguna:** Mr. Speaker, Sir, could the Assistant Minister also confirm whether on the material day when the mechanics were out demonstrating excessive force was applied?

**The Assistant Minister of State for Provincial Administration and Internal Security (Mr. Ojode):** Mr. Speaker, Sir, I will start with the issue of excess force being applied. There was no excess force applied. There are some questions which, ordinarily, I should not even answer because I only deal with the security bit. Our job is to implement court orders. The sanctity of a title deed must be respected by all. We have even appealed to the Ministry of Local Government to set aside a plot where the mechanics can be relocated. The response we received was positive. The Ministry agreed to look for an alternative plot for the mechanics.

If I get court orders, I do not have an alternative because I also took an oath to protect lives and the property of Kenyans. I do not think we have done anything wrong or contrary to the oath I took. We respect title deeds and we shall continue implementing what the court orders ask us to do.

**Mr. Speaker:** Next Ministerial Statement, Mr. Lesrima!

EVICITION OF SQUATTERS FROM  
EMBOBUT FOREST

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security** (Mr. Lesirma): Mr. Speaker, Sir, on 14<sup>th</sup> May, 2009, the hon. Kaino, Member of Parliament for Marakwet East Constituency rose on a point of order to seek a Ministerial Statement from the Minister of State for Provincial Administration and Internal Security on inhuman eviction of the Marakwet from Cherangany Hills based on a meeting held on 4<sup>th</sup> April, 2009. He also requested that I table a copy of the minutes of the meeting held on that date.

Mr. Speaker, Sir, the area where people are being evicted from is Embobut Forest which covers Kipakaner and Embobut locations of Tirap Division. It also covers Kaptich Location of Kapyego Division. The said forest was gazetted through Proclamation Order No.26 of 6<sup>th</sup> November, 1964, and again through Legal Notice No.174 of 20<sup>th</sup> May, 1964 covering an area of 21,933.5 hectares.

The boundary of Embobut Forest was aligned as per the Gazette Notice of 2005. The alignment that was done was to determine the extent of encroachment into the forest. This exercise established that out of 21,933.5 hectares of the gazetted forest, a total of 17,933.5 hectares had been encroached leaving a balance of forest cover of 5,933.5 hectares. The process of consultation with the Marakwet leaders and stakeholders started in March, 2009 to strategise on how to stop the wanton encroachment into the forest which resulted into the destruction of the water catchment areas in the forest which form part of the Cherangany water towers.

Sensitization public *barazas* were held in the affected areas of Kaptich on 5<sup>th</sup> March, 2009 and Embobut on 12<sup>th</sup> March, 2009 to educate the communities on the dangers of destroying the forest. During these *barazas*, which were attended by the Marakwet County Councillors among other leaders, a strong message was sent to those who had encroached the forest to move out or be evicted. As a follow up, a district environmental committee meeting was held on 31<sup>st</sup> March, 2009 which declared the destruction of the forest cover in the district illegal.

Mr. Speaker, Sir, to consolidate the strategies for saving this important resource, a leaders and stakeholders' meeting on environmental conservation and protection was held on 4<sup>th</sup> May, 2009 to discuss exclusively the environmental conservation and protection. The meeting came up with the following resolutions.

1. To work as a team with all political leaders and safeguard their natural heritage and resources as a long-term solution.
2. Evictions be done in a proper way starting with those deep in the forest.
3. To educate and create awareness and final forceful operation and eviction were recommended.
4. Leaders were urged to stop using forest evictions as a campaign tool.
5. All Marakwet leaders and their community to fully participate in the rehabilitation and replacing of the degraded forest areas.
6. Forest guards and outpost stations to be established in the affected forest blocks in order to restrain people from further encroachment.
7. The resolutions passed were binding and to be followed strictly. The implementing authority will be all leaders and the stakeholders in Marakwet District.

Mr. Speaker, Sir, the eviction exercise started on 30<sup>th</sup> April, 2009 and has been going on very well without any inhuman activity. Adequate notice has been given to the evictees from the date of the meeting of 4<sup>th</sup> April, 2009 to 29<sup>th</sup> April, 2009. As per the recommendations of the leaders' meeting, all public institutions including schools, churches and dips constructed in the forest areas have been demolished.

Mr. Speaker, Sir, so far, 12,000 people have been evicted from the forest as follows: Kipkaner Location, 300; Embolot Location, 1,500; Embobut Location, 7,500; Kabiyege Location, 2,050; Kaptichsinen Location, 650. Total, 12,000. In total, the area of the forest land that has so far been redeemed from encroachment amounts to approximately 12,000 hectares.

There are no cases of evictees who have reported or shown any proof of having title deeds. If any person comes forward in future with a title deed issued on land inside the forest, such a case will be verified accordingly. Those who claim to have been settled in the forest since 1910 were given grazing permits by the colonial Government but no allocation of land was done. The forest has never been degazetted.

Mr. Speaker, Sir, in conclusion, I wish to state that those who have been cultivating the forest also own land elsewhere. There are also people who reside on the escarpment, and moved up in the forest to cultivate the virgin land. Any continued encroachment into the forest could result in conflict of resource use in future, especially from people who depend on water for livestock from the forest.

I now table a copy of the minutes of the leaders' meeting held on 4<sup>th</sup> April, 2009.

*(Mr. Lesrima laid the document on the Table)*

**Mr. Speaker:** Yes, Mr. Kaino! Mr. Assistant Minister, could you, please, take notes?

**Mr. Kaino:** Mr. Speaker, Sir, while I agree with what the Assistant Minister has read out, we held the meeting at Kapsowar District Headquarters on 4<sup>th</sup> April, 2009. We suggested to the Ministry that we should forget about the previous exercise of removing of people that was done without consideration of the lives of the people. We wrote down how the Forestry Department was going to, remove or evict people from the forest. What the Assistant Minister has read out is exactly what we said and what was declared by Marakwet leaders and stakeholders.

However, what is on the ground is not what is on paper. What is on the ground is terribly bad. Women are sleeping in the streets. Children are not going to school. Stocks were burnt. Maize was burnt completely. People are going without food. There is too much suffering by the people. This is not exactly what we said in our leaders' meeting.

**Mr. Speaker:** Order! Order, Mr. Kaino! I have given you sufficient indulgence. This is not debate time. It is time for you to seek clarification on the Ministerial Statement issued. So, what clarification do you want, in question form?

**Mr. Kaino:** Mr. Speaker, Sir, did the Assistant Minister go as per the discussion and leaders' resolution of Kapsowar?

**Mr. Speaker:** Fair enough! Mr. Joshua Kutuny!

**Mr. Kutuny:** Mr. Speaker, Sir, could the Assistant Minister confirm that when the meeting was held, the leaders agreed that the people who were going to be evicted were the ones who were inside the forest? Why is it that the people who were evicted are

those who were outside the forest and those inside the forest were left to continue destroying the forest? Secondly, what is the Government going to do to make sure that the people who were there especially the children who are in the cold at the moment, are taken care of?

**Mr. Speaker:** Fair enough! Mr. Wamalwa?

**Mr. Wamalwa:** Mr. Speaker, Sir, could the Assistant Minister confirm whether, indeed, it is true that the Government actually turned to arson as a means of evicting Kenyans? If so, what is the difference between this Government and other arsonists?

**Mr. Speaker:** Mr. Assistant Minister!

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Lesrima):** Mr. Speaker, Sir, on the first clarification sought by Mr. Kaino as to whether the eviction process was as per the resolutions passed at that meeting, I would like to say “yes”. He attended that meeting, together with other Members of Parliament from that area. That is exactly the process that was followed, in addition to the previous District Environmental Committee resolutions.

With regard to Mr. Kutuny’s clarification, the resolution was meant to remove everybody, starting with those inside the forest. Indeed, the information I have is that, that is what has happened. The decision to carry out such an eviction is very painful. I must commend the leaders and the people of Marakwet for accepting to take that painful decision to save the environment. Of course, there are some inconveniences. Some schools were demolished. Indeed, the Ministry of Education is at the moment taking care of that aspect by relocating children to schools outside the forest.

Finally, with regard to Mr. Wamalwa’s clarification, indeed, once you remove people from the forest you are bound to remove the temporary structures that were being used in the forest before, to ensure that people do not go back. However, I want to say that these decisions were made on the request from the people and the leadership of Marakwet, who hold this forest in trust for the benefit of the rest of Kenyans.

I urge hon. Members to co-operate with the Kenya Forest Service in forming associations, so that they can jointly manage the forest resources from now onwards.

Thank you, Mr. Speaker, Sir.

**Mr. Speaker:** Mr. Deputy Prime Minister and Minister for Finance, you have ten minutes to issue two Ministerial Statements.

PERFORMANCE OF NSE/CMA/CDSC/  
SUPERVISORY ROLE OF TREASURY

**The Assistant Minister, Office of the Deputy Prime Minister and Ministry of Finance (Dr. Oburu):** Mr. Speaker, Sir, on 12<sup>th</sup> May, 2009, the Member of Parliament for Tetu, Mr. Francis Nyammo, sought a Ministerial Statement from the Deputy Prime Minister and Minister for Finance on the performance of the NSE, CMA and CDSC and the supervisory role of Treasury. In particular, he wanted to know the following:-

(1) Why the contents of the forensic audit compiled by PricewaterhouseCoopers on the stocks and equity markets were not released to the public officially;

(2) Why the CMA allowed some stock brokerage firms such as Nyaga Stock Brokers, Discount Securities Limited and Francis Thuo & Partners to continue trading while they were not complying with the rules and regulations of the NSE;

(3) How much money was the public that invested in shares defrauded by these brokers and investment and commercial banks in the first five years;

(4) What the Ministry of Finance has done to restore investor confidence in view of the very poor state of the NSE, CMA and CDSC;

(5) Whether there are other stock brokers who are on the verge of collapse and their details; and,

(6) What steps the Ministry has taken to ensure that no stock brokerage firm collapses, and the investing public in the country is not defrauded.

Mr. Speaker, Sir, on the first issue raised by Mr. Nyamu as to why the contents of the forensic audit compiled by PricewaterhouseCoopers on the stocks and equity market was not released to the public officially, I wish to clarify that no forensic audit has been undertaken on the stocks and equity market as a whole. However, the CMA contracted PricewaterHouseCoopers to undertake a forensic audit into the operations of Nyaga Stock Brokers Limited before it was placed under statutory management on 5<sup>th</sup> March, 2008.

PricewaterHouseCoopers completed their final report and submitted it to the CMA in November, 2008. Due to the fact that several matters in this report are in court, legal opinion received from lawyers representing the statutory managers and the CMA, by extension, advised that the report remains confidential until the matters before court are resolved. The CMA will, therefore, officially release the report to the public after the resolution of the issues before the court.

Mr. Speaker, Sir, as to why the Capital Markets Authority (CMA) allowed some stock brokerage firms such as Nyaga Stock Brokers, Discount Securities Limited and Francis Thuo and Partners, to continue trading while they were not complying with the rules and regulations of the Nairobi Stock Exchange (NSE), I wish to respond as follows: First, the CMA carries out several reviews throughout the year of its license intermediaries to ensure their compliance with the requirements of the licenses. These reviews comprise on- site pre-planned routine surprise and once in a year license renewal inspection. The CMA also conducts off- side surveillance by reviewing certain information on the same intermediaries such as regular financial statements, annual audited accounts, independent bank activity confirmations and complaints. The results of these inspections determine whether a broker is in compliance or not.

Mr. Speaker, Sir, the audit reports produced by the auditors of these firms gave them a clean bill of health. However, the CMA took swift action immediately it discovered the poor state of the firms.

In the case of Nyaga Stock Brokers Limited and Francis Thuo and Partners Limited, it was established that the information submitted to the CMA was manipulated through collusion between the company, its IT and financial consultants and their external auditor to solely ensure compliance with CMA requirements. This matter is under further investigations by the CID and if there is evidence of laxity on the part of CMA, then action will be taken. In addition, these companies engaged in suspected scheme of selling clients' shares without authority and concealment of the same. Whenever this was detected, the CMA demanded immediate reinstatement of the investor and this was done.

In addition, CMA demanded the relevant shareholders to inject capital on several occasions and this was done so as to safeguard the clients' funds in these companies. It is worth noting that CMA meted out enforcement actions against Nyaga Stock Brokers



Limited on several occasions within the period of five years including failure to renew license on the first instance of application.

Mr. Speaker, Sir, in the case of Discount Securities Limited (DSL), the company concealed its operations with the National Social Security Fund (NSSF) through opening numerous nominee accounts and later converted the funds through various transfers between the nominee accounts. The use of nominee accounts was inappropriate in that the firm fraudulently did not identify NSSF as the beneficiary. Although the use of nominee accounts is allowed under the law, in the case of DSL it was used to perpetrate fraud through concealment of the beneficiaries and inappropriate effecting of inter-account transfers between the nominee accounts at the discretion of the director of DSL.

Mr. Speaker, Sir, the CMA appointed an independent Executive Director, KPMG and barred DSL directors from engaging in any executive role. KPMG were involved in the day-to-day operations of the company and conducted a forensic audit whose final report was received last week and is currently under review for action. The company was, in March 2009, placed under statutory management after it became apparent that its financial base could not support its operations mainly due to a depressed market resulting from aberrance.

Mr. Speaker, Sir, on the third issue relating to the amount of money the public that invested in shares, were defrauded by the brokers and investment and commercial banks in the first five years, I wish to report as follows:

- (i) Nyaga Stock Brokers Limited - Kshs870 million - This claim is outstanding.
- (ii) Discount Securities Limited - Kshs1.147 billion - This claim is outstanding.
- (iii) Francis Thuo and Partners Limited. - Kshs170 million - CMA has fully compensated the investors.

Mr. Speaker, Sir, regarding the issue of what the Ministry of Finance has done in order to restore investor confidence in view of the very poor state of the NSE, CMA and CDSC, I wish to respond as follows: First, my Ministry in February 2009 reconstituted the Board of the CMA by appointing a new chairman with impeccable track record of implementing reforms as well as full new Board members with exemplary experience in commercial law and financial matters.

My Ministry also directed that the Boards of NSE and CDSC be reconstituted. The NSE has already responded to this directive with the reconstitution of its Board and appointment of a non-stockbroker as the chairman of the Board during the Annual General Meeting (AGM) held in April 2009. I am confident that in the very near future, the Board of the CDSC will be reconstituted in line with my directive.

Secondly, my Ministry has constituted a de-mutualization steering committee through CMA to fast-track de-mutualization of the NSE. De-mutualization of the exchange is the separation of ownership rights from trading rights. This is best practice and over 51 per cent of the stock exchanges globally are de-mutualized.

Mr. Speaker, Sir, the mutual governance structure of the NSE has made it to be perceived to be lacking transparency, accountability, flexibility and innovativeness in delivery of its services. It is in this respect of strengthening corporate governance practices and to enhance competitiveness that my Ministry took a bold policy decision to have the NSE demutualized. De-mutualization will, in this respect, entail separation of ownership from management of exchange so as to address corporate governance issues such as the conflict of interest currently facing the institution.

Mr. Speaker, Sir, regarding the measures being taken by my Ministry to restore investor confidence in Kenya's Capital Markets and the step it has taken to ensure that no stock brokerage firm collapses, and that the investing public in the country is not defrauded, I wish to state that CMA is currently implementing the following reforms.

Introduction of Risk Based Supervision (RBS). The CMA is in the process of introducing RBS, a benchmark regulatory approach that places strong emphasis on understanding and assessing each intermediary risk management system to identify and mitigate against unacceptable risks in the capital market. As you may be aware, one of the mandates of a financial regulator is to avert systemic risk. To this end, the CMA has refined and revamped its supervisory policies, procedures and practices in order to provide a pro-active, dynamic, efficient, structured and risk oriented supervision framework. While the CMA is implementing this, it has to be flexible to avoid unnecessary regulatory burdens.

Mr. Speaker, Sir, in respect of compensating investors who lost funds in Nyaga Stock Brokers Limited, the CMA is urgently reviewing this matter. The progress includes the following:

(i) Amending the regulations to remove compensation limits. Currently, payments from the Investor Compensation Fund (ICF) are cut at Kshs5 million per each failing market intermediary. This is very inadequate.

(ii) Measures to bring ICF to be in line with the Deposit Protection Fund (DPF) Board of the Central Bank of Kenya (CBK).

(iii) Setting up an Investor Compensation Committee by the CMA to urgently review the claims from the Statutory Managers and come up with the most viable way of compensating investors who suffer losses.

(iv) Investor education. CMA is implementing a comprehensive and targeted investor education and public awareness programme due to the realization that the capital market has grown dramatically yet the investor knowledge of the working of the capital markets has not kept pace.

(v) Institutional capacity building. CMA is hiring additional staff with diverse skill so as to be able to monitor the market effectively.

(vi) The Authority recognized that the stock brokerage industry has been susceptible to fraud in the past and has accordingly set up a capital markets anti-fraud unit to support its investigations and reinforcement unit. The department has been staffed with senior police officers with knowledge in financial outcome.

**Mr. Speaker:** Order! Mr. Assistant Minister, you will realise that you have taken 15 minutes. That is too long for one Statement. Mr. Deputy Prime Minister and Minister for Finance, could you take your Ministers through some induction school, so that we can have summary?

*(Laughter)*

Yes, Mr. Mungatana!

**Mr. Mungatana:** Mr. Speaker, Sir, I just want to really thank the Assistant Minister for the very comprehensive Statement he has made. I am sure the people who were listening appreciate the energy you have put into this issue.

However, the Assistant Minister has said that the Capital Markets Authority (CMA) was able to fully compensate the claims worth Kshs170 million that had been made by Kenyan investors regarding Francis Thuo Partners. However, on Nyaga Stockbrokers and Discount Securities, which had over Kshs800 million and Kshs1 billion, respectively, he has not told us how Kenyans will recover this money.

**Mr. Speaker:** Fair enough!

**Mr. Mungatana:** I just want to seek one more clarification, Mr. Speaker, Sir. There are directors of Discount Securities and Nyaga Stockbrokers. Why have they not been arrested, because clearly, frauds were committed? Apart from the money being recovered, why have the directors not faced the natural consequences of their actions? Kenyans want to know this.

**Mr. Nyammo:** Mr. Speaker, Sir, whereas I appreciate the answer given by the Assistant Minister, I would like to say that I have not been furnished with a copy of the Ministerial Statement.

Secondly, could the Assistant Minister confirm whether the CMA and the Treasury are not presiding over a scheme to defraud Kenyans? We had pyramid schemes, which were not supervised where Kenyans lost a lot of money. The Ministry should assure Kenyans that the CMA and the Treasury are not presiding over pyramid schemes.

**Mr. Speaker:** Order, Mr. Nyammo! Do you realise that you have repeated that twice?

Yes, Mr. Mbadi!

**Mr. Mbadi:** Mr. Speaker, Sir, I would like the Assistant Minister to clarify the following:

First, with regard to the dealings between Discount Securities and---

**Mr. Speaker:** Order, Mr. Mbadi! Although I will allow you some indulgence, you are just supposed to seek one clarification. If you begin by saying "one" and then you move to two and three, it is not allowed.

**Mr. Mbadi:** Mr. Speaker, Sir, could I kindly seek two clarifications very fast?

**Mr. Speaker:** Proceed, Mr. Mbadi!

**Mr. Mbadi:** Mr. Speaker, Sir, could the Assistant Minister clarify whether the KPMG was contracted by the CMA to carry out a forensic audit regarding the activities of Discount Securities and with specific reference to the National Social Security Fund (NSSF)? However, the KPMG did not disclose the conflict of interest, because at the time that the NSSF lost money through Discount Securities, the KPMG was its auditor. The CMA even wrote a letter protesting afterwards. What steps has the CMA now taken to make them confident that the report from the KPMG would be reliable?

Mr. Speaker, Sir, finally, is the Ministry satisfied that the CMA has the capacity in terms of human resource and legislation to police the CMA, given the huge amounts of money that is transacted in that sector?

**The Assistant Minister, Office of the Deputy Prime Minister and Ministry of Finance** (Dr. Oburu): Mr. Speaker, Sir, Mr. Mungatana has raised two issues. The first one was about the recovery of the monies, which are owed by these firms. On the recoveries, I said that a committee has been formed by the CMA to look into ways and means of recovering the money. One of the ways of recovering the money, as we did with the other one, is actually to sell the company. The other way is to find a way of reforming the Deposit Protection Fund to put it in line with the Central Bank of Kenya (CBK), so

that more monies can be put into that Fund. As it is now, the only recoveries, which can be made per stockbroker is Kshs5 million. That is what the law says. We are looking into ways of maybe, rectifying that and put the deposit recovery at the CMA in line with the Deposit Protection Fund of the CBK.

As to why the directors of those firms have not been arrested, this matter is under investigation by the Criminal Investigation Department (CID). If they are found criminally culpable, they will be arrested and taken to court.

On the issue raised by Mr. Nyammo whether we are in charge of the pyramid schemes or not, these schemes were discovered to be fraudulent. Therefore, the Treasury has no role at all in the pyramid schemes. The *wananchi* who were lured into these schemes lost money and we have no way of assisting them.

On the issue raised by hon. Mbadi, about the conflict of interest of the KPMG, I am not aware of this. I am not aware that the KPMG were at the same time the auditors of the NSSF.

**Mr. Mungatana:** On a point of order, Mr. Speaker, Sir. The Assistant Minister, in his Statement has said, and I listened to him keenly, that these companies misused the facility of nominee accounts. In fact, he said that they actually committed fraud in the utilization of that facility of nominee accounts to defraud Kenyans. Is he in order to say that the matter is still under investigations and, therefore, these directors cannot be arrested? Is this the typical Kenyan situation where big men do not commit crimes, but if it is a small chicken thief, he is arrested? Is he in order to say that?

**The Assistant Minister, Office of the Deputy Prime Minister and Ministry of Finance** (Dr. Oburu): Mr. Speaker, Sir, I talked about the investigations by the CMA, which has no authority to arrest. They have to raise the matter with the CID, the mandated authority to investigate and prosecute. That is exactly what they have done. The issue of fraud is our conclusion. However, we do not know what the results of the investigations will be. That is what I can say in that respect.

Mr. Speaker, Sir, I am not aware of the issue of KPMG. If it is revealed – because the report has just come to us and I have not released it as yet – that these people were involved in an issue which involves conflict of interest, the appropriate---

**Mr. Mbadi:** On a point of information, Mr. Speaker, Sir.

**Mr. Speaker:** Order, Mr. Mbadi! A point of information is only permissible if the Member who has the Floor wants to be informed.

**The Assistant Minister, Office of the Deputy Prime Minister and Ministry of Finance** (Dr. Oburu): Mr. Speaker, Sir, maybe, he will inform me later.

Mr. Speaker, Sir, on the issue of the CMA having human resources to take care of the market, I want to say that the resources are not adequate. They are recruiting more staff to strengthen their capacity. I want to say that several measures are being taken to strengthen CMA and I cannot confirm that they have enough human resource. We are in the process of strengthening them and restructuring.

**Mr. Speaker:** Mr. Assistant Minister, because of the amount of time spent on that Ministerial Statement which is just about 30 minutes, I am afraid you will have to forego the next Statement which I believe pertains to financial regulations for foreign investors. That order is to be deferred to Wednesday, next week. We will take just one more Statement pertaining to matters of health which may be urgent.

Dr. Gesami!

## USAGE OF LEAD IN MANUFACTURE OF PLASTIC CONTAINERS

**The Assistant Minister for Public Health and Sanitation** (Dr. Gesami): Mr. Speaker, Sir, on Thursday, Dr. Eseli required a Ministerial Statement on the use of harmful substances in preparation of plastic containers. In particular, his concern was that there is a rise of cancer cases in the country. I would like to issue the Ministerial Statement as follows:-

I wish to confirm to this House that there is now great concern about the rising incidences of cancer in this country. Cancer is now more common in Kenya than it was ten years ago and each year, over 18,000 people die of the disease making cancer the third leading killer after all infectious diseases, combined and cardiovascular ailments.

*[Mr. Speaker left the Chair]*

*[Mr. Deputy Speaker took the Chair]*

Mr. Deputy Speaker, Sir, it is estimated that 82,500 new cases of cancer occur in Kenya each year and over 70 per cent of these cases are people below 70 years old. The cost of treating these patients is quite high. This rapid rise in cancer incidences is due to the increase in exposure of the population to risk factors for cancer. One of the risk factors for cancer is tobacco use. This unhealthy behaviour has been on the rise in our country and particularly, among young people as well as women. Other risks include viral infections as the case of cervical cancer and exposure to environmental hazards such as plastic containers, exhaust fumes and direct exposure to carcinogenic compounds, for example asbestos. Plastic contains numerous additives that help improve its performance quality, particularly flexibility. This includes compounds such as lead and mercury. Many of these chemicals can be released to foodstuff, making them harmful to human health only if the plastic material does not meet the Kenyan standard on plastics. All plastic containers to be used for food packaging shall meet the Kenyan standard on plastic in contact with food and drinking water. That is Kenya Bureau of Standards (KEBS), Standard No.1667 of 2001.

Dr. Eseli also wanted to know what the Ministry is doing and who are the manufacturers of this plastic that uses lead and --- I would suggest that this question be referred to the Ministry responsible for industries, the Ministry of Industrialization. My Ministry has been carrying out surveillance in food outlets to withdraw from the market any containers showing signs of damage. This is to prevent contamination of food with contaminants arising from broken containers. This is not confined to locally packaged foods only but also for food imports packaged in plastic containers. My Ministry has noted with great concern the alarming rate of cancer cases in the country. This calls for planning of a retrospective study to determine the association of lead in plastics and cadmium in plastics and cancer. My Ministry will be consulting with such institutions including universities on this issue. My Ministry envisages collaboration with the Ministry of Industrialization in ensuring that strict manufacturing practices are adhered to, to ensure all plastic manufacturing industries go by the Kenyan standard on maximum levels of lead and cadmium in their final product.

I would like to bring to the attention of this House that on many occasions, we have been asked Questions relating to cancer, including disease burden, risk factors and what efforts we have put in place to manage this group of diseases. We have always informed this House that the prevalence of this disease is a threat to our nation's economy and, therefore, development. Cancer is extremely costly to manage and the pain and suffering to the patients and their families is immeasurable. Despite giving information to this House, on numerous occasions, we have not received the necessary funding to educate the public on the risk factors. This awareness would enable Kenyans to make healthy choices to subsidize treatment or, at least, make it affordable given that together, a confirmatory test causes patients a lot of suffering and loss of opportunities for early diagnosis.

Thank you.

**Dr. Eseli:** Mr. Deputy Speaker, Sir, I want to thank the Assistant Minister for that very candid answer because, indeed, he has admitted that we are facing a risk of cancer in this country, emanating from plastics.

I would like the Assistant Minister to clarify what he is going to do in the intervening period as he is waiting for the study to find out how much lead and cadmium is in our plastics. What is he going to do in the intervening period to, at least, stop the exposure of Kenyan to these carcinogenic products?

Mr. Deputy Speaker, Sir, I would like the Chair's ruling and guidance on this because the Assistant Minister has just said that it the KEBS, Standard No.1667 of 2001 that relates to the stabilizing of plastics with lead and cadmium. He says that the Ministry of Industrialization is the one that can give an appropriate answer to this. I would like your guidance, Mr. Deputy Speaker, because this relates to human health. I think it will be very appropriate for me to wait and maybe, pose a Question to the Ministry of Industrialization. I beg for your guidance, maybe, to ask the Ministry of Industrialization or, indeed, the Minister for Public Health and Sanitation to consult the Ministry of Industrialization and bring us an answer as urgently as possible.

**Mr. Deputy Speaker:** Mr. Assistant Minister, what do you have to say about that?

**Dr. Gesami:** Mr. Deputy Speaker, Sir, I have already indicated that our Ministry, the Ministry of Public Health and Sanitation is doing surveillance and we are making it in all supermarkets and stores to make sure that we remove or identify containers that are broken that can lead to lead poisoning. At the moment, the best we can advise is that the KEBS should ensure that the level of that lead and cadmium that are used for plastics are controlled to the level that is acceptable according to the standards that they have already indicated in their manuals.

**Mr. Deputy Speaker:** Are you satisfied with those steps or do you think they are not concrete enough; it is not sufficient undertaking?

**Dr. Eseli:** Mr. Deputy Speaker, Sir, that is why I was looking for your guidance because we are talking of human lives and cancer is a very expensive disease to treat. These plastic containers are ending up with people in the villages who are storing water in them and daily exposing themselves and their families to the risks of cancer. I was asking for your guidance now that I realize that it is a cross cutting question, possibly involving the KEBS which is under the Ministry of Industrialization and the Ministry of Public Health and Sanitation. I am told that the Ministry of Medical Services--- Would I

will be in order to request that probably, the Prime Minister takes over this Question so that he can co-ordinate through these Ministries and give a better response or take better action than what the Ministry of Public Health might be able to do?

**Mr. Deputy Speaker:** Mr. Assistant Minister, do you, indeed admit your limitations in this process? It is indeed cross-cutting. Do you want to take responsibility for that in a collective manner or do you want the Chair to give direction on that?

**Dr. Gesami:** Mr. Deputy Speaker, Sir, I already indicated in my answer that the issue of manufacturing belongs to the Ministry for Industrialization and it is important that the Kenya Bureau of Standards (KEBS) looks at their standards to ensure that lead and mercury levels in these plastics are controlled. Meanwhile, I would like to say that we should really use metallic or glass containers for food storage in our households as opposed to using plastic containers. That is one way of avoiding the plastics giving us the lead poisoning that we are talking about.

**Mr. Deputy Speaker:** Mr. Assistant Minister, maybe, you need to clarify this: I thought the Ministry of Public Health has got overriding regulatory authority over all other Ministries as far as health matters are concerned. Maybe, the Attorney-General should give us direction on that.

**Dr. Gesami:** Mr. Deputy Speaker, Sir, that is true. We shall ask our Chief Public Health Officer to discuss with these industries about those plastics.

**Mr. Deputy Speaker:** Do you then promise to come back to the House and give us more information because it is a matter that is cross-cutting? Do you admit that you have that regulatory authority over all those Ministries on matters of health? Do you undertake to come back to the House and give an answer that is comprehensive and does not pass the buck?

**Dr. Gesami:** Mr. Deputy Speaker, Sir, we take responsibility and we shall discharge the public health officers to go to those industries and check the plastic containers. I will come back to the House in the next two weeks.

**Mr. Deputy Speaker:** It is a matter of health! Are you happy with that Dr. Eseli?

**Dr. Eseli:** Yes, Mr. Deputy Speaker, Sir.

**Mr. Deputy Speaker:** It is so directed that this same Ministerial Statement should be issued two weeks from today on Wednesday afternoon.

**Mr. Ganya:** On a point of order, Mr. Deputy Speaker, Sir. I would like to further interrogate that Statement. The Assistant Minister mentioned that his Ministry is doing surveillance in major stores and supermarkets in this country. This nation is vast, some areas lack super markets and major stores where surveillance is taking place and people are dying in large numbers from cancer and the facilities do not exist. What are his options for the northern part Kenya and other areas? Are you in effect saying that you are not surveying those areas and further marginalizing those Kenyans?

**Mr. Deputy Speaker:** Hon. Member, the Chair has already given direction on that Statement and you will have the opportunity to interrogate further when the Minister comes back with the same Ministerial Statement but in a more comprehensive manner. I think he has taken note of what the hon. Member has mentioned.

Next Order!

**BILL***Second Reading*THE STATUTES LAW (MISCELLANEOUS  
AMENDMENTS) BILL*(The Attorney-General on 21.5.2009)**(Resumption of Debate interrupted on 26.5.2009)*

**Mr. Deputy Speaker:** Mr. Githae was on the Floor but he is not around.  
Mr. Musyimi!

**Mr. Musyimi:** Mr. Deputy Speaker, Sir, I wish to draw the attention of the Attorney-General to page 221, Article 3 at the top. Could he clarify to the House whether the one member nominated by the Law Society of Kenya (LSK) must be an advocate of the High Court of Kenya? That is not specific. The LSK could easily nominate somebody who is not an advocate. Is the Attorney-General anticipating that the person so nominated will have to be an advocate of the High of Court of Kenya? If so, that would have to be fine-tuned. Otherwise, why would the Attorney-General go to a wider body like IPISA with which he is equally familiar with having been the chairman of IPISA? Why does it have to be the LSK? If the Attorney-General seeks the input of an advocate, then he would have been more specific. Otherwise, it would be better if we just to go IPISA and engage the entire body of the professional groups in the country, including the architects, engineers, doctors and so on.

Mr. Deputy Speaker, Sir, the second question has to do with the one member should not be a civil servant nominated by the Attorney-General--- The Attorney-General is taking a lot. I just wondered what he has in mind. He could clarify that to us. What value does it add if that person is nominated by the Attorney-General and not anybody else? What is the justification or the rationale? Is there something that he is not telling us? Are we going to end up with many lawyers here? Although the part does not say "lawyer", probably it would be a lawyer. The fourth part might also be a lawyer and we might end up with a committee of lawyers only. There is nothing wrong with lawyers but there are other disciplines that would add value to this anticipated broadcasting content advisory council.

Mr. Deputy Speaker, Sir, turning to page 236, on the Fourth Schedule, I want to thank the Attorney-General for finally bringing in this list. It was a list that was anticipated by the law which we passed here not long ago but this was missing. So, I want to take this opportunity to thank him for bringing it. I want to express appreciation that over the years, one of the issues that has been very key in terms of the review process is that we must involve other people so that the constitution review process is not owned by the politicians. Other people must be involved. We are very glad to see these representatives who form the reference group that has people from women organizations, religious sector, professional groups and other sectors other than politicians. This is very commendable and it would be wonderful to see this put in place.



Mr. Deputy Speaker, Sir, the impression that one gets as to what is going on since the Committee of Experts was appointed is that, the people of Kenya are not clear as to what the role of the various organs are in the review law. Maybe, Mr. Nzamba Kitonga's Committee is not doing enough to explain to the people through the media as to the role of the Committee of Experts, Parliament, the Select Committee and what the referendum will do or not do. It is important that these matters are made clear. That is the responsibility of the Chairman of the Committee of Experts, Mr. Nzamba Kitonga. I hope that through the Attorney-General, this can be communicated to him so that the people of Kenya are not in doubt. Are they being asked to generate fresh views for the first time? Are we dealing with certain drafts or as many drafts as possible? More communication with the public is important.

We really hope that finally, we can get a constitution. We have different architectures of Government all over. I call upon the Kenyan Government and its institutions to fast-track this process. It would be wonderful to put to rest this trouble. It has gone on for too long. I feel particularly happy to see my good friend, the Attorney-General sitting on the other side. I hope that finally, this thing can come to closure, so that the Kenyan people can have a good constitution. As we seek to do so, we will get a professional document. It would not be a patchwork or compromise document between politicians and other interested parties. There will be respect to professionalism, so that we have a Government that makes sense where institutions communicate with each other. I hope also, there will be ownership. That is why I am glad to see this Committee of reference finally coming into place.

With those few remarks, I beg to support.

*[Mr. Deputy Speaker left the Chair]*

*[The Temporary Deputy Speaker  
(Prof. Kamar) took the Chair]*

**Ms. Karua:** Thank you, Madam Temporary Deputy Speaker. I rise in support of this Bill. I am quite happy that the amendments that are necessary to the Constitution of Kenya Review Bill have come. These are amendments that are necessary to clean up the Act. We had observed earlier that there were references to the High Court even after we had created the Interim Constitutional Court (ICC). This needed to be cleaned up. As have been said by other contributors, we needed also to restore the schedule of the group of reference that will be consulted with after the draft is complete or in case the draft is returned by Parliament to the Committee of Experts. So, these are necessary amendments that will help the review process to go on without a hitch.

Madam Temporary Deputy Speaker, there is the issue of the Constitutional Offices Remuneration. I must here indicate that I actually was party to signing when I was a Minister, the Cabinet memo that approved this with some reluctance, though because it had been initiated without any consideration being given to the lower cadres in the Judiciary, Attorney General's Office and even in the Ministry of Justice, National Cohesion and Constitutional Affairs who have suffered and have not had a pay rise while the rest of the civil servants have enjoyed a pay rise. However, considering the reluctance by the Government to carry out fundamental reforms; considering also the reluctance of

the Judiciary to embrace reforms, I want to oppose any pay rise before constitutional review. I would urge Members of Parliament to reject the pay hike for constitutional Office holders. Let us peg everything to the constitutional review then the cartels in Government who are obstructing reforms in this country will know that for their welfare to be improved, it shall improve with the rest of Kenyans when the new Constitution comes into being and when we can have a Commission to deal with remuneration to harmonize and structure public remuneration, so that we stop having people earning salaries and others are starving.

Madam Temporary Deputy Speaker, I want to pick several offices; under the Office of the Attorney General, there is slow pace of prosecutions. There is slow pace of hearing of cases by officers in the Judiciary. Although we know that there are hardworking officers who do an honest day's work in the Attorney-General's Chamber and also in the Judiciary, the performance of those institutions will make me say without batting an eyelid that we should not, at the this time, consider any pay rise whatsoever. The constitutional review is to be within one year. I would urge the hardworking ones to persevere along with other Kenyans and wait for the Commission on Salaries Harmonization to determine what they should earn. At a time when we shall have passed constitutional provisions to allow weeding out of officers who cannot do an honest day's work and continue to receive pay for work not done. This will give an incentive for everybody to improve on their performance. It will act as an incentive to all those concerned to work hard.

Madam Temporary Deputy Speaker, may I also single out the Public Service Commission; a body that does not believe that alongside other institutions, it needs reforms. It is a body that has continued to encourage corruption and nepotism in appointments. It is a body that has refused to embrace reforms almost ten years since the reform mood came into this country. Why then should we add pay to such an organization?

Madam Temporary Deputy Speaker, we do not have an electoral commission. I hope the new Constitution will bring in an Electoral Commission. What we have is an Interim Independent Electoral Commission (IIEC). Why can we not wait for the new Constitution which will set up what sort of electoral body we should have, to come up with salaries? For whom are we seeking a pay hike when we completely, via the constitution, retired the Electoral Commission. The body we are having is an IIEC. Its pay should not be pegged on what will be the pay of the new Commission. This is a temporary body. Its pay should be negotiated, the same way we have negotiated pay for experts. The same way we are negotiating pay for the judges of the IIC. Parliament must not act in vain. We should not have pay hikes for bodies that are currently nonexistent in our statutes.

Those are the only bodies I wanted to talk about. I think I have reasons to convince my colleagues that we should not have pay hike for any constitutional office holders. We should ask all of them to join Kenyans in tightening our belts and wait until a competent body under the new Constitution will review salaries. How could we be increasing salaries when we all know that we have been hit by the global recession and when 10,000 Kenyans are likely to lose jobs? What an inappropriate time to talk of pay hikes? I want to say that Parliament must reject this temptation of adding salaries to any of this sector.

Madam Temporary Deputy Speaker, I have seen good amendments proposed here to the Sexual Offences Act which helps to define indecent act and the rest. I want to say that these are timely amendments. This Act has not yet been applied in a way that the victims or the society can be protected against sexual predators. So, it is time we tighten the Act alongside looking at training of magistrates, prosecutors and law enforcement agencies in preservation of evidence to ensure that Kenyans enjoy the protection that was intended when we enacted this law.

Madam Temporary Deputy Speaker, I also notice the amendment to the Appellate Jurisdiction Act and to the Civil Procedure which go hand in hand that when the court is determining, they must look at the object of what they are doing, which is according justice to the parties in a timely and expeditious manner. These are very good provisions, but one has serious doubt as to whether the current leadership of the Judiciary will be able to see that these provisions are applied. I am saying so because I know that the Chief Justice did promulgate rules in January, 2006 to enable expeditious disposal of applications for judicial review and other constitutional applications which are currently being used by suspects to delay hearing of cases. The way those rules are, cases ought to be heard, at least, within two months. I have not seen the Judiciary utilizing those rules to clear backlog and to open way for anti-corruption and other economic crimes cases to proceed. I have not seen the Attorney-General's Office taking advantage to even unblock the investigations on Anglo Leasing cases which have been blocked by the courts. I would imagine that a serious practitioner would rush to assist the client by taking advantage of the rules. I am, therefore, hoping that once we pass these amendments to the Civil Procedure Act and to the Appellate Jurisdiction Act, judicial officers, the Attorney-General's Office and other legal practitioners - because they too have a role to play - will all join hands and take advantage of these provisions to ensure that we cure the backlog of cases.

Madam Temporary Deputy Speaker, there are many other good amendments that are being proposed, and we will take time to look at them during the Committee Stage to strengthen those that need strengthening. But, otherwise, on the whole, the bringing of this Statute Law (Miscellaneous Amendments) Bill is timely and it will also resolve the row the Government has had with the media. That is because the necessary amendments are contained herein and I support them.

Madam Temporary Deputy Speaker, with those many remarks, I beg to support, subject to the reservations that I have expressed.

**Mr. Chachu:** Thank you, Madam Temporary Deputy Speaker. I stand to support the Motion with just two reservations. On the Constitution of Kenya Review Act No.10 of 2008, I can see that the reference groups that will enable consultations for the draft have been selected. There are religious groups, women organizations, private sector groups, professional bodies, special interest groups and also civil society organizations.

Madam Temporary Deputy Speaker, while I do applaud those who selected those interest groups, I do believe that one key interest group has been left out. That is the pastoralist community in Kenya. They have an umbrella organization and they have critical issues that the Constitution of Kenya needs to address. When we were talking about institutionalized marginalization in this Republic, I think pastoral communities have been historically and institutionally marginalized. That is why in my constituency today, not a single house has tapped water; not a single house has electricity; not one

person who has not travelled outside that constituency has ever seen a tarmacked road! Why? That is not true in most parts of this nation.

Madam Temporary Deputy Speaker, when you are talking about equity in resource allocation; when you are talking about issues of land reforms, it is only in the pastoralist areas where we still have communal land. Not even one person in my constituency has a title deed to his or her land! These are all critical issues that the new Constitution needs to address.

Madam Temporary Deputy Speaker, pastoralism, as a livelihood, is under threat from many other competing land users, whether it is farming, game parks, wildlife, tourism or oil exploration. For sure, it is one livelihood that is being threatened. Of course, historically again, it has never been enabled to thrive. It has always been undermined. It is not let to flourish. Those are all critical issues touching on the livelihood of more than 2 million Kenyans that need to be considered by the Constitution. I do hope that avenues will be sought to sit with pastoralist organizations or communities so that they can, somehow, be enabled to be part of those reference groups so that critical issues facing the pastoralists in Kenya could also be addressed.

Madam Temporary Deputy Speaker, on the Constitutional Office Holders Remuneration Act, Cap 423, I have just a few issues that I want to raise. I want to know what is the basis for that review. Was there a review that was done to suggest that salary increment? Was there a commission that was set up to review that salary increment? Why are we targeting or focusing on those privileged constitutional office holders? What about the other so many hard working Kenyans who are toiling in different corners of this nation? Why are we not targeting them? As leaders, are we only going to target those who are already privileged; those who are in a position to negotiate with the leaders, to have their salaries increased, while we leave many other hard working citizens of this country out of it? What are we doing to harmonize the major disparities in salaries among different cadres of civil servants in this country?

Madam Temporary Deputy Speaker, while I support the Bill, I really hope that these issues will be considered in future, so that all Kenyans are catered for when it comes to their remuneration in terms of their salaries.

With those few remarks, Madam Temporary Deputy Speaker, I beg to support.

**Mr. Muthama:** Thank you, Madam Temporary Deputy Speaker. I also stand to give my contribution and also support this Bill at the same time.

Madam Temporary Deputy Speaker, I want to start by saying that I have a great concern and, more so, on the way we handle our issues in this country. There are proposals that have been fronted here, and which have to do with the review of salaries. I want to speak here on behalf of the society in this country. To review salaries on piecemeal basis has created a lot of problems in this country. The reason I am saying is: Once the salaries of Members of Parliament were reviewed separately, and then there was a review in the Police Force, Prisons Department and then the armed forces separately---

Madam Temporary Deputy Speaker, Kenyans who can speak for themselves and those who leave others to speak for them have got their constitutional rights in this country to be represented. One way of doing this is---

## QUORUM

**Mr. Shakeel:** On a point of order, Madam Temporary Deputy Speaker. With the greatest of respect to my brother and to the Attorney-General, this is a serious issue and we have no quorum. I really feel that we must have quorum.

**The Temporary Deputy Speaker** (Prof. Kamar): Yes, we do not have a quorum. Ring the Division Bell!

*(The Division Bell was rung)*

**The Temporary Deputy Speaker** (Prof. Kamar): Order, hon. Members! We now have quorum.

Proceed, Mr. Muthama!

**Mr. Muthama:** Madam Temporary Deputy Speaker, I was talking about increment of salaries. I was saying that all Kenyans have constitutional rights and they need to be considered in any increment that takes place.

When President Obama took over the leadership of the USA, the first thing he did was to slash the salaries of those who were paid highly. The reason for doing that was to make sure that the money trickled down to those who earned average or little salaries.

The other day in New Zealand, the leaders and more so, the elected Members of Parliament forfeited their pay for a certain period of time to ensure that the people they represent cope with the financial constraints facing that country.

I am saying that by dealing with one group now in the Statute Law (Miscellaneous Amendments) Bill, we will be doing a piecemeal job. We will not do justice to this country. I propose that if at all salaries have to be increased, then, we should start from the bottom going up. Let everybody be accommodated if the funds are there. We should pay Kenyans according to the work they do.

I recognise the constitutional office holders. I know the work they do and they need to be paid well. However, even the sweepers, the police officers and teachers need to be considered in salary increment. If that can be done and this House is serious on that matter, then there will be justice in this country. There will be no class of workers who will get a pay hike simply because they can speak for themselves.

This Bill has been prepared and brought to the House by those who can argue on it. However, the teachers out there do not have such an opportunity to argue for their pay increment. The teachers have to be forceful so that they can be heard by the Government.

Madam Temporary Deputy Speaker, with those very few words, I beg to support this Bill.

**The Temporary Deputy Speaker** (Prof. Kamar): Is there anybody who would like to contribute to this Bill? If there is none, could the Mover reply?

**The Attorney-General** (Mr. Wako): Madam Temporary Deputy Speaker, in replying, I would like to thank all the hon. Members who have contributed positively to this debate. Yesterday, we had Ms. Odhiambo, Mr. Githae and another hon. Member whom I cannot remember contribute to this Bill. This afternoon, we have had Mr. Musyimi, Ms. Karua, Mr. Chachu and Mr. Muthama contribute to this Bill.

Madam Temporary Deputy Speaker, they have spoken on many issues. Mr. Musyimi raised the issue on page 221 as to whether the member nominated by the Law Society of Kenya (LSK) should be an advocate. If he has to be an advocate, we should say so. He also asked, "Why the Attorney-General?"

As the person who took part in the discussions, as you know, I was mandated by His Excellency the President to meet the representatives of the media to find out the grievances that made them demonstrate in the streets. I was to find the grievances that led to a lot of public outcry and name-calling. I am glad to say that when the President announced my mandate, they stopped all those demonstrations and gave faith to the mandate. We held talks which involved the Right honourable Prime Minister and the Minister for Information and Communications who is here and his team. We reached an amicable settlement which is reflected in the amendments that you now see. The effect of the amendments is to create a Broadcasting Content Advisory Council. One of the major complaints was that because the Communications Commission of Kenya (CCK) was composed mostly of Government people, they could dictate the content of what was to be broadcast both in the print and electronic media and, therefore, interfere with the editorial policy. Consequently, the freedom of the Press was undermined.

So, what we have done here is to create a Broadcasting Content Advisory Council, which will be responsible for and make decisions on the administration of the broadcasting content aspect under provisions of this Act, the mechanisms of handling complaints, monitor compliance with broadcasting codes and ethics for broadcasters and have such other functions as may be prescribed.

Madam Temporary Deputy Speaker, these are functions which are supposed to be carried out by this advisory committee, which we want to be completely independent of Government. That is why you will see that the membership of this council is composed of two members nominated by the commission, two members appointed by the Media Council and those recommended by the commission.

Some of them will be recommended by the Inter-religious Forum because of the morality aspects of the content. There has to be somebody from the religious community to represent that aspect. The Law Society of Kenya (LSK) was also supposed to nominate an advocate, because part of the functions of this Council is to listen to complaints from the public, investigate them and come to decisions on them. That is why the LSK is there.

Madam Temporary Deputy Speaker, Sir, there was quite some debate on who nominates the final person. Should it be a person from the media fraternity or should it be a person from the Government? Due to the trust and confidence they had in the Attorney-General, everybody agreed that the Attorney-General does it, but he should not do so as a public servant. He should do so as an outsider. I think they thought about the Attorney-General because, traditionally, I am the defender of the national interest. It was so thought that it should be clarified that there should be an advocate. I think the LSK will nominate the advocate. That is an aspect that can be looked at during the Committee Stage.

Madam Temporary Deputy Speaker, Mr. Musyimi also spoke about the reference group, the roles of the various organs of the group, and asked me to convey to the Committee of Experts to publicise more, the various roles of the group. As far as this reference group is concerned, it is clearly stated in the Constitution of Kenya Review Act,

at page 173, that their role only comes in towards the very end, when the contentious issues are being discussed.

That is when the chairman of the Committee of Experts can call a meeting of the reference group to discuss those contentious issues. However, since I am also an ex-officio member of the Committee of Experts - I am trying as much as possible to attend meetings everyday - I can assure Mr. Musyimi that the Committee is very conscious of the role that it has just taken on.

Madam Temporary Deputy Speaker, the public should be aware of their role in this matter. Only this week, the Committee agreed on a program of action. Very soon, you will begin seeing the Committee holding joint consultative meetings with religious organizations, professional bodies, *et cetera*.

Up to now, we have been more focused on the administration bit, getting places where to work from, and so on. That bit is not yet complete, but we now have accommodation at Chester House. We can now, at least, meet there. They are still partitioning the offices and so on, but we have already begun addressing the core functions of our mandate. We have already begun examining the various constitutions and identifying the contentious issues. In fact, advertisements have already gone out, seeking written memoranda from the public on what they perceive to be contentious issues.

Madam Temporary Deputy Speaker, on the amendments to the Constitution of Kenya Review Act, let me assure this House that those amendments were submitted by the Ministry of Justice, National Cohesion and Constitutional Affairs, and by the Committee of Experts itself. The additional contributions made by the Committee of Experts to these amendments are focused on ensuring that we complete the constitutional review process on time. That is why, although in the Act the various time schedules, particularly for the Parliamentary Select Committee and other political organs such as National Assembly, were not there, it would have been possible for the Committee of Experts to come up with a draft, but the political class dilly-dallied with that Draft.

We have now, on the passage of this, thanks to the contribution of the Committee of Experts, included specific time schedules within which the Parliamentary Select Committee, the National Assembly, and the Attorney-General himself, have to determine the various issues and, in particular, bring the Draft New Constitution to this august House.

Madam Temporary Deputy Speaker, as Mr. Musyimi and Ms. Karua have stated, we have to deliver a new Constitution within time, as per the requirements of this Act. If there is one thing that is keeping me going, let me confess, it is to ensure that the Republic of Kenya has a new constitutional dispensation. Therefore, we are all working very hard. As Mr. Musyimi said, we began discussing this a long time ago, in the 1980s. We are still at it; I am also getting tired of it. We must deliver a new constitution for this country within the stipulated time. Thereafter, I can go to my village, Nang'ng'o/Matayos in Busia, eat my arrow roots and watch what the big boys will be doing in Nairobi. I will be quite happy and contented.

I now turn to an issue that has been misunderstood; namely, that of remuneration of constitutional office holders. Let me say that, as it has been said by hon. Members, as we think about the workers, we should also think about other groups. Let me say that actually, the only reason as to why salary packages of other people in the public sector do

not come to this House is because it is not a requirement of the Constitution that whatever the Executive has agreed regarding those packages comes to this House. The salaries and other remunerations of constitutional office holders comes to this House because Section 104(1) of the Constitution of Kenya, clearly, states:

“There shall be paid to the holders of constitutional offices, to which this Section applies, such salaries and such allowances as may be prescribed by or under an Act of Parliament.”

That is why we have come here. This can be an injustice because the process of coming here takes long. I was at pains to explain that the salaries of civil servants have been reviewed three times since the year 2001. When we talk about civil servants, we are talking about civil servants from the office messenger up to the Head of the Public Service and Secretary to the Cabinet. Their salaries have been reviewed three times. There was no need for them to come here, because the Constitution makers thought they were not important enough to warrant mentioning here. The Constitution makers thought only the constitutional office holders must be mentioned here and their salaries approved by Parliament.

Madam Temporary Deputy Speaker, the salaries of the disciplined forces, comprising of the Police, the Armed Forces, and so on, have been reviewed twice. It is not that these people have been ignored.

Madam Temporary Deputy Speaker, even the teachers' salaries have been reviewed. This was done in the year 2005. Even salaries of Members of Parliament were reviewed in 2005 by the Cockar Commission, well after 2001. Currently, the Akiwumi Tribunal is reviewing the salaries of Members of Parliament. We all appreciate tightening of belts and so on.

I do not think Mr. Chachu was here yesterday but I mentioned very carefully that the Permanent Service Review Board had gone through this carefully over a period of two and a half years. The recommendations were considered by the Minister who took them to the Cabinet Committee, which took them to the Cabinet, which approved them. Ms. Karua has today confessed that she approved these proposals. She is now opposing it, of course, because she is sitting on the other side. We, however, have to be consistent. If you have approved something, you have done so. Therefore, she should have supported the proposal here.

Madam Temporary Deputy Speaker, the Cabinet also approved the salaries of my State Counsel and magistrates but most importantly, those of Permanent Secretaries. When the salaries were approved, the following day, all other salaries were implemented. They were announced and implemented. So, these people are already enjoying them as I speak here now. However, ours was held because we have to come to this House for approval.

If you say we cannot get our salaries, it means even the Constitution is being breached. I see the spirit of the Constitution is that the officers identified as Constitutional office holders must be important enough. They have identified them and their levels of remuneration; salaries and so on, must be more than those enjoyed by other members in the public sector. Therefore, to be in a situation where some people who are not Constitutional office holders and whose salaries can be agreed on and implemented without coming here, earning more is an injustice.



Madam Temporary Deputy Speaker, if it is the question of tightening the belt, then I would respectfully suggest to Mr. Muthama and others who have suggested that; including Ms. Karua, that this Parliament stops the review of salaries by the Akiwumi Tribunal as part of the tightening of the belt.

If it is a question of tightening the belt and since the last increment for Constitutional office holders was in 2001, and since then everybody else has had their salaries increased two or thrice, why can we not agree that everybody goes back and earn what they were earning in 2001? That will be justice. That will be tightening the belt.

Madam Temporary Deputy Speaker, one cannot come here, when he or she is enjoying a benefit which has been reviewed so many times, and then tell somebody else: "Do not enjoy it". The Constitution says these are holders of Constitutional offices and should be properly remunerated. There is another section that says that their salaries cannot be altered to their disadvantage.

I, therefore, put it strongly that these proposed amendments have been carefully gone into. By the way, it is part of the harmonization. The main objective of the Permanent Review Board set up by the President, its main objective as I stated, is harmonization. If you do not approve, then the policy of harmonization has not been achieved.

Madam Temporary Deputy Speaker, the other point I want to mention in passing is one mentioned by Ms. Karua on rules made by the courts. I think she is confusing the rules made by the courts and those made by the Chief Justice. She ought to know that the rules made by the Chief Justice do not cover appeals from the decisions of the High Court to the Court of Appeal. The decision of the High Court blocking investigations into Anglo Leasing puts an injunction. I agree that those judgements were completely unconstitutional and wrong.

Madam Temporary Deputy Speaker, we are definitely appealing. We have filed notice of appeal. We have applied for the certified copies of the proceedings and judgement. The reminders that we have sent to the Court were fully explained to this House when the Minister for Justice, National Cohesion and Constitutional Affairs was answering a Question on my behalf when I was away.

There is another matter that was raised on gender. I think Ms. Millie Odhiambo, whom I see here--- My eyesight is not very good; is that Millie?

It is true that we are setting up a number of bodies under this amendment Bill. The President has issued a very firm circular that women must occupy at least one third of the posts in the public sector, including the various Boards.

Madam Temporary Deputy Speaker, on the question of HIV/AIDS, I want to explain that the major amendment is to reduce the definition of guardian. What we have there says an orphan must have a legal guardian who can give consent on behalf of the orphan on various issues related to HIV tests and so on. The process of obtaining a legal guardian through the courts is very cumbersome. Right now, we have 2.4 million orphans in this country. They are mostly in the rural areas. So, if you have to say each one of them must obtain a legal guardian, the way we know the courts and so on, it will be very cumbersome. The legal guardian has now been defined as, "somebody under whose custody that orphan is". In other words, you do not have to apply to the courts and go through many applications and processes before you can be named a legal guardian to deal with the orphan.

I think I have tried to deal with most of the issues that had been raised. I thank hon. Members for their contributions.

Madam Temporary Deputy Speaker, on the issue of the Interim Independent Electoral Commission (IIEC), they are a Constitutional office because they have succeeded under a Constitutional amendment to everything that was Electoral Commission of Kenya (ECK).

I know that wherever we have indicated "Electoral Commission of Kenya" here, because of the constitutional amendment that was passed in this House, it should be read to mean the "Interim Independent Electoral Commission". However, if the Members of Parliament want it to be clear beyond any reasonable doubt, we can amend that to reflect the Interim Independent Electoral Commission at the Committee Stage.

Madam Temporary Deputy Speaker, with those few remarks, I beg to reply.

*(Question put and agreed to)*

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

## MOTION

### ADOPTION OF 2009 ECONOMIC SURVEY

**The Assistant Minister, Ministry of State for Planning, National Development and Vision 2030** (Mr. Kenneth): Madam Temporary Deputy Speaker, I beg to move the following Motion:-

THAT, this House adopts the Economic Survey-2009 laid on the Table of the House on Tuesday 26<sup>th</sup> May, 2009.

Madam Temporary Deputy Speaker, the Economic Survey publication is an annual print by the Kenya National Bureau of Statistics, launched every month of May, before presentation of the annual Budget. It presents socio-economic highlights of the economy for the last five years. The Report forms an important source of input into the budgeting process, planning, monitoring and policy formulation. Let me also report that the first Economic Survey was produced in 1960 and the report has been produced annually to date.

Madam Temporary Deputy Speaker, let me move to the highlights of the Economic Survey 2009. First of all, the edition presents key statistics for the last five years, from 2004 to 2008. The overview is that the country experienced remarkable sustained economic growth for the period 2003 to 2007 with the Gross Domestic Product (GDP) growth reaching 7.1 per cent in the year 2007. This is the highest growth rate over the period under review. However, the economy is estimated to have expanded only by 1.7 per cent in the year 2008, the lowest since 2003.

The low growth rate can be attributed to various key factors. There is what we call the internal shocks. This includes post-election disruptions, which took the better half of the year 2008. We have also had very unfavourable weather conditions, high cost of food and fuel prices. The continuing political bickering has also not helped to produce a conducive atmosphere for economic growth.

We also have external shocks. These include the high crude oil prices that were very evident last year and, of course, the better half of last year saw unprecedented global financial crisis.

Madam Temporary Deputy Speaker, various sectors including construction, education, wholesale, manufacturing, transport and financial intermediation saw a positive growth. However, the positive growth was lower than what was there in the year 2007. Therefore, the percentages were lower to create any impact in the economic growth. However, two major sectors declined in a very substantial manner, because they have been the mainstay of the economy. That includes tourism, which, had grown by 16.3 per cent in the year 2007, but declined by 36 per cent to a negative 36 per cent in the year 2008. Agriculture, which had grown at 2 per cent in the year 2007, had a negative growth of 5 per cent in the year 2008.

Another highlight is that the Government has continued to increase its expenditure on the social scene. This increased by 7.8 per cent, from Kshs187 billion in 2007 to Kshs202 billion in 2008. The local government sector also saw its own expenditure increase by 14.7 per cent. On the medical side of it, we saw a decrease from Kshs36.7 billion to Kshs34.6 billion.

Also in the Report, in terms of governance, the total number of crime reported more or less remained the same. However, cases that were reported to the Kenya Anti-Corruption Commission (KACC) dropped from 6,728 in 2007 to 3,637 in 2008. Cases in the magistrates' courts, too, declined from 408,000 to 343,000 in 2008.

Madam Temporary Deputy Speaker, in terms of employment, the new jobs created in 2008 declined both in the informal sector and modern private, although in the public sector, they marginally rose by 1.6 per cent.

Madam Temporary Deputy Speaker, the average annual inflation rose from 9.8 per cent in 2007 to 26.2 per cent in 2008. This was the highest since 1994. The rising inflation was caused by high food and fuel prices that were witnessed in 2008.

In terms of money, banking and finance, the total domestic credit rose from Kshs670 billion in December, 2007 to Kshs824 billion in December, 2008, representing a 23.3 per cent. The Nairobi Stock Exchange (NSE) 20share index recorded a very sharp drop from 5,000 to less than 3,000 points in 2008.

In terms of public finance, the Government expenditure, at the end of this Financial Year, was expected to reach Kshs773 billion, up from Kshs658 billion spent in 2007 to 2008. The Development Expenditure also will account in that budget for 26.8 per cent, up from 24.4 per cent.

In terms of international trade, the overall balance of payments deteriorated from a surplus of Kshs63 billion in 2007 to a deficit of Kshs33 billion in 2008, which is a very sharp decline of about Kshs100 billion, coming from positive to negative. This mainly arose because of decreased direct investment inflows and widened trade deficits.

Madam Temporary Deputy Speaker, as I have said, agriculture declined and this was the worst in the last 20 years. Major factors that led to the decline include high prices of inputs, adverse weather conditions and disruptions arising from post-election violence.

On energy, for the better part of 2008, the international prices of fuel were on an upward trend before they came down this year.

Madam Temporary Deputy Speaker, in manufacturing, although we had a positive growth, it was only at 3.8 per cent compared to 6.5 per cent in 2007. This growth was

against a number of challenges, including disruptions and temporary closures during the post-election skirmishes. There was also stiff competition from cheap imports and counterfeits. There was also subdued domestic demand. The building and construction sector also saw better growth in 2008 at 8.3 per cent compared to 6.9 in 2007, which was largely supported by increased capital investments in roads and housing. In terms of tourism, as I said earlier, the sector recorded one of the worst ever performances in real terms. The dismal performance was occasioned by, again, post-election crisis and the global financial crisis. Tourism earnings decreased by 19.2 per cent from Kshs65.2 billion in 2007 to Kshs52.7 billion in 2008.

Let me now look at the outlook for Kenya in 2009. Economic growth in Kenya is largely going to be determined by a number of factors. One is production in agriculture; this is something that, unless we really think about it, might remain subdued due to the delay in the long rains and the weather patterns that have changed. We have been traditional in the manner in which agriculture has been run. Tourism is likely to perform below potential due to the low level of prosperity in source nations. The countries that we were depending on in terms of tourism are also having global recession and, therefore, they are having cut-backs in terms of employment and the benefits they give our traditional tourists. Therefore, we will find that we are going to have fewer tourists coming from those traditional markets.

The other factor that will also affect us is the duration of the global crisis. As long as that remains as it is today, it will affect tourism, the demand for agricultural products and also the remittances by Kenyans in the Diaspora, which have now gone down by about 30 per cent of what they used to be. The other factor will be political governance. As long as we continue to forget that we have a country to look after, as long as we continue to forget that Kenya is bigger than us, as long as we continue to neglect that country which we are all in--- We should realize that we are all stakeholders in this, whether it is good or bad, and that restoration of investor confidence will be dependent on how we behave from a political and governance point. We are saying that it is important that we shape up and build this country. We should avoid rhetoric and think about what is good for this country. I have said here before that it is only passion and resolve to work for the people of Kenya that will move us on the right path.

Madam Temporary Deputy Speaker, we believe that with stable micro-economic variables, the economy can grow in this financial year at between 2 per cent and 3 per cent, looking at some of the things that have been factored in. To urgently mitigate on the slow-down of the economy, we have proposed that the 2009/2010 Budget must address the following key areas. One is infrastructure. We need to earmark more resources for expansion and rehabilitation of our road network. We realize that the roads that are being built now are roads that were existing; so, we have not even had time to work on new kilometers of tarmac, which would open up the country. We also think that there must be expansion in terms of production of power in the energy sector. If you look at what the geothermal and hydros are producing now, they are competing with the availability of manufacturing places. They could even curtail manufacturing itself, because you only have enough energy to cater for the current demand. This means that if you were to build confidence and bring in investors, you will run short of power. So, we need to expand the megawatts that we are receiving. We need to expand our railways. It has been a traditional one track rail line; so, we need to ensure, first of all, that--- It is just not

efficient, but other areas that are not covered by the railways are, indeed, added for expansion. We need a railway line that will go to the northern side, north east and serve most of the productive areas of this country. We know that if we do not expand the railway line, we are going to have pressure even on the new roads that we are putting up. Therefore, maintenance costs will continue to be bigger. We need to expand our port. We have proposed in the Budget that, in terms of the hours taken to clear at the port, which is good for building confidence, that we need to be efficient to ensure that anything that goes through the port, whether going out or coming in, is handled in a faster and in a way that we can compete with other ports like Dubai, Singapore and Durban so as to attract more business.

The other thing that we have asked the Ministry of Finance to address in the Budget is on tourism. As long as we remain with facilities and we do not have tourists, we will not take advantage of those facilities. Having realized that tourism was one of the biggest sectors in the economy that declined, we need to ensure that there is aggressive marketing, both internally and externally so as to revive the sector. This is critical because the tourism sector has a spiral effect. When tourists come in, it is not just hotels that benefit; we will create employment for drivers who will take them out; we create employment for those who grow vegetables, for those who rear chicken for meat and eggs. So, it has a very big spiral effect, and we are asking that there must be consideration in the Budget to market ourselves externally and internally. Kenyans can also take advantage of the tourism that is in this country.

Madam Temporary Deputy Speaker, the third thing that we are asking to be addressed in the Budget is agriculture. We must see how to subsidize agricultural inputs, so that our farmers can go back to farming. We do not want to just tell our farmers to go back to farming if it does not make economic sense. So, we are asking that there must be a stimulus package for our farmers in the Budget of 2009/2010.

We are also saying that the Budget needs to address the issue of putting money into security. We have to guarantee the safety of Kenyans so that, first, they can have faith in investing in their own country; that they can move around this country knowing that it is secure. We are also saying that security is required for investors. We are not going to have investors coming into this country if we are not rated well from a security point of view.

We are also asking the Budget to address the area of manufacturing. We need to lower the cost of production and urgently address the importation of cheap products that continue to come into this country and force most of our local companies to close down and, then, we lose an investment opportunity.

The other issue we are asking the Budget to address is water and environment. Conservation of the environment, especially the water catchment areas, has now been fully brought to the fore. We have been talking about the Aberdare Forest and the Mau catchment area. It is very clear that our water resources have now gone down to their lowest ebb. With the weather pattern that exists, if we do not invest in water and environment, even for sustainable use for the future, we are going to leave this country poorer than it is. It is critical because from the point of view of Agriculture - in terms of irrigation - if you do not have water to irrigate, you will not get anywhere. If you look at the water that comes to this city, we are only able to provide 70 per cent of the water that is taken. That means that 30 per cent of Nairobi does not have water. If you look at a

hydro plant like Sondu Miriu which relies on River Nyando, and we do not conserve the Mau Forest, that whole development will go to waste in another ten years. So, we are asking that the Budget must start addressing the issues of water and environment. In developed countries, the Ministry of Environment is one of the most critical Ministries that gets the highest Budget support. But in this country, we look at the Ministry of Environment and Mineral Resources and that of Water and Irrigation as small Ministries. That means that we do not want to think about the future years. In fact, as one of my colleagues was saying here, when you are appointed to that Ministry it looks like a punishment yet it is a very critical component of the future of this country.

Madam Temporary Deputy Speaker, there was a debate this afternoon on the *Kazi Kwa Vijana* (KKV) Initiative. Although we were told that it is short-term, we urgently require focusing on key impact areas both at employment level and activity areas like afforestation. Looking at what we have been given, I am happy that part of it goes to afforestation and part of it goes to seedlings, planting and looking at what has been planted. We need to look at it as a way in which we can create employment for the very many young people who at the moment are jobless. Therefore, we ask Treasury that they need to create much more money than what has been created in this financial year so that we can engage more of our youth in most of these activities. In fact, if there was more money in infrastructure, agriculture, water and environment, the programme of KKV would come in very handy to take care of some of those projects. If we want to jumpstart our economy, the KKV will only work if we put in more money.

If you look at infrastructure in terms of construction of rural roads, this is work that can easily be done by the KKV projects. If you look at the amount of money that we get through the District Roads Committee (DRC) which is about Kshs17 million as the minimum per constituency, if we were to assume today that the gravel works were to be handled manually in terms of spreading and re-shaping the roads and just use the grader to flatten it, it means that we shall have created employment. That is why we are saying that there must be focus in policies that we formulate. I have seen the policy document and I still think that it requires a little bit of paste-up to be able to encourage KKV. That will give our young people the purchasing power to be able to buy things in their local shops and keep them going. That way, you also build the manufacturing sector.

Madam Temporary Deputy Speaker, when I saw you looking at that book and knowing that you are a scholar, I knew you were going to ask where education is in all these. It is critical that in view of the universal free primary and secondary education, that for us to make it good quality and for it to take advantage of other sectors by producing material that can work in all other sectors, we need to employ more teachers since the number of teachers at primary and secondary school level is on the decline whereas enrolment is on the increase. We have to balance so that we ensure that we have quality education. We realized that a lot of money, nearly Kshs150 billion, goes into education for both primary and secondary. So, the issue is that we want that amount to produce quality education, people who can stand in future and be able to get absorbed in the tourism and security sectors. These were the issues that we brought up in the economic survey and they are factual. The methodology of the statistics can withstand the test of time. The Kenya Bureau of Statistics (KBS) was very clear.

Madam Temporary Deputy Speaker, when we look at the economic growth it actually surprises many people because we moved from 7.1 per cent to 1.7 per cent. You

can see that there is a big contribution from the leadership of this country when we talk about political bickering. So, I want to appeal to this House that even as we engage and try to outdo each other politically, if the economy does not grow, we are harbouring bigger problems than our personal differences.

Therefore, I want to urge the House to adopt this Economic Paper and probably at a later stage come up with solutions as to how we need to grow our economy, expand it and make Kenya a better place than where we are at the moment.

Thank you. I ask Mr. Githae to second.

**The Minister for Nairobi Metropolitan Development** (Mr. Githae): Madam Temporary Deputy Speaker, thank you for giving me this opportunity. I stand here to second this Motion. It is sad that we have moved from a growth of 7.1 per cent to 1.7 per cent basically because of the chaos that followed the elections. That should be a lesson to us and to this country. Sometimes, for the sake of all Kenyans, it is better to tone down our politicking. Could this movement of growth from 7.1 per cent to 1.7 per cent be a result of that? That should be our lesson number one. We must manage our politics better. Election disputes will always occur and if they do, we must come up with better ways of rectifying any errors or mistakes committed.

Madam Temporary Deputy Speaker, it is clear that even food prices have been affected to the extent that a kilo or two kilogramme packet of flour has moved from Kshs60 to Kshs110. There has been a lot of debate on the issue of maize. I think that issue is not going in the right direction. The main problem with maize is the fact that three millers control 80 per cent of the maize business in this country. That is the real problem. Others are just sideshows. That is the issue that we need to tackle. How can we allow three people to control the entire maize business in the country? It is a security risk and dangerous.

It is clear that over the last five years, we were on the winning side. Poverty was going down. Like in my constituency, the poverty index went down from 26 per cent to 13 per cent but I fear that it may now start going up because most of the people who depend on coffee--- Coffee is no longer as profitable as before. In fact, people are uprooting coffee. I am glad that the Ministry has identified that there has to be a subsidy in coffee just like the way we are subsidizing maize. If we do not subsidize coffee farmers, even the little coffee that is left is going to be uprooted. Tea has been doing well except in the previous two years because of the increase in fertilizer prices. Last season farmers did not put fertilizer on their crops. So, the yields will go down this year. That means that they are going to incur losses. I am glad that the Ministry has also identified that tea must also be subsidized by the Government just the way we are subsidizing wheat.

Madam Temporary Deputy Speaker, I am in charge of Nairobi metropolitan Development where 60 per cent of the total Government revenue is generated. This means that if adequate resources are not ploughed back into this area, then the metropolitan area will not be able to generate enough revenue which is taken to other parts of the country. So, we must look after this baby; Nairobi metropolitan area. We must give it special emphasis if the other areas are to benefit. This is where the bulk of the Government revenue is being generated. There are special problems that are here. For example, traffic jams. On average, every person in Nairobi is wasting about two hours every day on traffic jam. We, as a Ministry, have identified this as our first priority, so

that we can decongest the City Centre and our roads. We can go to the normal average motoring speed of 30 kilometers an hour in the City. We incur a loss of about Kshs24 billion because of traffic jams.

I am glad that the Ministry of Roads is supporting the Nairobi Metropolitan Development Ministry, so that we can start doing away with roundabout because that is where the problem is. We want to have underpasses, flyovers and interchanges. If we do so, we may be able to decongest our roads and eradicate traffic jams. We will widen and re-tarmac the road from Namanga to Athi River. Then from Athi River up to Jomo Kenyatta Airport, there will be no roundabout there. We will have an interchange at Athi River. There are also plans to have an eight lane highway on Thika Road with no roundabouts, with interchanges and flyovers. This is the baby that we must feed well, so that it can grow to a cow which can be milked to feed the rest of Kenyans.

We also have the intention of having a one-way state in the CBD area to decongest the City Centre. Right now, a road like Moi Avenue is impassable because of the number of public service vehicles which have made Kencom bus stop to be a bus station. So, again, if we get a better flow of traffic, we may travel a longer distance, but we will not be stuck in a traffic jam.

We also have an intention of having a bus lane where we have more than three lanes. That bus lane will be for all public service vehicles. Not just for smart buses or for modern buses, but for all public service vehicles. So, it will be quicker for you to leave your car at home and enter into a public service vehicle because, then, you are assured of reaching where you are going faster.

We are also thinking of having places where you can park your vehicle. This is for private motorists, who then hop on to a public service vehicle. So, if that is done together with a special bus lane, the traffic jam we are now experiencing may be over. But it would require a lot of revenue. We have been assured by the Ministry of Finance that we will be supported to achieve this.

The other issue we have identified is security. The Ministry of Planning, National Development and Vision 2030 has also identified security as one of the key areas. Unless investors are assured of their security, they will not be able to invest. We want to eliminate petty pick-pocketing and mugging that is happening in the City at the moment. We intend to ask the Police Commissioner to allocate to us specific policemen assigned to specific streets, so that if there is an incident on Moi Avenue, then we know the policemen to question. These are some of the steps that we are taking.

For avoidance of doubt, let me say that it is our intention in the long term to phase out the 14-seater public service vehicles. But this will take time because we know that some of the operators have taken loans to purchase those vehicles. So, they need to be given time. We will sit down and agree with them on the time.

We also intend to have bus routes like the way KBS used to operate. I know there used to be a Route-22 which used to start at Uhuru Estate, going through Jericho, passing through the City Centre all the way to Uthiru. It had no need of stopping at the City Centre or even being parked in the CBD. So, it will just transverse the City. That is the kind of thing we are looking at, so that we do not have bus stations at the City Centre. We allow the public service vehicles to pass there on their way to their final destinations. Those are some of the things we intend to do.



Madam Temporary Deputy Speaker, the Ministry has also identified that the CDF plays a very crucial part in the development of this country. Since it was started it has been at 2.5 per cent. I am glad the Ministry has accepted that there must be an increase in the CDF. We can negotiate about the rate, but there has to be an increase. If you look at things that the CDF has been able to do in the short time of its existence, they are wonderful. It must be increased. It is only the amount that I am saying we can negotiate. Some are saying they want ten per cent; others 15 per cent and so on. That we can negotiate. I have no problem with the negotiation, but there has to be an increase. Right now, the CDF is ahead of the Government. We have put up so many dispensaries that the Government has been unable to provide personnel and drugs. We have put up so many police posts that the Police Commissioner has been unable to provide them with staff. So, we are actually ahead of the Government because of the CDF. What is now required is an amendment to the CDF Act to allow recurrent expenditure. If we had authority, we would be able to employ teachers as we wait for the Ministry of Education to provide teachers. We would be able to employ nurses as we wait for the Ministry of Medical Services to provide nurses and clinical officers. At the moment, those facilities are lying idle. In my constituency, I have got four dispensaries lying idle for the last three years. I have got six police posts lying idle with no policemen. Unless we convert them to boarding and lodgings, it has been a waste of resources.

Madam Temporary Deputy Speaker, to reduce traffic jams is to have discipline on the roads. Any person who has a driving license and has gone to a driving school was told that, on a highway, keep left unless overtaking. But what do we see? We see heavy commercial vehicles using the outer lane instead of using the left hand side, which only causes jams and other vehicles to slow down. If only they could obey that law of keeping left unless overtaking, we would be able to reduce the traffic jams.

Madam Temporary Deputy Speaker, I am glad that the Minister has also identified the cost of electricity power. It is too high! In places like South Africa and Egypt, it is a tenth of what power is charged here. Industries cannot operate profitably with those kinds of high rates. So, we need to make a drastic surgery of the power tariffs. We should work backwards; we say that we must be cheaper than South Africa or Egypt and then work backwards and say: "This is the price." Then, this is the amount that KenGen will be selling to Kenya Power and Lighting Company Ltd (KPLC). We should work it out backwards. Otherwise, at the moment, they are just too high and they are not tenable. That is why you find that industries are closing down. The East African Portland Cement almost made a loss because of the high power tariffs. The Pan Africa Paper Mills in Webuye closed down because of the high power bills. Even in our homes, the power bill has also gone up and that is also having an effect on security. Now, people are putting off their security lights at night in order to save power. That does not really augur well as far as security is concerned. But you cannot blame them; it is because the power tariff is very high.

Madam Temporary Deputy Speaker, we must also do something about our Port. The reason why Singapore and Dubai have the best ports is because they do advanced clearing. Even before your goods arrive, you can clear them - you pay Customs Duty and all the charges - as soon as the goods arrive, they are just handed over to you. But here, you have to wait until the goods physically arrive at the Port before you can even begin clearing them or paying Customs Duty. Yes, I know that the Kenya Ports Authority

(KPA) says that it is because they want to stop thievery, pilferage and wrong classifications, but that can be done! Why punish the innocent? If 80 per cent of the people were honest, why punish all of them because of only 20 per cent? They should be doing what Singapore does. They pick any cargo at random for inspection and then verify it. That way, you do not make the other innocent people suffer.

Madam Temporary Deputy Speaker, we also need to go back to the construction of hydro-electric dams. In the Tana River, there was a proposal to have seven hydro-electric power stations and I think three have not yet been constructed. Hydro-electric power is the cheapest and we must put special emphasis on that source of power, if we are going to move ahead in economic development.

Lastly, Madam Temporary Deputy Speaker, we must also accept that not all constituencies are the same. You will find that most people talk about how to protect the girl child. Fine. I have no problem with that! But not all the constituencies have got girl child problems. The problem in my constituency is the boy child. We have got more girls in primary schools than boys; we have got more girls in secondary schools than boys; we have got more girls in the university than boys! So, my problem is the boy child now and not the girl child. I think we have moved from there and the situation is very serious. The drop out rate, particularly of boys from primary and secondary school, is very high.

Madam Temporary Deputy Speaker, with those few remarks, I beg to second.

*(Question proposed)*

**Ms. Odhiambo:** Thank you, Madam Temporary Deputy Speaker, for giving me this opportunity. I wish to support the adoption of this Paper.

Madam Temporary Deputy Speaker, in supporting, I want to say that, in future, we need to have such serious papers laid before the House in time to enable us to go through them. That is because a lot of the issues that are raised here are of importance to the country.

Madam Temporary Deputy Speaker, I want to agree with the speakers that have spoken before me that this Paper actually presents a grim position in this country. If we are moving from a growth rate of 7.1 to 1.7, that is a cause for serious alarm in this country. If you actually look at the survey, the agricultural sector shows a decelerated growth from 2.2 per cent in 2007 to 5.4 per cent in 2008. This calls for us, as a country, to look for new ways of solving old problems.

Madam Temporary Deputy Speaker, if you look at the agricultural sector, it is time, actually, that we went back to our old plant varieties that can actually survive adversities such as diseases and drought, instead of looking at systems that may not be working for this country. We must have a comprehensive food policy that does not rely only on good weather, as has been shown in the past year. This shows the effects of the post election violence and the global climatic change – that we can no longer rely on good climate for our sustained agriculture. We must, therefore, look at different ways of dealing with the problems that the country faces.

Madam Temporary Deputy Speaker, one of the things that have been highlighted as being positive is the economic indicators in the building and construction sector that showed improvement in the year under review. If you look at the disbursement by the

Kenya Roads Board (KRB) to various industries or agencies, it increased by 23.4 per cent in the year under review.

Madam Temporary Deputy Speaker, I, however, want to urge that even as we come up with the Budget, we must be mindful of the provisions of the law. I know that when the Minister was moving this Motion, he alluded to the fact that, not only must we look now at the issue of sustaining the old road networks, but opening up areas where there are completely no road networks. That is actually what the National Cohesion and Integration Act speaks about; that we must now open our eyes broadly to areas of this country that have not developed, so that there must be equitable sharing of resources. I know that the hon. Minister, Njeru Githae, when he was speaking, alluded to the fact that the issue of the violence and fight over power sharing has brought us to where we are, a fact which may be actually true to a larger extent. But if you look at the reports that were given by both Kriegler and Waki, one of the underlying causes of that was not an issue of a perceived or stolen election, but actually a fight for equitable sharing of resources. Until we reach a stage where we acknowledge that there are areas in this country that are marginalised, and that there are people in this country who feel more equal than others, then these issues will not be solved. Unless we move away from that, we could be seeing a worsening situation economically. We must address all parts of the country equally. We must deal with every part of this country justly.

Madam Temporary Deputy Speaker, I want to acknowledge what is indicated in the Report; that good governance is key to economic development. Nonetheless, if you look at Page 7 of the Report, you will find that it does not talk about the issue of good governance. It merely alludes to it. If you look at the issues that the Report deals with in terms of good governance, you will realise that it does not address them wholly. I hope that in future such a Report will address things like how many corruption-related cases were dealt with and successfully concluded. What this Report has done is to look at such a matter broadly without telling us whether we need to invest so much money in the anti-corruption body. That might be one of the areas that is causing us problems in this country. We are putting too much money in a body that is not showing any results and yet Kenyans are calling for good governance. If our governance institutions are not showing results, perhaps, it is time we disbanded them and put good money where it is needed.

Madam Temporary Deputy Speaker, I am happy that the Report addresses itself to the issue of child labour. It has noted that it is a concern in this country. One of the things I see as a challenge is that as much as the Report addresses the issue of child labour, it indicates that unpaid family workers form the highest percentage of 64. In future, we would like to know whether a situation where children constitute unpaid family workers at 64.4 per cent should be classified as child labour. Is that child labour as defined by law? By which standard is that child labour? Whenever you talk about child labour, it has negative connotation. However, when children help at home, does that qualify as child labour? This is because that also gives us a lopsided view when we make economic decisions. It is good that the Report recognizes child labour, but we should classify what really is unpaid family work, especially when children are engaged in it.

The Report conceptualizes the global economic recession and its impact on the Kenyan economy. I know that in the past, whenever we have stood to speak, this is one of the things we have not looked at critically and yet if you look at the remittances that we receive from abroad, you will find that they have reduced. We need to know how that

impacts on our economy. This is because many Kenyans rely on international remittances from relatives abroad. How is the country dealing with the issue of returnees? There are many Kenyans who are coming back home because they have lost their jobs abroad. If you look at the sort of employment programmes that we are setting up like *Kazi kwa Vijana*, you will realise that they do not address themselves to the level and calibre of Kenyans who have been working abroad. If we are not careful, very soon, we will see a very high rate of suicide in this country. This is, if we do not address the issue of returnees from abroad.

Madam Temporary Deputy Speaker, I am glad that the Report has looked at the issue of Free Primary Education (FPE). However, the Government should not only look at the FPE, but also on how we can infuse peace education in pre-primary education. We also need to know how much more we should invest in that area of early childhood education because it is an area that we only give cursory mention. If you look at the money allocated to the ECD, you will find that it is very little and yet it is the formative stage of a human being. We should allocate the ECD a lot of money.

One positive thing in this Report is that it gives desegregated data by gender, especially on issues to do with crime. We know that crime has an impact on economic development. Nonetheless, I would like to encourage the Minister that in future we need to give desegregated data by gender on victims of crime. There is a report that was done by an agency which shows that victimization by crime is one of the reasons that dissuades investment in this country. Women and children are more impacted as victims of crimes than men. This might discourage women who want to come and invest in various sectors in this country. There are sectors where women excel more than men. We might discourage foreign women who want to invest in this country.

I would like to say that there is wrong classification in the Report. Part of the Report refers to crimes against morality. This gives a lopsided view because when you talk about crimes against morality, it does not address the issue of sexual and gender-based violence. This may not give a correct picture because sexual offences under the Sexual Offences Act are no longer considered as crimes against morality. That is why you will realise that the figures here are very low. Over the years, it has averaged about 3,000 cases from 2004 to 2009. We know for a fact that in 2008 many women and children were subjected to sexual and gender-based violence. I hope that in future, the Minister will be able to correctly classify it.

In conclusion, future surveys should infuse a human rights-based approach by looking at issues of women's rights, children's rights, the rights of the youth, persons with disability and persons affected by HIV/AIDS. We should also look at the contribution the Non-Governmental sector is bringing to the economy. Probably, it is because of the short time I have, but from my perusal, I have not seen whether we have included anything to do with the Non-Governmental sector and the contributions that they bring to this society. We know that there are areas where the Government is unable to provide services and the Non-Governmental sector has done quite a lot in those areas. An example is the provision of legal aid. That is absolutely and completely done by the Non-Governmental sector even though that is a core role of the Government. In many constituencies, the Non-Governmental sector supplements the Government's role in health care provision. If we leave that sector out, then we will have a lopsided view of what our economy is.

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

**The Minister of State for Special Programmes** (Dr. Shaban): Naibu Spika wa Muda, ningependa kuinga mkono Ripoti hii ya uchumi iliyotolewa na Wizara inayosimamia masuala haya. Ni jambo la kusikitisha kuwa uchumi wetu unazidi kuzoroteka hasa kwa sababu ya matatizo tuliyokuwa nayo mwanzo wa mwaka jana na baada ya hapo, matatizo yaliyotukumba upande wa utalii na kilimo. Yapo mengine ambayo hatungeweza kuyakinga. Hata hivyo, ili kutatua matatizo yaliyotajwa katika Ripoti hii, inahitaji Wakenya, hasa viongozi, kusimama pamoja na kuzungumza kwa sauti moja. Mengi ya matatizo tuliyonayo ni yale tunayoweza kuyatatua kwa kuzungumza na kuwa na mwelekeo mmoja.

Ripoti hii inasikitisha japo tulikuwa tunafahamu kwamba tunayo matatizo katika nchi yetu.

Bi. Naibu Spika wa Muda, sekta zote ambazo zimepatwa na matatizo zinamletea matatizo mwananchi wa tabaka ya chini kwa kuifanya hali yake kuwa duni zaidi. Hali ya maisha inapokuwa duni, wananchi huteseka. Hawapati chakula cha kutosha, na hata chakula kikiwepo, hawawezi kukinunua kwa sababu bei huwa ghali na mishahara huwa haipo.

Serikali imejaribu kuipandisha mishahara lakini watu wengi ambao hawana kazi, na ambao walikuwa wakitarajia kazi za mikono, sasa hivi wameachishwa kazi kwa sababu ya matatizo tuliyonayo. Viwanda vimefungwa. Ukitembelea hoteli zote, ambako tumekuwa tukipokea wageni, isipokuwa wakati ambapo kuna semina zinazoendelea, utaona kwamba zimefungwa. Hii inaonyesha kwamba wafanyikazi wamepunguzwa na wale walioko ni vibarua tu. Wageni wanapopungua, wafanyikazi mahotelini huambiwa warudi nyumbani.

Bi. Naibu Spika wa Muda, ni lazima tuangalie njia za kuweza kujisaidia. Njia zipo, na zinapotajwa, inafaa tuzifuatilie na kuhakisha kuwa zimetusaidia. Mwananchi ambaye hajakula chakula na kushiba vizuri hawezi kufanya kazi. Hata ukimpa kazi, akiwa na njaa hataweza kuifanya hiyo kazi.

Kwa hivyo, ningependa kuiunga mkono Ripoti hii, na haswa kuunga mkono ule mpango unaowapa kazi vijana wetu. Ukiangalia hali zao, utaona kwamba zinazidi kuwa duni. Vijana wanahangaika. Zile fujo nyingi tunazoziona na uhalifu unaoendelea ni kwa sababu ya matatizo tulionayo.

Bi. Naibu Spika wa Muda, sina mengi ya kusema isipokuwa kudokeza kwamba Ripoti hii juu ya uchumi wetu imetuelekeza tufungue macho na kuona kwamba tuna matatizo. Kwa sababu tuna matatizo, sisi viongozi, haswa wale wa kisiasa, tuna wajibu wa kufanya kazi pamoja, kuhakisha kwamba tumeweza kuisimamisha Kenya hii kwenye njia ya kuweza kujiponya.

Uchumi wa nchi hii ulikua kwa asilimia saba. Sasa hivi uchumi wetu umefifia mpaka chini ya asilimia mbili. Ikiwa uchumi wetu umerudi chini kiasi hicho, kila Mkenya, na haswa viongozi, anatakiwa kuwajibika na kuifanya kazi yetu sawa sawa. Tunapenda sana kutoa lawama badala ya kutoa suluhisho. Nafurahi kwamba Ripoti hii pia imejaribu kuonyesha mwelekeo – vile tutakavyofanya ili tuweze kujikwamua kutoka pahali ambapo tumefika.

Bi. Naibu Spika wa Muda, sisi ambao ni viongozi wa kisiasa, tunatakiwa kushikana na Rais wetu, pamoja na Waziri Mkuu, tuweze kufanya kazi kwa pamoja ili tuweze kujikwamua kutoka kwa matatizo tuliyonayo. Lawama zimekuwa zikitoka kila

upande; tumekuwa tukilaumiana, na mwananchi amebaki bila cho chote, kwa sababu katika hali yetu ya kulaumiana, hatutoi masuluhisho ya matatizo yetu.

Hakuna kitu ambacho kinaweza kujitibu chenyewe bila sisi wenyewe kuwajibika. Kwa hivyo, katika kuiunga mkono Ripoti hii, ningependekeza kuwa viongozi wote wa kisiasa, na haswa Wabunge, tuache kupiga debe mno na lele mama nyingi ambazo haziwezi kutatua matatizo yetu. Unachaguliwa kuwa kiongozi ndipo uweze kutoa suluhisho kwa matatizo. Ninaomba kwamba Ripoti hii tuichukulie kwa muhimu sana, na kwa haraka sana tuungana ili tuweze kutatua matatizo yetu, kwa sababu hakuna mtu mwingine ambaye anaweza kuja kututulia matatizo yetu.

Bi. Naibu Spika wa Muda, ninamalizia nikisema kuwa ninaiunga mkono Ripoti hii.

**The Assistant Minister for Industrialization** (Mr. Muriithi): Thank you, Madam Temporary Deputy Speaker. I rise to support the Motion for the adoption of the Economic Survey, 2009.

Madam Temporary Deputy Speaker, I had the privilege of talking to investors earlier this year, first in Asia and then in North America. Without a doubt, one of the biggest questions that they raise with us is the nature of our politics, and whether the issues that we faced earlier last year are likely to recur. So, I join my colleagues who have spoken on that particular point – that the character of our politics has a lot to do with the economic outcome of this country and , therefore, the economic livelihoods of Kenyans.

I believe that, as the Report has said, and given what the Minister himself did say about the not-so rosy outlook both for agriculture, because the long rains have delayed, as well as for tourism, because economies overseas remain subdued. I believe that we must look for new areas, as the Minister suggested, with which to compete and find renewed growth.

Madam Temporary Deputy Speaker, the Minister raised the issue of a stimulus - that we must pay more money, subsidise agriculture and so on. I want to add my voice to this, and also suggest that a key challenge that we have is lack of proper implementation of our procurement policies. First, many public bodies continue to ask for trade licences. As we know, last year, or the year before, when we carried out licensing reforms, this requirement was, in fact, eliminated. Therefore, I hope that the Budget will address this question. The tendering processes in Government must be updated quickly, so that we do not ask for outdated licences.

Madam Temporary Speaker, in addition, I hope that the Budget will address the key issue of buying Kenyan products. The procurement law is very clear. If you are purchasing goods and services worth less than Kshs50 million, you must purchase exclusively Kenyan products. The competition should be amongst Kenyan companies. However, quite often, in many public sector places, a lot of procurement, from furniture to everything else, we buy goods from outside the country. So, I hope that the Budget will reinforce the implementation this policy.

The question of counterfeits was raised as part of the reasons as to why domestic manufacturers did not do as well as they could have. I am glad that this House did pass the Anti-Counterfeit Bill. We had hoped to operationalize it before the end of this financial year. Delays in passing the Supplementary Budget, and so on have set us back a little. However, I want to note to this House that we are quite firm and committed in

implementing this law, so that domestic manufacturers are not opened to unhealthy competition from substandard items.

Madam Temporary Deputy Speaker, let me hasten to add that we are working towards improving both the Standardization Mark as well as the verification process of pre-shipment conformity in order to strengthen this same area. As I said, I believe that we must look at different areas to find new competitiveness and, therefore, ability to grow this economy. I am glad that the Minister for Nairobi Metropolitan Development talked at length about transportation. It is my belief that we must go back to scheduled public transport. He talked at length about route 22/23 that used to run from Eastlands, through town, to areas in the North. Those buses used to run on a specific hour. Today, if you are going to work, you have to give yourself an additional hour, because you do not know what time the *matatu* or the bus is going to run. So, I firmly believe that we must go back to scheduled public transport.

In addition, in many places, in order to enhance efficiency of production, wage payrolls are run on a weekly basis or a fortnight basis. In fact, it is common practice in Kenya today that private companies will usually give their workers an advance salary somewhere in the middle of the month. I believe it is time that we also run our payroll either on a weekly basis or at the very most, at a bi-weekly basis in order to improve the speed at which transactions happen in the economy.

Madam Temporary Deputy Speaker, I also believe it is time we invigorated the street addressing labelling system in this country. Today, if you are looking for a business somewhere in Industrial Area, it will take you an additional hour as you drive up and down Enterprise Road or another street trying to locate it. This is quite a straightforward matter. I hope this issue will be addressed in the Budget.

Madam Temporary Deputy Speaker, back on the issue of competitiveness, as a country, we have received a lot of accolades for removing licensing and making it easier for businesses to operate. However, we also have a crawl back of these licenses. We have seen many local authorities re-introducing some of these licenses which were removed. I hope that during the Budget, this matter will be addressed.

I want to add my voice to those calling for the increase in Constituencies Development Fund (CDF). It is true that in most constituencies, the most visible provision of social infrastructures; schools, dispensaries, police posts and so on, even bridges, are financed by the CDF. I believe, therefore, that we should increase the percentage of resources that go into the CDF. I would also want to call for improved planning.

Madam Temporary Deputy Speaker, in my constituency I have 13 police stations delivered by the CDF but only five are utilised. This is partly because of poor planning. The line Ministries, which were going to provide the resources and persons to run these institutions were not involved. I believe that improvement in the delivery of CDF is necessary so that the planning of a police station involves the local Officer Commanding Police Division (OCPD). This would ensure that the plan for her or him to provide the police officers required goes hand in hand with the physical construction.

It is true that Pan African Paper Mills Limited is having challenges and has been closed. It is not just the cost of power that affected it but mismanagement resulted from a lopsided management contract that left the principal shareholder, who is also, the manager, unable to do all manner of issues. It is, however, true that the cost of power is

too high for Kenyan manufacturers. If you look at competitiveness, it is one key area where we are doing very badly. Indeed, the gains we have received from labour productivity improvement are lost because of high power costs.

Madam Temporary Deputy Speaker, in the case of East African Portland Cement, it is true that profit warning has been issued. Electricity has something to do with it but the key challenge there are the Yen-denominated loans. I am sure options exist to convert them into local currency loans.

I want to finish with the Port of Mombasa. Comparison was made between Kenya and Singapore. Whereas Singapore is handling 30 million tonnes, we are handling 600,000 tonnes a day. We must look at how to improve. One suggestion has been to dredge the Port. I hope that budgetary provisions will be availed towards this end. We should plan and even introduce a second channel further down so that we have more than one ship going in and out of the harbour.

The Assistant Minister has proposed that we should continue spending on the infrastructure in order to ensure that the economy gets a boost. In fact, the second transport corridor, being a port in Lamu, railway line and road linking Isiolo, Loyangalani and Southern Sudan as well as Ethiopia should be fast tracked in order to ensure that we provide the right environment for renewed economic growth in this country.

Madam Temporary Deputy Speaker, with those few words, I beg to support.

**The Assistant Minister for Education** (Prof. Olweny): Thank you, Madam Temporary Deputy Speaker, for giving me the opportunity to support the Report.

This has been a very unfortunate period for our country. I remember there was a Minister who said last year that the post-election violence was not going to have a serious impact on our economy. It is unfortunate that it is here with us. It has really impacted on us negatively and I know that it may take a while, particularly if we are still bickering politically. Other countries that had their elections peacefully, though they also have their economic problems are back to work. For example, the United States of America (USA) is now back to work. Likewise, Zambians are doing their work while we are busy bickering and not caring that the economy is going the wrong way.

Agriculture has been the mainstay of our economy for several years. If we spend our resources on the agricultural sector, it will pay back. Unfortunately, we have not cared to do as much as is expected for our agricultural sector to thrive. Most of our factories are actually agro-based. We have the sugar, cotton, textile and food processing industries. All these have been agro-based. That means if we spent our resources in that sector, it will pay back in terms of the industries that we shall have, employment creation and saving the money that we spend on importing food. That will build our economy.

We need extension workers. The agricultural sector will not do well unless we have enough personnel to help our farmers. That is one major weakness we have. We do not have enough staff to help that sector. Are we spending enough on agricultural research? I believe we are not. The Agricultural sector will not survive unless there is good research. That is one of the reasons our agricultural sector is not doing well. If we had cared to invest in modern technology--- The other day I heard a few of our colleagues who are Members of Parliament, criticise genetic modification. That is modern technology. There is no way you can advance if you criticise modern technology. If you criticise the Genetically-Modified Organisms (GMOs) why do you not criticise aeronautic technology? Why do you go into the aircraft to fly? That is modern



technology! I do not understand these modern politicians and hon. Members are criticizing modern technology.

On the issue of land use, we are putting too much of our prime agricultural land under concrete. We are putting up buildings on what used to be good agricultural farms, where we used to grow coffee, wheat, millet and have livestock. Look at Naivasha, that neighbourhood is where we used to have good wheat. In the 1970's it was all wheat. Between Nakuru and Kericho and around Molo, all that used to be wheat. It is all buildings now and if we are going to have prime land put under buildings, where are we going to produce crops? We shall have to import! If we import, then we are not saving on foreign exchange.

On the issue of water, this generation of leaders including all of us and our supporters stand condemned. We are cutting down our forests and when we do so, the soil will go. There will be soil erosion. When the soil goes down the drain, we have no land. So how are you going to grow your crops? Because good soil is going down, the top fertile soil has been drained and then we say agricultural production has gone down. It is not only the post-election violence. Soil erosion is a major factor that lowers agricultural production. One of the factors that lead to soil erosion is destruction of the vegetation and we are busy doing it. When the Government says: "Please, let us get out of the forest!" we, the same leaders say that our people are being pulled down. We stand condemned! This generation of leaders, our supporters and our so called voters are doing a lot of harm to this country. Kenya is a water-deficit country and we are talking of irrigation. Where are you going to get water for irrigation? We are talking of agricultural production; if all the top soil has gone down the drain into the lakes which are also getting filled up because the top soil is going into the water, where shall we get the food?

I will leave it at that because---

**The Temporary Deputy Speaker** (Prof. Kamar): You have 20 minutes, but only two for now. You still have a lot of time.

**The Assistant Minister for Education** (Prof. Olweny): Madam Temporary Deputy Speaker, deforestation for the pastoralist communities; for those communities who have a lot of love for livestock, let me tell them that deforestation will stop them from keeping the livestock they love because there will be no grass. There will be no grass! If there is no grass, there is no food for cattle, sheep or goats. So what will they be fighting over? They have destroyed the forest and the soil, there is no infiltration into the soil so that we can have ground water, then there will be no grass. So, everything is gone!

I have seen in this book that the energy sector is also having a serious problem. Most of our electricity is generated through water but if the water is going down, then obviously that electricity must go down. So, everything is going! Why can we not also try solar energy? It is doing very well in the Netherlands and other European countries.

## ADJOURNMENT

**The Temporary Deputy Speaker** (Prof. Kamar): Hon. Members, it is now time for the interruption of the business of the House. The House is, therefore, adjourned until tomorrow, Thursday, 28<sup>th</sup> May, 2009, at 2.30 p.m.

The House rose at 6.30 p.m.