

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

**Tuesday, 24th June, 2008**

The House met at 2.30 p.m.

*[Mr. Speaker in the Chair]*

PRAYERS

### PAPER LAID

The following Paper was laid on the Table:-

The Statement on Vote on Account for the Financial Year 2008/2009

*(By the Minister for Finance)*

### NOTICES OF MOTIONS

#### VOTE ON ACCOUNT

**The Minister for Finance** (Mr. Kimunya): Mr. Speaker, Sir, I beg to give notice of the following Motion:-

THAT, in accordance with Section 101 of the Constitution of Kenya, the withdrawal of Kshs246,434,247,840 representing one half of the total net Estimates of Recurrent and Development Expenditures made up in the manner set out in the Vote on Account Schedules laid in the House, be authorized for the purpose of meeting expenditure necessary to carry on the services of the Government of Kenya during the year ending 30th June, 2009, until such time as the Appropriation Act for the year comes into operation.

Mr. Speaker, Sir, His Excellency the President has given consent to this Motion.

#### A BILL TO AMEND THE CHIEF'S ACT

**Mr. Wamalwa:** Mr. Speaker, Sir, I beg to give notice of the following Motion:-

THAT, appreciating the critical role played by village elders/headmen as the link between the Government and the people of Kenya in many villages across the country; aware that in spite of the crucial part played by those leaders in the Provincial Administration there is no formal, legal or remunerative recognition given to them; this House do grant leave to introduce a Bill for an Act of Parliament to amend the Chief's Act to create offices of village elders/headmen and to provide for requirements for appointment; remuneration and related matters.

### QUESTIONS BY PRIVATE NOTICE

REVISION OF OFFICIAL SEARCH  
FEES IN LAND REGISTRIES

**Mr. Bett:** Mr. Speaker, Sir, I beg to ask the Minister for Lands the following Question by Private Notice.

(a) Could the Minister explain the facts that informed the sudden decision to raise official search fees in land registries from Kshs100 to Kshs3,000 per search?

(b) Considering that land ownership is critical in the fight against poverty, could the Minister revise the fees downwards to a reasonable rate?

**The Minister for Lands** (Mr. Orengo): Mr. Speaker, Sir, I beg to reply.

I have suspended the search fees. We are going to review them. I am going to invite stakeholders and hold discussions with Members of Parliament to see, in relation to what I am going to say, what would be the appropriate amount to charge in terms of searches.

Mr. Speaker, Sir, I want to show the House why it was important to increase those search fees, by showing Members of Parliament what is a title. This is a document of titles. You can see the state in which it is.

*(Mr. Orengo displayed the  
document to the House)*

Whenever somebody is doing a search, he is given this document which can run, in relation to some titles, into ten volumes. The lawyers and other people who normally have matters to do with the lands registry, would sit with those registers for a day or two; trying to look into the history of a title before they effect a transaction.

Mr. Speaker, Sir, some of these titles run from the year 1918. For example, the first title on this register is for the year 1919. In respect of this title, you will find that the transactions are not just in this volume. They are in other volumes which look exactly like this.

Mr. Speaker, Sir, when somebody is carrying out a personal search, he or she has a tendency of removing pages from this register of titles. For example, there is a page here where our officers had to reconstruct one of the titles. So, it is a sad state of affairs. That is why we are trying to discourage personal searches.

The supporting document for these titles would be a deed file. The deed file basically consists of photocopies because the originals are with the owner of the land. So, every transaction, be it a mortgage, is contained in these deed files. When members of the public have access to a deed file, what they do is pluck out these copies and introduce fake title deeds and charges. I even have a file here - because each title has a corresponding file---

Mr. Speaker, Sir, when people are doing a search, they come with files that they have generated from outside. They take the official file, put it in their jackets and introduce a new file. For example, this is a file with the Ministry of Lands. They have introduced a fake title into the system. They have even gone further and subdivided the land on the basis of a fake title. Every time they do any transaction, they do a search to make sure that what they have done is reflected in the records.

Mr. Speaker, Sir, they go even to the Kenya Airports Authority (KAA) and get a letter which is forged. The property owner may find out that somebody else is holding a title deed to his land. Two weeks ago, I had a family which had spent Kshs100 million on a fake title deed. So, at some point, I will plead with the House that we need the money to computerise our records, so that somebody can check on line. It will be a lot cheaper.

You can imagine somebody sitting with this register for two or three days and every time, we have to post an officer to oversee what that person is doing. Literally, we have to employ extra staff to supervise what is happening. There are about 100 people at any one time doing a search.

So, I am pleading with you that, short of increasing the fees in order to minimise those who are conducting searches, it is going to be an impossible task. There are other people who conduct searches but, at the end of the day, they do not collect certified copies of those results of the searches.

For your information, for the time being, I have suspended those fees that we had gazetted until further notice.

**Mr. Bett:** Mr. Speaker, Sir, I want to express my very sincere sympathies to the Minister for what he is going through. He has to look into those tattered papers which resemble files. I want to thank him for being sympathetic to the Kenyan people; by suspending the search fees.

Mr. Speaker, Sir, I want him to be definite about the actions he is taking to streamline the registries. When will he definitely fix up that problem by computerising the records? There has been talk of computerising land records, but this has never been done.

**Mr. Orenko:** Mr. Speaker, Sir, the process has already started. We are carrying out an audit. We are also talking to the Treasury, and the Minister is here, and to other donors who have been helping us in our plan to computerise the records. That is the only answer to the problems that we have in our registries. In fact, the relevant Parliamentary Committee should come to the registries and have a look at their state.

**Mr. Speaker:** Mr. Minister, can you be definite? You have a question that is unequivocal. The hon. Member has asked you: "Can you be definite in terms of time as to when you will computerise the records?"

**Mr. Orenko:** Mr. Speaker, Sir, we have started the process. Actually, I heard the question and I was giving a background to it. I have been here long enough to understand the question and I am answering it.

Mr. Speaker, Sir, the process has started. As to how long it is going to take, that is going to be based on the availability of funds. But we have some seed money already on which the process has already commenced. I hope, that within three to four years, we will have completed the process.

**Mr. Mbau:** Mr. Speaker, Sir, I reckon that the Minister is saying that they will computerise the records when funds become available. My understanding is that until and unless he brings a request to this House or to the Minister for Finance, the Minister for Finance will never, on his own volition, provide money to computerise the records. Indeed, I know the problem of search has been very grave.

That notwithstanding, what informed the Minister to raise the search fees from Kshs100 to Kshs3,000? This is a colossal sum of money. There must be something that informed him to raise the fees to Kshs3,000. Many of us imagine that the Ministry is trying to block the general public from accessing this vital information. The question of land is very important.

**Mr. Speaker:** What is your question?

**Mr. Mbau:** Mr. Speaker, Sir, what informed the Minister to raise fees from Kshs100 to Kshs3,500?

**Mr. Orenko:** Mr. Speaker, Sir, after most of the searches, the person carrying out the search would want to get photocopies of the titles and the transactions that have taken place. In many of those searches, you will find that a title has had more than even 100 transactions. So, you are required to photocopy several documents which may run to 100 pages. Then an officer has to certify the records of that search and a revenue stamp has to be placed on that particular search as part of the authentication of the document. Normally, as of necessity, there will be an extra officer from the registry, literally standing there while somebody is conducting the search. So, somebody has to meet that cost. This is what informed the decision to raise the search fees.

If you sit down with the officers and see exactly what is going on, you will realise

that even that fee of Kshs3,000 is not adequate. But I must agree with you that the public is entitled to information. There is free flow of information. The public is entitled to that information, but somebody must bear the cost of getting it.

**Mr. Mwaita:** Mr. Speaker, Sir, I also sympathise with the Minister. I am speaking from experience; that land records in this country have been manual from 1904. You can see what the Minister has tabled on the Floor of the House. The files are in a real pathetic situation.

Taking into account that land transactions in this country generate revenue, and having noted that these very important documents are kept manually by clerical officers, who are very junior, what is the Minister---

**Mr. Imanyara:** On a point of order, Mr. Speaker, Sir. You will notice that the hon. Member has talked about the Minister having laid documents on the "Floor" of the House. It is not the Floor of the House, but the Table of the House!

*(Laughter)*

**Mr. Speaker:** Indeed, can you stand appropriately corrected! Please, come to your question quickly!

**Mr. Mwaita:** Mr. Speaker, Sir, given that record keeping in this country, particularly in the Ministry of Lands is manual, what is the Ministry doing to create a backup? Documents generated within the Ministry should be kept somewhere else because in case of a fire outbreak in Ardhi House, there will be a problem in this country.

**Mr. Orenge:** Mr. Speaker, Sir, that is part of the computerisation programme that we are having. After computerising our records, we should have a backup system. It is true that if today the Land Registry goes on fire, we will not have any records or any backup at all. That is part of the process of computerisation.

Unfortunately, some of the fake titles have Sammy's name. So, I want him to come and talk with me and tell me how his signature got into some of these fake titles.

**Mr. C. Kilonzo:** On a point of order, Mr. Speaker, Sir. If I were to remind the Chair, we agreed in the last sitting that since I had asked for a Ministerial Statement on the same issue, this Question should be combined with the Ministerial Statement. Therefore, I could ask my supplementary questions under the same Question rather than wait for the Ministerial Statement. I am requesting the Chair to accommodate me and allow me to ask my questions now.

**Mr. Speaker:** Yes, indeed, you deserve that accommodation. Mr. Bett, will you, please, abide a question by Mr. C. Kilonzo?

**Mr. C. Kilonzo:** Mr. Speaker, Sir, the Minister, indeed, has confirmed that the Ministry is still living in the medieval times when there were no computers. A few years back, it took us one to two days to get an official search. Today, it takes us between two and three weeks to get the same document. What is the problem? Why is it taking so long to get an official search today?

**Mr. Orenge:** Mr. Speaker, Sir, it is essentially because the Ministry had discouraged personal searches. When you go for a personal search, you should get the results on the spot. But for postal and other searches, after putting in the request, you normally have to give the officials a week to two weeks to get back to you. You should realise that there are other requests on the pipeline. However, if you support us to computerise our systems, you will never have to wait for even more than five minutes in order to get any information that you are looking for.

**Mr. Bett:** Mr. Speaker, Sir, you have heard the Minister admit that there are forged letters of allotment from various institutions. This results in fake or forged title deeds. What does the Minister intend to do to stop that kind of thing from happening? Does he intend to form another Commission to stop forgery in the Ministry of Lands? What does he intend to do to stop such

forgeries?

**Mr. Orenge:** Mr. Speaker, Sir, I am putting very strong measures in place. For example, in relation to letters of allotment, we have taken an audit and we have found out that there are more than 20,000 fake letters of allotment out there allotting Government land. We have them on record. In another two to three weeks when we start processing some of these letters of allotment, they will be serialised because before they were never serialised. There will be a register of allotment letters and any other document that comes from the registries.

If I get the support of the Members, in another one year, you are going to be very happy with the performance of the Ministry in terms of land information system and land administration. You are going to be very happy with it.

IRREGULAR NOMINATION OF PETER  
DERICK EJORE TO LODWAR  
MUNICIPAL COUNCIL

**Mr. Ethuro:** Mr. Speaker, Sir, I beg to ask the Deputy Prime Minister and Minister for Local Government the following Question by Private Notice.

(a) Is the Deputy Prime Minister aware that Mr. Peter Derick Ejore Emathe was illegally nominated to Lodwar Municipal Council?

(b) When is he going to nominate the proper name submitted by political parties to the Electoral Commission of Kenya (ECK)?

(c) What urgent steps is he taking to ensure that such anomalies do not recur in the future?

**The Deputy Prime Minister and Minister for Local Government (Mr. Mudavadi):** Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware that Mr. Peter Derick Ejore Emathe was erroneously included in the Special Issue of the Kenya Gazette Notice No.1276 of 22nd February, 2008, as a nominated councillor for the Lodwar Municipal Council.

(b) The Ministry is in the process of reconciling the list received from the ECK and will gazette the correct names as we cross-check with the various political parties.

(c) The Ministry is in the process of reviewing the Local Government Act, CAP.265, and one of the areas to be addressed is the criteria that will strictly be used in the nomination of councillors.

**Mr. Ethuro:** Mr. Speaker, Sir, I want to thank the Deputy Prime Minister and Minister for Local Government for acknowledging the issue. In "a", he has talked of the name being "erroneously" included in the list. How do names just appear in a list erroneously?

In "b", he has talked about reconciling the list. In "c", he has talked about the Ministry being in the process of reviewing the Local Government Act.

Is he telling me that it takes the same time to compile a list which was already compiled as to review a law? The list is already at the Ministry. The law is very clear that you can only nominate people according to the strength of the political parties. The ECK even went ahead, in a rebellious way, to make political parties vote on the balance, which we did.

When will the Deputy Prime Minister and Minister for Local Government revoke these names? He should not buy time.

**Mr. Mudavadi:** Mr. Speaker, Sir, I am not buying time. I want to assure the House that I should be able to conclude the correction in exactly two weeks. Now, why do I say that? I say that because I have received representation from several Members of Parliament and also from political parties challenging nominations or proposed suggestions of names in many different local authorities. We have also been cross-checking with what the ECK submitted. Indeed, in some areas

the parties are also replacing some of the names. So, we wanted to be able to do a clean job on this so that if we gazette it, we gazette the corrected position once and for all.

**Mr. Imanyara:** Mr. Speaker, Sir, the Deputy Prime Minister and Minister for Local Government must be commended for admitting that there were errors. However, they were not errors, rather they were incidents of abuse of office by the holder of the office of the Ministry of Local Government for the last election.

*(Applause)*

Mr. Speaker, Sir, what will he do with regard to the allowances that have been paid out to councillors that have been nominated unlawfully by his predecessor? This is public money that is being wasted!

**Mr. Mudavadi:** Indeed, Mr. Speaker, Sir, that is a very pertinent issue and clearly, the Ministry will have to look into this and take responsibility for having committed the councils into an expenditure that they should not have incurred in the first place. So, I acknowledge that there was that big error. I want to state here that it is important that--- In my admission, I am stating that, perhaps, my predecessor may have, in his own wisdom committed those errors. The position I have taken is that we do what is correct and we correct the mistakes that were committed.

**Mr. Gunda:** Mr. Speaker, Sir, is the Deputy Prime Minister and Minister for Local Government assuring the House that the corrections being made will include the public officers whose names have been gazetted?

**Mr. Mudavadi:** Mr. Speaker, Sir, we will also be making corrections in that area.

**Mr. Speaker:** Last question, Mr. Ethuro!

**Mr. Ethuro:** Mr. Speaker, Sir, I want to believe the Deputy Prime Minister and Minister for Local Government. He is an honourable man and I want to believe that in the next two weeks, as he has promised this House, he is going to make the requisite changes. However, the other issue is really where Ministers act with a lot of impunity. It is important that when he reviews the Act as he has stated, he ensures that we do not have these problems in the near future.

**Mr. Speaker:** That's not a question!

**Mr. Mudavadi:** Mr. Speaker, Sir, I just want to acknowledge his advice.

## ORAL ANSWERS TO QUESTIONS

### *Question No.103*

#### RECRUITMENT OF CHIEFS

**Mr. Chepkitony** asked the Minister of State for Provincial Administration and National Security:-

(a) whether he is aware that many vacant positions of location chiefs and assistant chiefs have not been filled in several parts of the country particularly in arid and semi-arid areas because the minimum educational standards required have been raised; and,

(b) what steps he is taking to fill the vacant positions of chiefs and assistant chiefs in those areas where persons with the relevant qualifications cannot be found.

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

(a) Yes, I am aware that there are vacant positions of chiefs and assistant chiefs which have

not been filled in some parts of the country because the minimum education standards were raised in the new scheme of service.

(b) Provincial Commissioners and District Commissioners have been advised to publicise the vacancies widely and circulate adverts to the entire Public Service so that the residents of those areas who are working elsewhere in other provinces and other Ministries and who qualify for the posts can apply for the vacant positions.

**Mr. Chepkitony:** Mr. Speaker, Sir, I thank the Assistant Minister for the answer. I would like him to spell out the minimum requirement for both assistant chiefs and chiefs and to state the minimum age, the educational standards including the grade, and the salaries attached to those positions.

**Mr. Lesrima:** Mr. Speaker, Sir, it may assist if I explain a bit about the scheme of service. The scheme of service of chiefs and assistant chiefs was ready for implementation with effect from 1st July, 2006. It establishes three grades of assistant chiefs and five grades of chiefs. For assistant chiefs, they start as Assistant Chief II, Job Group F. The salary scale is, therefore, that attached to Job Group F. Assistant Chief II is Job Group G. Senior Assistant Chief II is Job Group H. Those are the Job Groups and scales for the assistant chiefs.

As for the chiefs, they start as Chief II, that is, Group H. Chief I is in Job Group J. Senior Chief II is Job Group K while Senior Chief I is in Job Group L. The Principal Chief is in Job Group M.

With regard to age, the assistant chiefs should be 35 years old. For chiefs, there is also a direct entry. Direct appointment is made in the case of Assistant Chief II and Chief I, that is, Job Group F and H respectively as I have explained.

Mr. Speaker, Sir, the minimum qualification for an assistant chief's position is Kenya Certificate of Secondary Education (KCSE) mean grade C (Plain) or its equivalent, with at least C in English or Kiswahili. For chiefs, the minimum qualification is KCSE mean grade C+ or its equivalent with at least C in English or Kiswahili.

In addition to the minimum qualification, the chief, at entry point, is supposed to have a professional qualification, which is a diploma in either teaching, community development, disaster management, social development and counselling. These standards are in conformity with other standards that apply to other civil servants across the board. The age is 30 years at entry.

**Mr. Ethuro:** Mr. Speaker, Sir, as we speak now, I have three locations that do not have chiefs in Turkana Central. The Question was not a matter of lack of advertisement where the Assistant Minister is asking the Provincial Commissioners to provide wide advertisement of the vacancies. The fundamental issue is that in many parts of the country and, particularly ASAL areas-- Most Members of Parliament from the ASAL areas will confirm that this kind of requirement, that is, the qualifications of a mean grade of C+ in English and C+ in Kiswahili and age attainment of 35 years you cannot attract any person from ASAL areas to apply for the job of a chief. A person from the ASAL areas who attains a mean grade of C+ in the KCSE is a good person to go to the university. Since we are few, we are encouraging them to go to the university. So, you cannot get a mean grade of C+ be that old and want to be a chief. When is the Assistant Minister going to invoke affirmative action? In any case, you do not need a C+ to be a Member of Parliament. Why do you require chiefs to have grade C+?

**Mr. Speaker:** Order, Mr. Ethuro! Let the Assistant Minister answer your question!

**Mr. Lesrima:** Mr. Speaker, Sir, I need your guidance. The practice in this House is that the hon. Member who owns the Question puts it. The Minister answers the Question. Supplementary questions are asked by other hon. Members. If Mr. Chepkitony has not stood up to ask a question, he is satisfied!

**Mr. Speaker:** Order, Mr. Lesrima! The original Question was asked by Mr. Chepkitony.

Mr. Ethuro has asked a supplementary question, which is: "What are you doing to embrace affirmative action in the ASAL areas?" Can you answer that question?

**Mr. Lesrima:** Mr. Speaker, Sir, indeed, there is a problem with the scheme of service. As you know, the scheme of service is being prepared by the Public Service Commission (PSC), the Department of Personnel Management (DPM) and the implementing Ministry, which is the Ministry of State for Provincial Administration and Internal Security. We are looking at the cases of the ASAL areas. Some of these positions have been advertised, sometimes three times, and nobody has come forward to apply for them, as Mr. Ethuro has explained. We are considering reducing the requirements specifically for the ASAL areas.

**Mr. Bahari:** Mr. Speaker, Sir, as you can see, this is a very ambitious scheme of service. It will not work in a number of areas. Could the Assistant Minister reconsider and review the entire scheme, so that Kenyans with good leadership skills are able to compete for these positions, not necessarily because they have good grades in English or Kiswahili? A lot of students from schools in our areas do not perform well in these subjects!

**Mr. Lesrima:** Mr. Speaker, Sir, we will do that. But, while we are doing that, we need to encourage people with higher qualifications to join the Provincial Administration as chiefs, so that they are able to progress from the lower job groups, which require lower qualifications, to Job Group "M", which is the highest Job Group now in that scheme of service. We will look at it

**Mr. Speaker:** Last question, Mr. Chepkitony!

**Mr. Chepkitony:** Mr. Speaker, Sir, I thank the Assistant Minister for saying that he is going to review the scheme of service. However, how long will it take to review and, possibly, recommend a qualification, which is possessed by the available candidates in different areas?

**Mr. Lesrima:** Mr. Speaker, Sir, we have given a directive to the Provincial Commissioners to first of all fill the current vacancies. They should not continue re-advertising, because it appears that in many cases nobody is actually coming forward. So, we are fast-tracking the filling of the several vacancies that currently exist.

With regard to the revision of the scheme of service, we will do that in consultation with the Public Service Commission and the DPM. I am not able to state as to when the final draft will come out, because we have to consult other agencies of Government. But it will be done.

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

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

**Mr. Ethuro:** Mr. Speaker, Sir, my point of order is for clarity purposes. The Assistant Minister has directed the filling of the vacant positions. Will this be done as per the requirements of the scheme of service, or will they take the candidates who were interviewed but found to have fallen short of the requirements? It is important for him to clarify this issue.

**Mr. Lesrima:** Mr. Speaker, Sir, we will have to look at every case on its own merit, in consultation with the Public Service Commission. But clearly, the best candidates, who have come out with the latest applications, will have to be considered. But we have to go through the Public Service Commission.

**Mr. Speaker:** Order, hon. Members! For the reason that there are several Ministerial Statements, which are due today, that brings us to the end of Question Time. All the other Questions are deferred to tomorrow morning.

*Question No.072*

LIST OF SHAREHOLDERS OF MOCO (1998)

*(Question deferred)*



*Question No.038*

SCHEME OF SERVICE FOR ADULT  
EDUCATION TEACHERS

*(Question deferred)*

*Question No.048*

MEASURES TO SAVE WATER DAMS IN  
NDARAGWA FROM EXTINCTION

*(Question deferred)*

*Question No.089*

CONSTRUCTION OF CHEBARA-  
SANGURUR-KOITILIAL ROAD

*(Question deferred)*

*Question No.095*

PROVISION OF FUEL FOR  
POLICE VEHICLES

*(Question deferred)*

*Question No.113*

IMPLEMENTATION OF SALARY HIKE FOR  
AMBASSADORS/HIGH COMMISSIONERS

*(Question deferred)*

**Mr. Speaker:** We will now take Ministerial Statements, beginning with Mr. Oparanya!

**MINISTERIAL STATEMENTS**

DELAY IN RELEASING 2007/2008  
CDF MONEY

**The Minister of State for Planning, National Development and Vision 2030** (Mr. Oparanya): Mr. Speaker, Sir, I want to issue a Ministerial Statement on the Constituencies Development Fund (CDF).

Following the amendment of the CDF Act, 2003, the CDF programme was moved from the Ministry of Finance to the Ministry of Planning, National Development and Vision 2030. As the

Minister of State for Planning, National Development and Vision 2030, therefore, I am mandated to ensure that CDF programmes run smoothly. In this regard, I wish to clarify a number of issues regarding the delay of release of the CDF funds and hon. Members' concerns as follows.

(i) The delay in the release of the 2007/2008 CDF funds was occasioned by the post-election crisis, which slowed down operations in Government for three months. Attention was diverted towards solving the crisis, particularly addressing issues of IDPs, and other normal Government business was affected.

(ii) As a result of the post-election crisis, the formation of a new Government was delayed, hence the appointment of the Minister in charge of Planning, National Development and Vision 2030 was equally delayed.

(iii) The CDF (Amendment) Act 2007 provides for the formation of a CDF Board to replace the National Management Committee (NMC), which wound up its work in January, 2008. Formation of the CDF Board was delayed until 24th April, 2008, after I was appointed the Minister on 13th April, 2008. The CDF Board has also been inducted on CDF activities, which was done from 22nd May, 2008 to 24th May, 2008 in Mombasa.

(iv) The Treasury has not released the balance of Kshs7.6 billion. The Ministry of Finance has promised to release the entire balance by Friday, 27th June, 2008.

Mr. Speaker, Sir, I want to report that this morning I was called by the Ministry of Finance. They said they have now released Kshs8 billion. The balance of Kshs4.6 billion will be released on Friday, 27th June, 2008.

Mr. Speaker, Sir, the 2007/2008 CDF funds of Kshs2.4 billion have been released as follows: A total of 37 constituencies have got 50 per cent; 130 constituencies have got 25 per cent and 43 constituencies have not received any allocation. Out of the 43 constituencies, 34 have given their project proposals, which the Board approved last week on Friday. But nine of them have not submitted their proposals. Therefore, they cannot benefit from the amount.

Mr. Speaker, Sir, for the year 2006/2007, four constituencies have, up to date, not requisitioned for funding. Hon. Members should note that, in addition to submitting the second and third schedule as per the Act, constituencies are reminded to submit their requisition forms which are usually signed by the Treasury, the Treasurer and the Chairman to enable the Board to approve the transfer of the money. As part of the measure to enhance the Constituencies Development Fund (CDF) delivery capacity, the Ministry has already recruited, inducted and posted 100 District Development Officers (DDOs) to all the districts in the country.

The other measures that I have taken to ensure smooth running of the CDF are as follows:-

I have emphasised computerization and linking of all constituency offices to the headquarters to provide, among other things, electronic submission of constituency information. That has to be undertaken by the CDF Board.

I will also request that there is an amendment of the Act to ensure efficiency of transfer of funds to the Ministry, so that we can transfer the same money to the constituencies. I have already started strengthening the CDF sub-national structures through training for capacity to improve the absorption rate. As at the moment, we had about Kshs3 billion in the bank account.

Mr. Speaker, Sir, that is what I had for today.

Thank you very much!

**Mr. Ethuro:** Mr. Speaker, Sir, I rise to seek clarification as the CDF Select Committee Chair. I want the Minister to recall that when he brought the Motion to approve the Board, he was requesting hon. Members to ensure that Kshs7.6 billion balance had to be requested. He is now admitting to the contrary that, only Kshs2.5 billion out of Kshs10.1 billion has been released for the current year ending 30th June, 2008. I would like him to confirm to this House the following:-

This House expects the Minister to provide proof that the money has been released. That is

because on 17th June, 2008, the Committee, the Ministry of of State for Planning, National Development and Vision 2030 and the Ministry of Finance had a meeting, where a commitment was made by the Treasury and the Ministry responsible for planning to release the money. They were supposed to release Kshs2 billion yesterday, then Kshs3 billion on Wednesday and the balance by Friday. What the House and the country needs to know is how much money has been disbursed and when the remaining will be disbursed?

That is what I would like the Minister to clarify bearing in mind that the law is very clear that the Treasury should be disbursing money to the CDF after every three months. It is now taking one year for the Treasury to disburse that money. Somebody has broken the law!

**Mr. Speaker:** Fair enough, Mr. Ethuro! Mr. Minister, could you note that clarifications so that we finish with all of them before you respond?

Mr. Bahari!

**Mr. Bahari:** Mr. Speaker, Sir, when we fail to implement projects on time, there are cost implications and the Minister, as an accountant, knows that very well. In order to avoid the kind of problems that we have gone through and, particularly, the lacuna created by failure to smoothly move from one stage to another, what amendments is the Minister going to bring to ensure that the country does not fail to get the services required because of the change-over?

Secondly---

**Mr. Speaker:** It is just one clarification, Mr. Bahari! You have asked for it already! Can you re-state the clarification you require quickly, please?

**Mr. Bahari:** Mr. Speaker, Sir, I was saying that failure to implement a project has a cost.

**Mr. Speaker:** What clarification are you seeking?

**Mr. Bahari:** What amendment is the Minister going to bring to ensure that there is continuity even amidst changes that he has brought before?

**Mr. Midiwo:** Mr. Speaker, Sir, I want to thank the Minister for promising that monies will be disbursed by Friday. But there is still a problem I want him to clarify. I am also happy because he has said that DDOs have been posted. But could he clarify the role of the DDO *vis-a-viz* the Constituency Fund Manager? I think some of the roles of the DDOs are creating unnecessary bottlenecks to the CDF.

Could the Minister allow the Constituency Fund Manager, who is also a civil servant, to sign those vouchers as a final step before they go to the District Accountant?

**The Minister of State for Planning, National Development and Vision 2030 (Mr. Oparanya):** Mr. Speaker, Sir, I have clearly pointed out why there was a delay. Obviously, there was an amendment to the CDF Act very late in September. We would have implemented what was provided for in the Act early in January, but you know what was there at that time. We could not do it until April. That is why I have said there was a delay.

Secondly, the amendments are several. As provided for within the CDF Act, I have to discuss with the CDF Parliamentary Committee so that we can agree on the amendments before they come to this House. I know the hon. Member is a member of that Committee. So, he will have an opportunity to look at the amendments before they come to this House.

As for the role of the DDO as asked by Mr. Midiwo, it is provided for in the Act. The DDO is the accounting officer. If we were to change that role, it is up to us, hon. Members, to do it. So, I will request that if Mr. Midiwo wants the role of the DDO to be changed, he should wait for the amendments. When the amendments will be brought in this House, he can bring his so that the House can consider.

Thank you very much!

**Mr. Speaker:** Very well! Minister for Transport!

**Hon. Members:** He has gone out!

**Mr. Speaker:** I thought the Minister was here!

**Hon. Members:** He was!

**Mr. Speaker:** Mr. Chanzu, the Minister is not here!

**Mr. Chanzu:** Mr. Speaker, Sir, I sought the Ministerial Statement from the Minister for Transport because of a grave matter concerning the accident that occurred recently, where we lost two hon. Members of this house. We had an assurance from the Government Business twice that she was going to ensure that the Minister would come to respond. Going by the ruling you made last week, I think it is time you made a further ruling on the role the Ministers are supposed to play in this House. I will leave that to you!

**Mr. Speaker:** Order, hon. Members! Indeed, the subject matter of the Ministerial Statement on aircraft accidents is a matter that is very pertinent and close to the hearts of all Kenyans. It is a matter of immense public interest and the Chair, therefore, directs the Minister to be available tomorrow morning to give the Ministerial Statement, failure to which we will consider further appropriate action as necessary.

*(Applause)*

**The Minister for Justice, National Cohesion and Constitutional Affairs** (Ms. Karua): Mr. Speaker, Sir, it will be communicated. But I would like to point out that he was here. I think he has just gone out to check something. But I am ready with my Ministerial Statement should I be called upon.

**Mr. Speaker:** That is fine. But the absence of the Minister at the time when he is required cannot be explained. The directive of the Chair, therefore, stands and the Minister must be here without fail to deliver that Statement.

*(Applause)*

The Minister for Justice, National Cohesion and Constitutional Affairs!

**The Minister for Justice, National Cohesion and Constitutional Affairs** (Ms. Karua): Thank you, Mr. Speaker, Sir. I have two Ministerial Statements which are due for today. I will begin with the one on the Electoral Commission of Kenya (ECK).

**Mr. Speaker:** Can you do the most urgent one because of time?

#### INTEGRITY OF THE ECK

**The Minister for Justice, National Cohesion and Constitutional Affairs** (Ms. Karua): Mr. Speaker, Sir, we have the utmost faith in the ECK as currently constituted. All the Commissioners have the requisite credentials and have discharged their duties effectively, including overseeing the December, 2007 general elections. Free and fair elections do not mean that there are no malpractices. It merely means that the work was done well.

Mr. Speaker, Sir, it must not be forgotten that the 2007 election process, from the preparations to the election time, was declared a success. The only query that rose was on the "super-tallying" of the presidential vote. I am talking of "super-tallying", because the actual tallying occurs at the constituency-level, where the Civic, Parliamentary and Presidential results are done.

Mr. Speaker, Sir, following allegations of acts of omission and commission by different players during the 2007 election, an Independent Review Commission (IREC) was established to investigate all aspects of those elections and make findings.

Mr. Speaker, Sir, the Commission's terms of reference are known. They include analysis of

the constitutional and legal framework to establish the basis for the conduct of the 2007 election; identify weaknesses and inconsistencies in the electoral legislation; examination of public participation in the process and the electoral environment, including the roles and conduct of political parties, media, civil society and observers.

In other words, the IREC is investigating all aspects of last year's general election.

Mr. Speaker, Sir, I do not need to read all the terms of reference of this Commission. In light of this, I would urge that hon. Members allow the Commission to discharge its mandate and those who have information to give it to the Commission, so that we are able to know the truth about those elections. I would also want to say that the Constitution is very clear on the procedure to be adopted in case there was need to remove any of the members of the ECK.

Mr. Speaker, Sir, the second issue is whether the Government is convinced that the ECK, as presently constituted, has the capacity to preside over the just concluded by-elections and enjoy the confidence of the Kenyan people.

In addition to what I have stated, until the law is amended, the ECK, as by law established, has the mandate to direct and supervise elections in this country. I want to say that the just concluded by-elections were conducted well by the ECK. That does not mean that individual players may not have engaged in malpractices.

Mr. Speaker, Sir, the third issue is whether the Government can justify why we cannot have minimum reforms relating to the ECK. I am stating that the constitutional review process is a political process. However, it must not be tied to political schedules like elections until the nation, through the National Accord, has identified the need for completion of the review process.

I wish to inform the House that the Bills that will help us do so, have been published. It is now incumbent upon this House to discuss and pass them to enable the process to commence. Instead of engaging in piecemeal review, I would urge that we all help to end this process, once and for all, way ahead of any other general election.

#### OPERATIONALIZATION OF THE POLITICAL PARTIES ACT

Mr. Speaker, Sir, with regard to the Political Parties Act, I am happy to let hon. Members know that the President, on 22nd May, 2008, gazetted its operation date. It will come into operation on 1st July, 2008, which is next week. We will require the promulgation of regulations and putting in place the various administrative measures for the smooth operation of this Act; more so, familiarisation by hon. Members and political parties, of the requirements of this Act.

Thank you, Mr. Speaker, Sir.

**Mr. Speaker:** Clarifications?

**Mr. Namwamba:** Mr. Speaker, Sir, the Ministerial Statement on the integrity of the ECK was sought by myself. First, it is amazing that it has taken a couple of months for it to be brought to this House. A lot of immediate issues that the Ministerial Statement should have addressed itself to have since lapsed.

Mr. Speaker, Sir, I am most concerned by the casual manner in which the Minister seems to view the consequences of the obvious mishandling of the last general elections by the ECK.

Mr. Speaker, Sir, it is amazing that the Minister would confidently say that this Government has absolute confidence in the ECK. She only mentioned what she called "malpractices" when we know that virtually all domestic and international observers did pass very harsh indictments on the manner in which the ECK handled the elections.

**Mr. Speaker:** Order! What clarifications do you need? Please, resume your seat!

*(Mr. Namwamba resumed his seat)*

**Mr. Speaker:** Clarifications must be understood for what they are or ought to be. Mr. Namwamba, what clarifications are you seeking?

**Mr. Namwamba:** Thank you, Mr. Speaker, Sir. I am seeking two clarifications.

Mr. Speaker, Sir, I would want the Minister to tell us what benchmark or yardstick she has used to pass a clean bill of health in the conduct of those elections, in view of the indictments by both domestic and international observers on the ECK, and in view of the fact that even the ECK itself was uncertain about a verdict its Chairman had supposedly issued.

Secondly, after the President gazetted the commencement date for the Political Parties Act as on 1st July, 2008, we expected that there would have been budgetary preparation for the operationalisation of that statute. How does she intend to bring that statute into effect, specifically as regard funding of political parties, in the absence of budgetary allocation to the same?

Thank you, Mr. Speaker, Sir.

**Mr. Speaker:** Madam Minister, can you wait for one more clarification to be sought and then you can respond to all of them at the same time.

Yes, Mr. Imanyara!

**Mr. Imanyara:** Mr. Speaker, Sir, I commend the Minister for the Ministerial Statement she has issued. Several of the clarifications I was thinking about have been raised by my good friend, Mr. Namwamba.

The issue I raised last week in this House with regard to the Political Parties Act, and to which the Chair agreed was a grave matter, was as to the manner in which the decision was taken to operationalise this Act while we were waiting for a Ministerial Statement. Therefore, the issue was alive in the House. I do appreciate that action was taken. I also commend her for getting the President to do so. However, she did not address it. I would like to hear what she has to say about it.

**The Minister for Justice, National Cohesion and Constitutional Affairs (Ms. Karua):** Mr. Speaker, Sir, let me begin with the last issue. The fact that a Question has been asked in this House is not a bar to processes of Government going on.

This Act, whether the Question was asked or not, was bound to be made operational, having been passed by this Parliament. We, in fact, regret the delay in operationalizing it, which was contributed to by the events of early this year. It was noticed by the House and was just going on with normal business.

Mr. Speaker, Sir, the other issue about budgetary allocation is, yes, we have not allocated money for political parties. This is because, if you look at the Act, parties from the 1st July, 2008 will have 180 days, or six months, within which to bring themselves to comply with the Act. Thereafter, the Electoral Commission of Kenya (ECK) will confirm the parties that will be eligible to enjoy public funds. We intend, in the Supplementary Estimates, to ask for seed funds, so that the proper funding can come in the Budget of 2008/2009. We will do our utmost to ensure that every part of the Act is complied with.

Mr. Speaker, Sir, in relation to the issue of what yardstick we are using to give the ECK a clean bill of health, I would plead with hon. Members that we distinguish institutions from individuals. Officers of the ECK, or its employees, can individually commit malpractices. That does not mean that it is the institution. Even the harshest critics of the ECK commend it for the preparation, holding of elections up to and including the constituency level.

Mr. Speaker, Sir, this is where the actual tallying happens in the presence of agents. They only raise a doubt in the super-tallying in Nairobi. We are waiting to see whether it is an imaginary complaint or a real one.

Mr. Speaker, Sir, any hon. Member with evidence, including myself, will have to approach the Independent Election Review Committee (IREC). I, myself, intend to approach it to show that it is much a do about nothing.

Mr. Speaker, Sir, anybody with a contrary view, are all invited to do that. In their honest belief, the observers may have acted out of ignorance and I do not wish to go beyond that. I want to say that because the matter is alive, let us not prejudice what the Kriegler Team will give. I appreciate that we have very differing views. We have diametrically opposed views in this House on the issue.

Mr. Speaker, Sir, with your permission, why do we not leave this issue to the Kriegler Team.

**Mr. Imanyara:** On a point of order, Mr. Speaker, Sir. I think the Minister must have overlooked the fact that she did - And I do not want to anticipate debate on the Bills that she has published - comment on the process that will begin as soon as we pass those Bills. In terms of the National Accord, we have 12 months to effect these changes. The 12 months are covered in this Parliamentary Session.

Mr. Speaker, Sir, you will notice that Mr. Kimunya did not factor in any monies at all for the constitutional review in the Budget. Is the Minister satisfied that we can complete the process constitutional review in time consistent with the provisions of the National Accord when there is no specific provision of monetary allocation for the process? If they intend to provide money that is not allocated, what will be the criteria for identifying this money that the Minister did not speak about in the Budget?

*(Applause)*

**Mr. Speaker:** Madam Minister, that is a clarification that was sought earlier!

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

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

**Mr. Farah:** Mr. Speaker, Sir, whereas I appreciate the interest that we all have in this issue, I think the House has some rules. The Committee of Ways and Means is supposed to start business not later than 3.30 p.m. I think we will be flouting some of the rules of the House if we proceed with other debates and fail to start debate on the Budget.

**Mr. Speaker:** Order, Mr. Maalim! Now that you have referred to the practice and traditions of this House, those practices and traditions have similarly allowed the House to extend its sitting time where that is warranted! The circumstances prevailing now are such that it is warranted to add to our sitting time, because of the public interest element in the matter in issue.

*(Applause)*

Madam Minister, please, proceed!

**The Minister for Justice, National Cohesion and Constitutional Affairs** (Ms. Karua): Mr. Speaker, Sir, the review process is well provided for. The only issue is that there is no big money the way hon. Members and the public would expect. The big money that we will require will be for the referendum. That has not been provided for in this Budget, because we are unlikely to hold a referendum before July next year.

Mr. Speaker, Sir, although most people have been talking about 12 months running from when the Accord was signed, that is not practical. The understanding, to those of us involved in the Serena negotiations, is that the 12 months should run from the period the Act is passed and the steps to complete the review begin to be taken. So, the reason why we have no big money for the

review is that we do not require money for a referendum before the next Budget.

**Mr. Speaker:** Order, hon. Members! There is one matter raised in the point of order by Mr. Imanyara, which the Minister has responded to. I am glad that the Minister has expressed regret and, in effect, therefore, apologised for the delay in bring the Ministerial Statement on operationalisation of the Political Parties Act, and the fact that an answer was, perhaps, given before the Ministerial Statement came to the House.

Hon. Members will appreciate that the answer was given at a time when the House was on Recess, and the subject matter of that Ministerial Statement was a matter of great public interest and urgency. So, for those reasons, the action by the Minister, and the Government, therefore, would, to some extent, be justifiable! But the Minister ought to have treated the House with courtesy and respect, and she ought to have taken the earliest opportunity to bring that Ministerial Statement to the House, rather than wait until the House reminded the Government that there was a Ministerial Statement that was urgent, was required and for which the Minister was under an obligation to account to the House by bringing the Statement and an explanation to the House. Would the Government, therefore, please, not that the House must be treated with courtesy and respect, and that the appropriate forum to bring Ministerial Statements is the House and not any other forum, including public rallies?

*(Applause)*

**The Minister for Justice, National Cohesion and Constitutional Affairs** (Ms. Karua): Thank you Mr. Speaker, Sir, for that. But I want to say that I have not addressed any issue of the House, or my Ministry, in a public rally. I would also like to indicate that the House went on Recess the Wednesday before the Thursday when the Ministerial Statement was due. However, we will be diligent to make sure that the answers are there.

Mr. Speaker, Sir, I have another Ministerial Statement ready, if you have the time.

**Mr. Speaker:** Thank you Madam Minister!

Hon. Members, the balance of Ministerial Statements, as may be available, including those by the Minister for Foreign Affairs, the Minister for Transport and Communications and the Minister for Justice, National Cohesion and Constitutional Affairs, are deferred to tomorrow morning.

We will now proceed to the next Order! Members, please note that the business of the House will continue until 6.43 p.m.

## COMMITTEE OF WAYS AND MEANS

*(Order for Committee read)*

### MOTION

THAT MR. SPEAKER DO NOW  
LEAVE THE CHAIR

*(The Minister for Finance on 12.6.2008)*

*(Resumption of Debate interrupted  
on 19.6.2008)*



*(Third Day of Budget Debate)*

**Mr. Speaker:** Mr. Mwaita, you were on the Floor! You have six minutes remaining! Please, proceed!

**Mr. Mwaita:** Thank you Mr. Speaker, Sir, for allowing me to complete my contribution, which was interrupted in the last Sitting.

Mr. Speaker, Sir, before the interruption I commented on the allocation for construction of new roads and the maintenance of roads. I talked about paragraph 28 of the Financial Statement. Indeed, I talked about paragraph 28 of the Financial Statement. I said that the Kshs65 billion that has been set aside is not sufficient. I pointed out that there is a very important road serving the western tourist circuit, which runs from Karambi, Mochongoi and Marigat. It has not been factored in the Budget.

I also mentioned another road which is also very important in that circuit, which runs from Marigat, Tangelbei to Maralal. If that road is constructed, it will serve the western tourist circuit. It will also assist to curb the rampant cattle rustling in that region. I also talked about the maintenance of another road from Nakuru, Marigat to *Kambi ya Samaki*, given that Lake Baringo is an important tourist hub in that region.

Mr. Speaker, Sir, I also wish to commend the Minister for setting aside funds to develop geothermal energy. In his statement on paragraph 36, he proposed to set aside Kshs4 billion to address the development of geothermal power in this country. That way, power shortages will become a thing of the past. In that respect, I wish to point out that the hot springs or geysers within Lake Bogoria, if developed, will add power into the national grid of electricity.

Mr. Speaker, Sir, I wish to remind the House that about two years ago, when the Government was drilling boreholes around Lake Baringo, instead of cold water coming out of the boreholes, hot water springs spilled out to a height of up to 100 feet, showing that the area has a potential of generating geothermal power.

Mr. Speaker, Sir, on Rural Electrification Programme, I wish to commend the Minister for setting aside Kshs6.8 billion to develop rural electrification. I also note that about six projects are given per constituency. I feel that the number is quite low. The number should even be tripled, if not made 20, in order to accelerate the electrification of our rural areas.

Mr. Speaker, Sir, access to electricity in rural areas is very low. Most of the figures that have been given are below 20 per cent. So, if that amount is doubled, we will be able to address the problem of electricity effectively.

Mr. Speaker, Sir, I also wish to comment on honey processing. The Minister, in paragraph 47 of his Speech indicated that, as pilot projects, he has set aside Kshs300 million to develop pilot factories to catalyze the development of industries in rural areas, particularly in honey processing. In his Speech, the Minister indicated that he intends to put up a factory for processing honey in Eldama Ravine. I wish to differ on that aspect. Honey production is more on the other side of that area, particularly within Marigat and the adjoining areas. They produce in excess of 300 to 500 tonnes of honey per year. I request the Minister to reconsider relocating that factory for processing of honey to Marigat.

*[Mr. Speaker left the Chair]*

*[Mr. Deputy Speaker took the Chair]*

Mr. Deputy Speaker, Sir, I note that on food security, the Minister did a commendable job. We know that a hungry man is a dangerous man and a hungry nation is a begging nation. I applaud

the Minister for the taxation measures, especially the zero-rating of Value Added Tax (VAT) on essential food items. Although the long term solution to that aspect would be to subsidize farm inputs---

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

**Mr. Mwaita:** With those few remarks, I beg to support.

**The Minister of State for Provincial Administration and Internal Security** (Prof. Saitoti): Thank you very much, Mr. Deputy Speaker, Sir, for giving me this opportunity to make my contributions to this Budget. At the very outset, I want to commend the Minister for Finance who, under an extremely difficult situation, has produced a very sound Budget. I say so because this Budget has been formulated against a very hostile economic environment, both globally and also here. Globally, it is a well known fact that today's international economy has also come under great stress by virtue of the fact that oil prices have increased to a very high level, which is totally unprecedented in the world! Today, oil prices stand at more than US\$130 per barrel. Even of much more importance is the high rise of food prices. All those factors have created major problems.

Mr. Deputy Speaker, Sir, locally here, there is no doubt that our own country is naturally faced with the same problems. That is because what happens internationally has an impact on the domestic economy. Therefore, here, we are also hard hit by the very high prices of petroleum products. Given the fact that our own manufacturing and the productive sector very much depend on oil, it is no doubt that the high price of that commodity has adversely affected our own position. Food has become expensive because the inputs such as fertilizers have become expensive.

Notwithstanding that, Mr. Deputy Speaker, Sir, we also had a problem of the past. This country was put under great pressure as a result of the post elections violence, which scared away investors in the initial stages. It also created fundamental problems in terms of scaring the tourists from coming to this country and, at the same time, it also created a problem of the shortage of food by virtue of the fact that quite a number of Kenyans had to move away from their own places.

Similarly again, we had difficulties of the weather. All those factors have all conspired to create an extremely difficult situation. I do agree wholeheartedly with the Minister for Finance when he stated that this is one of his most difficult budgets to formulate. I think I would have been in the same situation. But I do commend him.

Mr. Deputy Speaker, Sir, I commend the Minister because this Budget has formulated very profound sectorial policies; all of which are focused on regenerating growth to ensure that fundamentals of micro economics are safeguarded. Those policies, once implemented, will lead us to the generation of more employment opportunities. They will ensure that this country will become a very important destination of investments.

Mr. Deputy Speaker, Sir, when you look at the measures or policies that the Minister has actually highlighted, they are very commendable. I salute the Minister for coming up with an important innovation of financing fundamental projects like infrastructure through Public-Private Sector Partnership. I am talking about the fact that the Minister intends to, indeed, float a bond of Kshs51 billion for the purpose of infrastructure.

It is going to be dedicated for expansion and repair of our roads. I believe the same will also be used for the purpose of increasing the energy resources. This is extremely important because our economy is not going to be competitive, unless we do something to improve our infrastructure, and the road network is an important aspect. The improvement of our energy sector and provision of water are also important factors. It is my hope that, we will do these things. As the economy improves, more of those things are going to be sorted out so that we can mobilise substantial resources both locally and internationally, which are going to be used to improve our infrastructure. This is what other countries have done.

I am also happy that, indeed, direct Government resources of Kshs65 billion is going to be

used to improve the road network. Indeed, the Minister has set aside funds for other infrastructural Ministries such as the Ministry of Water and Irrigation and that of Energy. I am, indeed, so happy that the Minister has set aside resources for alternative energy. Given the fact that energy prices have become expensive, especially those related to petroleum products, Kenya now will need to explore alternative sources of energy. We have the sun and geothermal resources, and this should be taken into account.

I am very happy and I commend the Minister for the good work. It is his realisation that, we are indeed, living in a knowledge world. This knowledge world is dominated by two fundamental factors. One of them is science and technology. The other one is the Information Communication and Technology (ICT). Unless we invest in these fundamental areas, we are going to be left behind. I, therefore, want to express my happiness of the fact that the pivotal role of science and technology has for the first time been put here. This is by the fact that we were informed by the Minister that there is going to be a Bill, which will establish an important arena for vision of science and technology. The National Council for Science and Technology (NCST) will be elevated to a commission, which is very important. The starting up of our foundation science, research and innovation is exactly what could have been done a long time ago.

Mr. Deputy Speaker, Sir, it important too that, also in the ICT, it has been recognised as substantial resources being put here which will establish fundamental connectivity between Kenya and the world. I am referring to the continuation of the underground fibre optic cable. This will help us a lot in terms of accessing the rest of the world. This is because a lot of things are done today through ICT, including placement of advertisement, tenders and e-mail. We got to be part of the world to be competitive. This is a global world.

Mr. Deputy Speaker, Sir, I am, indeed, happy that education continues to occupy the Minister's mind. We cannot move very far without deepening our commitment to education. Slightly over five years ago, we established the Free Primary Education. It is something that nobody felt we could do it. But we established the free primary education and proved the sceptics wrong. Today, over eight million Kenyan children are having free primary education. It was a statement to the world that Kenya Government cares for the youth and future of this country, hence that investment are in the human development sector. It is true that as that base has expanded, definitely, we do not want this wastage. That is why the free secondary education and many day secondary schools have been established.

Mr. Deputy Speaker, Sir, we have seen a phenomenon of development from only one million students in the secondary school. We are now looking at a figure of almost of 1.5 million children going to secondary school. Fairly soon, this is going to expand. We need to think about this growth. Secondary education lays the foundation for the science and technology. This is where it is based and not at the primary school level. Once you lay an important foundation for science and technology in secondary, then you are assured of being able to embrace science and technology.

Mr. Deputy Speaker, Sir, the Minister talked about the provision of colossal amount of money, over Kshs5 billion, which will be used to finance the free secondary education. I think we are doing the right thing. I want to say here, having been the Minister for Education, whatever one says, Kenya should be proud of the fact that we are providing free primary education, quality education and free secondary education. The module we have used in this innovation will be adopted by all the other countries. So, I am happy that there are even more resources being dedicated to our university education. I have no doubt that the Minister has done us proud.

With those few remarks, I beg to support.

**Mr. K. Kilonzo:** Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to comment on the financial statement on the Annual Estimates.

Mr. Deputy Speaker, Sir, I wish to commend the Minister for coming up with some measures to ease the burden on the common man despite the difficult times we are in. On the material Budget day, I was in the forefront advocating for the adoption of *mwananchi's* Budget.

In this country, we have been privileged to have the M-PESA revolution. It is a revolution because other parts of the world are now copying the M-PESA, which is a technology that enables you to easily transfer money to whatever people and distance in this country without much ado. Therefore, I need to commend the Minister for having taken that into account and for reducing duty paid on telephone equipment. But I wish the Minister would have gone a step further. Other than just to reduce the duty on telephone equipment, he should have taken into account the high cost of making telephone calls in this country. He should have reduced the cost of airtime to make calls cheaper. Indeed, *wananchi* all over the country use telephones but airtime is exorbitant. Therefore, sometimes, it becomes very difficult for *wananchi* to reach their partners where they want to talk to.

Mr. Deputy Speaker, Sir, on the issue of youth, I need to commend the Government yet again for having allocated about Kshs500 million to boost the Youth Enterprise Development Fund. In the previous Budget, the Government allocated Kshs1 billion to the Youth Enterprise Development Fund, but the impact on the ground had been very minimal. Why? Because of the nature of administering this Fund. Every constituency got Kshs1 million. This was not enough to bring any meaningful change to our young people on the ground. I recommend to the Minister that, in order for the Youth Enterprise Development Fund and the Women Enterprise Development Fund to have an impact on the ground, the Youth Fund should be devolved to the constituency level to ensure that there is equitable distribution to our youth on the ground.

Now turning to the issue of the Rural Electrification Programme, I want to commend the Government. This Government, for the last five years until today, this being the sixth year of President Kibaki's leadership--- We have seen rural electrification being distributed to areas which hitherto were not in the picture. Nobody ever thought that some of the rural areas in the constituencies would be able to benefit from Rural Electrification Programme. This is because the connection fee of electricity is so exorbitant and beyond the reach of common *mwananchi*. However, while we commend the Government for that, and the money it has put aside towards the Rural Electrification Programme, I would like to say that the cost of connecting electricity to the common man is still beyond reach. This affects the way the use of electricity would spur development. I request the Government to reduce taxes on electricity so that the rural folk can get electricity and generate income from its use.

Mr. Deputy Speaker, Sir, I listened very carefully to the Minister when he talked about deduction in prices of foodstuffs like wheat and rice. Very few people in this country have the privilege of eating rice, cakes and bread. Majority of Kenyan people use maize flour and other commodities which were not taken into account. I would like to say that Kenyans must be very careful because if there is a battle we are going to face in the future, then it will be a class battle between the "haves" and the "have-nots." Today, the amount an employer earns as opposed to the amount he pays his servants is not comparable. When they go to the supermarket, they buy flour and sugar at the same price. If you look at the disparity between their salaries, you will see that it is beyond imaginable proportions. It is the duty of the Government to cushion *wananchi*.

I would like to ask the Minister to borrow a leaf from other countries which have taken measures to cushion their populace. For instance, in India, the Government ensures that it gives vouchers just as it taxes *wananchi* in a certain salaried bracket, so that if an hon. Member goes to buy *unga* and his servant has to buy the same *unga* at the same price, the servant is given a voucher from the Government. When the voucher is given to the shopkeeper, then the *mwananchi* gets a rebate or the flour price is reduced. This is the only way which is going to help the common

*mwananchi*. We want to see subsidies being given to the common *mwananchi*. If the "haves" do not consider the plight of the common man, then let them know that the future of this country is bleak.

Mr. Deputy Speaker, Sir, I also listened to the Minister when he talked about the fruit processing plants which he intends to put up in several places. I was very pleased to hear him mention a district called Kitui where "yours truly" comes from. This is an area where mangoes, tomatoes, potatoes and many other fruits are found in abundance. They rot due to lack of these processing plants. I would like the Minister to consider putting up a fruit processing plant in Kitui District.

In the same breath, I listened to the issue of roads that the Minister talked about. There is only one class "B" international road which runs from Ethiopia through Maua-Mwingi- Kitui and through Kibwezi. The only section of this road which remains untarmacked and yet this is a very busy road, is from Kitui to Kibwezi so as to connect to Mombasa Road. I want the Minister to know that this is the only class "B" road which needs to be tarmacked. I would appreciate if the Minister allocated funds for the tarmacking of this road.

Mr. Deputy Speaker, Sir, we have seen money allocated to some departments of the Government like the NSIS which was allocated Kshs8 billion. This is not the time of the Cold War where we had the East and the West segments fighting. This is a unipolar world where the only interest we have is to uphold sustainable interests of a nation. I do not understand why we allocate the NSIS, which has less than 2,000 members of staff, Kshs8 billion. What is the Kshs8 billion going to be used for? Is this money going to be used by the Government to intimidate its opponents? What usefulness does this money have when it is put in this Government organ? The Minister should transfer these monies to sectors like that of water. The allocation given for irrigation was very negligible; Kshs1 billion. I would like to see the Minister allocating more money to the Ministry of Water and Irrigation and the Ministry of Agriculture among others, which can enhance food production.

With those few remarks, I support.

**Mrs. Noor:** Thank you, Mr. Deputy Speaker, Sir for giving me this chance to contribute to this Motion on the Budget Speech. I wish to indicate that the Estimates that were presented to this House were not friendly to pastoralists, women, children, people with disability and to the internally displaced persons (IDPs). There is nothing that is as frightening as the failure to learn from history. Kenya's resource allocation and distribution is very clear. Resource allocation has been based on Sessional Paper No.10 of 1965 which was drafted by the late Tom Mboya and heavily contributed to by his then Assistant Minister, the current President of this nation. The Sessional Paper divided this country into high potential and low potential areas. The Estimates that were presented also reflect those disparities. They clearly show us the kind of resource allocation that has been done.

If you look at the health sector, you will notice that there are about 900 dispensaries that have been constructed using the CDF. This is public money which has already been used, yet the institutions are not functioning to-date. There is no need putting resources into projects which are not functioning. These are institutions that provide services that are required by our people. Resources from the public coffers were used to put up those facilities. However, the estimates as presented here by the Minister, do not indicate as to whether we will post staff to those health facilities.

Mr. Deputy Speaker, Sir, on the educational sector, the Free Primary Education Programme (FPEP) is noble policy. It is a policy that has been in existence now for some times and it has served this country very well. However, I have my own reservation about it. It is not as free as we see it today, because it has discriminated heavily against the marginalised and pastoralist

communities. There are no educational services provided to those communities. The FPEP is giving allocation equally to every child in this country. To me, that is very good. But it is not fair to see a child in a well developed primary school in Nairobi with all good facilities such as classrooms, library, workshops and science laboratories getting the same amount as a child in Turkana District who is learning under hardship.

A child who is learning under a tree and who cannot access a glass of clean water. That is not the right way the Government should be distributing resources in this country. It is not the right way for us to continue distributing resources in this era when every Kenyan understands and knows that they have equal rights in this country.

Mr. Deputy Speaker, Sir, on the livestock sector, let us look at what is happening in Botswana. Livestock industry generates the highest income for that country. We have more livestock than her in this country. What happens to our livestock industry? We do not promote and market our livestock. In this current estimates, there are no allocations for promotion and marketing of our livestock.

Mr. Deputy Speaker, Sir, on the Ministry of Development of Northern Kenya and other Arid Lands, this Ministry was created because of a felt need. This Ministry was created because like-minded individuals saw there was a problem in this part of the country. Even the Minister himself alluded here and said that there are regional imbalances and inequalities in this country. If this Ministry initiate proper programmes that region could really be transformed. But when we give it Kshs400 million for administrative purposes, then that is a political gimmick. There is no need for us to play politics at this time. Kenyans expect to get services from us. The northern region and Arid and Semi-Arid Lands (ASALs) need to be transformed. If we make use of potential in those regions, we can transform our country. Israel was once a desert, but it was transformed into a major agricultural country because they exploited its potential. We can transform those regions and they become the basket of food for this country. We could not have been in a food crisis had we been honest in our dealings. We want to really empower and develop our country.

Mr. Deputy Speaker, Sir, on the Constitution and other reforms that we require in our country, it is really against the wishes of Kenyans not to allocate money to these demands. Kenyans need change, systems and structures that can function, serve them and give justice to every individual in this country.

Mr. Deputy Speaker, Sir, the criteria that were put in place for people to access the Youth Enterprise Development Fund (YEDF) and the Women Enterprise Development Fund (WEDF) are not friendly to the pastoralists. The pastoral communities cannot access the YEDF. Even the women and disabled from the pastoralist communities cannot access the (WEDF) because of the strict criteria that were put in place for people to access it.

Mr. Deputy Speaker, Sir, it is unfortunate that the estimates for this year have really failed to articulate the issues of women. Women form more than half the population of this country. They are the backbone of the Kenyan society. They have also invested heavily into Kenya's development. If we cannot think of allocating meaningful amounts of money to address women issues, then it is unfortunate.

I beg to oppose the Minister's Budget.

**The Assistant Minister, Office of the Deputy Prime Minister and Ministry of Local Government** (Mr. Githae): Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to make my contributions towards this year's Budget.

Mr. Deputy Speaker, Sir, first, I must commend the Minister for Finance for having come up with a Budget which in my view is reasonable, particularly if you take into account the circumstances that have been prevailing since December when we held our elections. We must also commend the Kenya Revenue Authority (KRA) for saving this country. I do not know how they

are collecting taxes, but whatever *kamuti* they are using, it seems to be working and they should use it. Everybody expected that in view of the political chaos that were---

[Mr. Deputy Speaker left the Chair]

[The Temporary Deputy Speaker  
(Mrs. Noor) took the Chair]

**Mr. Bahari:** On a point of order, Madam Temporary Deputy Speaker. I heard the Assistant Minister talk about something that I have never heard in English language. He said *Kamuti*. What is that?

**The Assistant Minister, Office of the Deputy Prime Minister and Ministry of Local Government** (Mr. Githae): Madam Temporary Deputy Speaker, *kamuti* is that knowledge that cannot be explained in any other language apart from Kikamba. I am saying whatever *kamuti* KRA is using in collecting taxes, they should continue using it because it is working. Most people expected that the revenue collection would go down, but it has not gone down.

Madam Temporary Deputy Speaker, as I commend the Minister for coming up with what I would call a reasonable Budget, there are some things, however, that are missing in the Budget. For example, I did not see a lot of allocation concerning the rain harvesting programme. Every time we have a rainy season all the water runs down to the Indian Ocean. In other cities and towns, for example, in Israel, it is a requirement that every house must have an underground water tank where you harvest all the rain water and then use it before using to the piped water. So, it is, probably, something that the Minister can think about in his next Budget. We must come up with a programme of harvesting our rain water because it is just going down the drain into the Indian Ocean.

Madam Temporary Deputy Speaker, quite a number of sugar companies are now proposing to produce electricity from the remains of sugar cane harvesting. Again, I see there was no provision for production of electricity from rice stocks and husks. We can also produce electricity from those rice producing areas like Kano Plains and Mwea. I request the Minister to also provide some money for generation of electricity using rice husks and stalks.

Madam Temporary Deputy Speaker, coming to the YEDF and the WEDF, they are noble programmes, but they are not working. The conditions attached to them are not friendly. There is no use of inventing the wheel. Our women have what they call merry-go-round, where they meet and put some money aside and then, at the end of the year, they return the money and loan it again to their members. That is what the Government needs to adopt. The merry-go-round has worked very well. I know of a lot of women and youth who have benefitted from it. All we need to do is to give money to these *chamas* as they call them and then we leave the rest to them. We should not put any conditions. In my view, that will work.

Madam Temporary Deputy Speaker, I have just been in Rwanda and Uganda. We should learn one or two things from them concerning their constituencies. There is a convergence of the Central Government District, the Parliamentary District and the Local Government District. What they have done is that every parliamentary constituency is treated as a district. The central government treats every parliamentary constituency as a district. The Ministry of Local Government treats the constituency area as a local government authority. If you do that, all the clamouring for new districts will come to an end, because constituencies are normally recreated after every ten years, and the process is done in a proper manner because there is establishment. There is a commission that goes round. If we do that, our constituencies will make sense. Some constituencies do not make sense. How can Embakasi, with more than 243,000 registered voters,

bring to this House only one Member, and another constituency with only 10,000 registered voters bring one Member to this House? It does not make sense at all. I do not know how that came about, but if we do adopt the system I have described, then it will work.

Madam Temporary Deputy Speaker, we also must review our constituency boundaries. That is one of the causes of the political chaos that happened in December. There must be equity. Constituencies must be equal. That is why the system has worked so well in the United States of America (USA). All congressional districts are equal. Then we can have the senate, where irrespective of how big a province is, or whatever the population, it elects one senator. We must do that.

We must also review our provincial boundaries, so that they are less tribal. That should be so, so that a region is not associated with a particular political party. At the moment, we must accept that our parties are tribal. Even if the operationalization of the Political Parties Act is put into effect, I do not see much change in that area. What we require is that after the sub-location, there must be another division of Government. In those areas I mentioned, they have what they call *nyumba kumi*. Every ten houses make a village, and that is recognized as part of devolution. Devolution is the key; so, we must go for it.

Madam Temporary Deputy Speaker, we must also protect our forests, and we should politicize the issue. Tanzania is very unhappy with the destruction of the Mau Forest. They say that it is affecting the rivers that flow to the Mara and to their areas. So, when we are messing ourselves up here, we should not forget that other countries are affected by our mess. That is the same case with Egypt. They are also concerned about the destruction of the Mau Forest because it also affects them. So, as we mess ourselves here, we must know that we are also affecting other countries.

Whereas I commend the Minister for giving some funds for the employment of teachers and nurses, it is not adequate. We need more.

With those few remarks, I beg to support.

**The Assistant Minister for Higher Education, Science and Technology (Dr. Mwiria):**

Thank you, Madam Temporary Deputy Speaker, for giving me the opportunity to contribute in support of the Budget that was read by the Minister for Finance. I would like to start by commending the Minister, as other hon. Members have done before me, for coming up with a Budget, which compared to many others before it, could be said to be more pro-poor than those others. In fact, I do believe that it is more pro-the disadvantaged regions than other Budgets before it. I am saying that aware of the criticisms you heard against the Budget, in view of what is happening in North Eastern Province. But, even just to start a Ministry that is going to co-ordinate the affairs of north eastern Kenya, is a beginning of accepting the fact that there is a problem, and that, that area deserves special attention. We need to do much more in terms of resources given to the region due to its vastness, but it is a good beginning.

Madam Temporary Speaker, my main interest for contributing to this Motion is the issue of social and regional inequality. One of the themes of the Budget is to build a cohesive, equitable and prosperous Kenya. I would like to say that even though we are talking about money here, we need to put the generation of that money and its allocation in the context in which it has to be collected and distributed. Therefore, we cannot do justice to the Budget unless we discuss the political environment. That is why many hon. Members have spoken about the difficulties that confronted this country at the beginning of this year.

It is important to have political stability because without it, there cannot be progress. We will not collect this money that we are talking about, neither can we use it. So, as much as it is an issue that is not necessarily about money, it is in many ways the most critical in terms of determining the extent to which we have enough resources to distribute, and the extent to which those resources are going to be used in the best way possible, or the extent to which those resources



are going to be used to support areas that have been historically disadvantaged. Even the forgetting of those areas is more political than anything else.

Without political stability, we cannot have any growth. That is why there was a major decline in growth in this country from 7 per cent to 2 per cent. There was an improvement over the years as we had a stable political system, but as we got into problems, there was a decline. Now we have to start the upward trend again. The main reason for that is that without stability there cannot be any growth. So, for me the most critical thing is not how much money you collect or use, but whether or not you are going to have political stability. In the last Government, we made gains because there was political stability and better leadership than there was before. As long as there is no stability, then there will be no growth. So, if this coalition has to be kept going for the sake of that growth, which will benefit more people than just a few politicians, we need to call for a lot of selflessness on the part of the people that are governing this country, be they Ministers, Assistant Ministers or Members of Parliament. That is why, if it power that you have to delegate for the country to be quiet and for there to be growth, then let us give it to those that would be quiet and let us go along. Even the problem of that instability did not have anything to do with the majority of the people.

It took just a few people to set this country on fire. It just took President Mwai Kibaki and Mr. Raila Odinga to shake hands to end the conflict. So, really, these are political problems. But it is important for us to see them as that. Unless we, therefore, commit ourselves to realise that only we, as politicians, can solve most of these problems, then we are not going to get very far.

It is, therefore, necessary to safeguard our unity. We are not going to safeguard it by sending contradictory signals from the same Government; arguing for this or that, or against some policies by Members of the same Government. I am saying that because I remember the problems of the last Government started with those kind of disagreements. Often, even those disagreements are not necessarily about whom the politicians are speaking about. It is usually never about that. It is about safeguarding the same selfish interests.

In this regard, I think it is unfair to raise issues about not taking action against the problems of the Mau Forest or not resettling Internally Displaced Persons (IDPs) because the real motivation has nothing to do with the people! It is just political slogans from people who well understand what the problem is.

Madam Temporary Deputy Speaker, I do hope that we do not repeat the mistakes of the past in terms of the divisions. Agreements get destroyed because of lack of honesty and integrity. If we did not have the disagreements that we had in 2003/2004; where people agreed on a Memorandum of Understanding (MoU) which was not respected; where there was a Summit that was disbanded, we would not have had such a contested Referendum and an election that would have been so violent. The country would have progressed quite peacefully and we would be gaining those benefits.

Madam Temporary Deputy Speaker, I know that a lot has been spoken about the need to deal with regional inequality. Even part of the terms of reference for the Team - when we signed the Coalition Agreement - was that regional imbalance was one of the biggest problems. We talk about that as if it is a problem that we can resolve on a short-term; or as if inequality is about societies and not social groups. Even where you come from, Madam Chair, there are many rich men and women. But the majority of the people there are poor.

The people in Rift Valley were complaining that there is regional imbalance; that there are parts of this country, like Central Kenya and others, that are doing much better than Rift Valley or Coast Province. But even in those communities, you will find that the majority of the people are poor. Even in the communities that are supposed to be disadvantaged, the problem is really between the rich and poor. That is why those who were the greatest victims of post-election

violence--- Even in Rift Valley, the farms of the rich were never attacked! There was never any problem. In fact, they were very well guarded. So, we must appreciate the difficulties from a class and social perspective. That is because if we address those problems, we will create populations in those regions that can begin to improve the general welfare of those communities.

Addressing that inequality, therefore, I think it is gratifying to know that we are putting in money in basic education, free secondary education, health, infrastructure, housing and so on. But we need to do more in terms of supporting strong affirmative action programmes.

In the area of education, as we expand, we must make it possible for the majority of the poor to benefit from expanded education. That is because if we expand and the majority of the poor are still unable to take advantage of the best opportunities, it will still be the academies and the children of the rich. What does it matter if you have day schools from which our young people cannot make it to the universities? What is the point of youth employment programmes or the Youth Enterprise Development Fund if it is only Kshs1 million per constituency? What is the point of the Sports Fund if it is only Kshs1 million and it is not quite clear how those resources are used?

Madam Temporary Deputy Speaker, it is good for us to spend money in Information and Communication Technology (ICT) with BPO, PAC and so on. But I think if we really want to address the problem of the poor, we need to democratize it and ensure that many of our young people in our schools also have access to ICT. That is because if you go to many of our schools these days, only a few elite schools have computers. When you have computers and internet facilities, then you already intensify an advantage that you already enjoyed by virtue of where you were born and the kind of school you went to.

Madam Temporary Deputy Speaker, so, firstly, as we talk about ICT, the majority of people of this country are not going to reap any benefits if we do not ensure that this commodity or service is in most of our public, primary and secondary schools.

Madam Temporary Deputy Speaker, there must be fairness, and that has been spoken about, in terms of regions, constituencies and districts. I think it is unfair to allocate the same amount for sports money, that is Kshs1 million, to every constituency, irrespective of the population of the youth. It does not matter how many youth groups are there. It is unfair to allocate a similar amount of money to the districts, many of which, as we said, have been created politically without any serious rationalisation.

For us to really achieve those standards, therefore, we need professional decision-making with regard to how we constitute our districts and constituencies. If necessary, we need to have an independent group, that is not political, that will help us re-draw our boundaries. They will be the basis for a time-bomb, if we do not address them now. It is a major problem.

Madam Temporary Deputy Speaker, since I am running out of time, with those few remarks, I beg to support.

**Mr. Mwakulegwa:** Madam Temporary Deputy Speaker, I rise to support the Minister's Budget. Despite the hardships in Kenya, it was a well thought-out Budget.

*Kama vile wenzangu wanapendekeza tutozwe kodi, nakubaliana nao. Tukitozwa kodi, wananchi wengi watafurahi sana. Wabunge 222 wakitozwa kodi, hiyo ni Kshs800 milioni. Ningependa Waziri wa Fedha aangalie mahali ambapo tungeweza kupunguza matumizi yetu, ili wananchi wa Kenya wapate nafuu kifedha. Mambo hayo ni mengi sana.*

*Nitaanza na Recurrent Expenditure.* In last year's expenditure, under hospitality, the Government used Kshs2.16 billion which is about Kshs5.7 million per day. Now, if the Government could reduce that expenditure, there could be a lot of saving.

**The Temporary Deputy Speaker** (Mrs. Noor): Order! Please, you are required to use one language; either English or Kiswahili. Do not mix!

**Mr. Mwakulegwa:** Thank you, Madam Temporary Deputy Speaker. I will restrict myself

to English. As I was saying, I am going to focus on areas where we could save money as a country. As I said, I am looking at Recurrent Expenditure. Last year, the Government spent Kshs2.16 billion on hospitality. That translates to about Kshs5.7 million per day. If we could reduce that amount of money, we would have huge savings. Even if Members of Parliament are not taxed, we could save a lot of money from that. For example, the Minister for Finance said that he was going to increase his hospitality budget from Kshs500,000 to Kshs728,000 per day. This expenditure is uncalled for. If you look at the other recurrent expenditure utilities, we spent Kshs2 billion to pay for water, electricity and other things.

If you look at the expenditure by State House, you will realise that it spends more than the 30 Ministries in terms of paying for these utilities. It is important for the Government to make sure that though it is not under a microscope, these expenses could be huge savings for this Government and Kenyans. When it comes to paying rent, you will be surprised that we spend Kshs3.9 billion, while the Government only collected Kshs239 million out of which, Kshs210 million was collected from the KICC. Therefore, if we could utilise the Government buildings like Nyayo House and others, the Government could save a lot of money from that.

With regard to printing, the Government Printer is supposed to be the only printing press used by the Government. However, the Ministries go out to out-source printing services. For example, last year, we spend Kshs2.2 billion on out-sourced printing services for the Government, whereas we have a fully-fledged Government Printing Press. Had we used it much more efficiently, we could have saved this money.

Secondly, there is a lot of trash and paper all over in the Government buildings. Maybe it will be a good idea if we set up a paper recycling plant for the Government so that they can utilise these paper and reprint using the same.

Madam Temporary Deputy Speaker, another area where we spend a lot of money is foreign trips. Even during the crisis, we saw Government delegations touring overseas. Last year we spend Kshs2 billion. This amounts to about Kshs6.7 million per day. If we could cut down on these foreign trips of huge delegations which are not necessary, we could also save a lot of money.

There is also an Item where State House is getting new cars worth Kshs73 million. Now, last year's Budget had a similar amount of money which was used to buy new cars for State House. It is important to note that currently, State House has 149 cars. If every year we have the same allocation for buying new cars, what will happen to the old cars? Does it mean that these cars are obsolete? So, it is an area we could look at and save a lot.

Madam Temporary Deputy Speaker, I know that we are not supposed to discuss internal security matters, however, it is surprising that Kshs47 billion is proposed to be used by the National Security Intelligence Service (NSIS), Armed Forces and the Kenya Anti-Corruption Commission (KACC). Though we are not supposed to discuss about national security issues, when it comes to KACC, I thought this is a transparent body whereby we should have been told how much will be spend and how much money is allocated to this body. That way, it would be very transparent when it comes to handling their own budget.

Another area of concern is that there was Kshs4 billion which was to be paid to KENREN Fertiliser Company. This company does not exist. The fertiliser plant ought to have been approved by Parliament in 1970 and it was to be located somewhere in Mombasa, but it was never built. This Item is, however, in the Budget. It is important for the Minister to really tell this House where that money will be going to.

Madam Temporary Deputy Speaker, with regard to the youth, it is noteworthy that Kshs5 million was allocated to the Youth Enterprise Development Fund (YEDF). However, as it has been said before, it has been very difficult for the youth, especially in Voi Constituency to get this money because the requirements are very stringent and punitive to some extent. I would like to

urge the Minister to put in place a much more friendly approach to the youth so that they can get money from the YEDF. The other issue is with regard to the youth empowerment centres. We have Kshs250 million. I do not know if this is for the whole country. If, indeed it is, will it be allocated per constituency? We need to know what each constituency will get so that this youth empowerment centres could be developed.

With regard to the roads network, there was mention of Garissa-Hola Road where Kshs900 million will be used to construct the road. There is, however, an old road from Voi to Taveta which has been mentioned many times in this august House, but up to now, it has not been tarmacked. It would have been good if the Minister considered the Voi-Taveta Road and constructed it. We believe that this road will open up northern Tanzania and increase business for the Port of Mombasa. It will also open up the towns between Mombasa and Arusha.

Madam Temporary Deputy Speaker, the other area of concern is the Kshs200 million which was allocated for the improvement of Marsabit and Maralal water supply. Nothing was mentioned about the Mzima Springs Phase II Water which supplies water to Voi all the way to Mombasa. While the President was opening the Tenth Parliament, he mentioned the Mzima Springs Phase II Water Project.

**Prof. Kaloki:** On a point of order, Madam Temporary Deputy Speaker. The hon. Member needs to look at his notes better. I think the Minister for Finance has provided funding for the Mzima Springs Phase II Water Project to supply water from Mzima Springs to Mombasa.

**Mr. Mwakulegwa:** Madam Temporary Deputy Speaker, I would like to thank the hon. Member for reminding me that. I missed it in my notes.

Another area is the low cost housing project of Kshs350 million. This is a good venture and I hope that it will trickle down to smaller towns like Voi, Malindi and others, instead of only focusing on major cities like Nairobi.

Madam Temporary Deputy Speaker, I was also impressed that Kshs1.6 billion was allocated for the recruitment of teachers. As you know, there is a huge shortage of teachers to the tune of 50,000 teachers. Coast Province is leading in shortage of teachers. It has a shortage of about 8,000 teachers. I hope that this recruitment will be region-based so that every region gets its quota.

**The Temporary Deputy Speaker** (Mrs. Noor): Order! Your time is up. Please, wind up!

**Mr. Mwakulegwa:** Thank you, Madam Temporary Deputy Speaker. A request was made to the Minister for Finance with regard to the Kenya Wildlife Service (KWS) and, especially the conflict between human beings and wild animals such as the elephant. It would have been better if the Minister could have allocated some money for the erection of an electric fence, especially the Tsavo East and Tsavo West areas so that we can hinder the elephants from venturing into the settlement areas.

I beg to support.

**The Assistant Minister, Ministry of State for Immigration and Registration of Persons** (Mr. Baya): Thank you, Madam Temporary Deputy Speaker. I stand to support the Budget Statement made by the Minister. In doing so, I would first of all like to say a few things about the fiscal policies that were spelt out in that Speech. There was, for instance, the zero-rating of VAT on wheat and maize flour. There is also provision for duty-free maize that is going to be imported for the strategic grain reserve. I am sure if this proposal, and others, are translated into action, perhaps the effect will be felt by the Kenyan population, particularly the very poor.

Madam Temporary Deputy Speaker, the Minister also indicated that consultations are ongoing with a view to setting up a factory for producing fertilizer. If these consultations materialise, this will also support the very important sub-sector of agriculture.

Madam Temporary Deputy Speaker, there were some areas where either there was no mention or emphasis on. I want to point out these areas. When you look at the agricultural sub-

sector, there were some complaints that the Minister raised to the effect that the grain basket of this country, which is the Rift Valley Province, was highly affected by the violence that rocked this country soon after the general election. This is true. Due to this, we all know that we are going to be affected in terms of agricultural productivity.

As a result of this, we should have thought of ways of making sure that we do not always rely on one particular region for our survival. I have in mind mitigation that the Minister should have proposed, like irrigation. There was no mention of irrigation. I feel that this is very important. I have been in a country with a very huge population of 1.41 billion people. These people are fed and the country has enough to export. This is India. Unless we stop reliance on the seasonal rains, we will not be able to feed this country in the future. We will depend on importations.

Madam Temporary Deputy Speaker, I also note that in most areas, particularly Coast Province, there is a critical shortage of Agricultural Extension Officers. These are some of the areas where I feel, perhaps, more money would have been put, so that most areas are covered by these very important field officers.

I have already talked of the possibility of irrigating this land. But, unfortunately, the particular irrigation unit was moved from the Ministry of Agriculture to that of Water and Irrigation. It is all the same. But, for emphasis, I would like to underline the fact that some studies have been done. In the Coast Province, for instance, I was the chairman of a regional authority. Madam Chair you were also a member of that authority. There are documents that were prepared as part of the National Water Master Plan. In that document, there is a recommendation that water from Sabaki or Galana River could be used for domestic and agricultural activities. That is irrigation. The proposal indicates that a canal could be dug from Salaget down to Rare, where building of a huge dam was proposed. This is one area where the Ministry of Water and Irrigation, if some funds were voted for this project, would help.

Madam Temporary Deputy Speaker, there is also a study that was done by experts from Israel on Lake Chala in Taita Taveta District. They indicated that we could pump about 200 million litres of water a day and it would take 20 years for the level of the water to drop by one eighth. It was recommended, therefore, that water from Lake Chala could be utilised in irrigating the drier parts of Taveta---

*(Dr. Otichilo crossed the Floor  
without bowing to the Chair)*

**Mr. Midiwo:** On a point of order, Madam Temporary Deputy Speaker. Did you see the new hon. Member just crossing the Floor as if he was fishing somewhere in Lake Victoria? May be he needs to learn some of these things!

*(Dr. Otichilo bowed to the Chair and  
crossed the Floor)*

**The Assistant Minister, Ministry of State for Immigration and Registration of Persons (Mr. Baya):** Madam Temporary Deputy Speaker, this is a lot of water that could be used for irrigation purposes.

Touching on the issue of land, the total allocation to this Ministry is Kshs2.3 billion, with Recurrent Expenditure getting the lion's share of Kshs1.66 billion and Development Expenditure getting only Kshs649 million. According to records, there was a drop in the Development Expenditure, because last year this sub-sector was given Kshs1.79 billion. So, there is a drop of Kshs1.1 billion. My thinking is that there should have been more money for development

expenditure, because we have more issues to resolve now than, perhaps, we had last year. We have just come out of the post-election crisis. The IDPs are supposed to be resettled. Perhaps, some money has been set aside for this.

Madam Temporary Deputy Speaker, apart from that, we have many boards that are non-operational. These are boards and committees that were meant to resolve the various land disputes. They are no longer operational, because of lack of funds. For instance, the land tribunals that used to exist at both district and provincial levels are there by name, but they are not operational, because those old men are never paid their allowances whenever they go for duty.

Madam Temporary Deputy Speaker, we also used to have the administrators, particularly DOs and DCs, who were operating under the Magistrates Jurisdiction (Amendment) Act. They used to assist in resolving land disputes. The parties would appear before them ---

**The Temporary Deputy Speaker** (Mrs. Noor): Order! Your time is up!

**The Assistant Minister, Ministry of State for Immigration and Registration of Persons** (Mr. Baya): Madam Temporary Deputy Speaker, let me wind up, please! The parties would appear before them and after their judgement, they would file it in a court of law. The court of law would then carry on with the finalisation process. These days, the administrators are no longer operational and, therefore, there are more disputes than there were before.

With those few remarks, I beg to support the Motion.

**Mr. Midiwo:** Madam Temporary Deputy Speaker, I stand to support the Budget. I want to start by saying that this year's Budget, if implemented, would end up being the friendliest in my time in Parliament. I say so because I saw many things in the Budget that are friendly to the poor people. What I am not sure about is this Government's ability to realise that if it implements the Budget proposals as proposed, then our people would end up benefiting. The people who matter would end up benefiting more than any other time in the history of this country.

I want to start by saying that there are some hidden things in the Budget, which we will oppose. The most important one is that in the Budget, the Minister has proposed to increase the base capital of banking institutions from the normal Kshs250 million to Kshs1 billion. We shall oppose that one! We shall even seek to reduce it because the Minister has created very many banks. The economy has created so many banks and micro finance institutions which cannot raise that amount. Therefore, there is need to create many banks like Equity and Family Finance. I thought that, that was mischievous on the part of the Minister! Last year and the year before, he tried to do a similar thing.

Madam Temporary Deputy Speaker, we want to tell the Government that putting money into programmes is one thing and implementation is another. That is a key issue we must look at. We must change the way we do things. Last year and the year before, there was the Youth Enterprise Development Fund (YEDF). The YEDF was a bad Fund! It was putting good money into a bad project.

If you take Kshs50,000 and give it to a group of 12, it is like Kshs4,000 per person. What can Kshs4,000 do in any part of the country and yet they expect people to repay that money? Kenyans are angry at politicians! They are angry at the Government and they do not know the difference between an hon. Member and the Government. We could use this opportunity to help Kenyans distinguish between a Government which is not delivering and hon. Members who may so well want to deliver for them.

There was also the Women Enterprise Development Fund (WEDF), which was never disbursed in many parts of the country. Where I come from, if you took Kshs1 million per constituency from WEDF, and put Kshs22 million in Lake Victoria for the removal of water hyacinth, you will create more jobs that taking Kshs1 million to divide among people who can never repay and have no economic activity going on around them. If you took Kshs220 million and

used it to dredge the Port of Mombasa, you would create more jobs than giving it to a group of people without training them on how to use it. I think we must change on how we invest our money.

Madam Temporary Deputy Speaker, I want to say here - and I have said it to the Minister and in many fora - that the only open fronts in this country where we can invest and get any returns is Lake Victoria and the Port of Mombasa. We need to go to Lamu! It makes common sense that we need to do that as a people. We need to recognise that the Port of Mombasa, other than the taxes we get from the civil servants, gives the highest revenue. It is followed by the money from the fish in Lake Victoria. So, it does not make sense that a whole Budget of this nation does not put any money to try and get rid of the hyacinth in Lake Victoria, which rakes in the third highest amount of money to the Exchequer. That does not make good sense in investments. So, it would make sense that the Government agrees to implement the Fiscal Analysis Bill, so that there could be a Committee to look at the Budget and give advice many months before the Minister comes here just to make pronouncements that hon. Members would so much like to alter.

*[The Temporary Deputy Speaker  
(Mrs. Noor) left the Chair]*

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

Mr. Temporary Deputy Speaker, Sir, I want to talk about the Kshs1 million for the so-called Sports Fund. That money will go to waste if it is not utilised properly. It needs to come with a prescription. We need to organise youth academies and do it in an organised manner. It should not be money for charity. I think we are so used to giving money and expecting nothing that we, in this Coalition Government, need to change the way we think. We cannot do that if we are not allowed by this particular Ministry or the Government, to discuss and put our little sense as hon. Members, and as the representatives of the people. So, we need to know how the money is going to be used. We want to suggest that let it be used to begin very specific youth academies. Sports is a big employer around the world now. I think that is another front that, if we invest properly, we will never go wrong. We want to think as a nation that sees 100 years down the line, as opposed to what is going into the pockets of politicians.

What is going on in this Budget is that people want to invest money where it is easiest to "eat" it, so to speak. I think we shall be judged very harshly as the Tenth Parliament, if we do not make it known to us - since almost everybody now is in this Coalition Government - that the people are watching.

Mr. Temporary Deputy Speaker, Sir, I now want to talk about the infrastructure. Because of the bad road network, airlines are making a kill. There are no roads on which to drive to places like Kisumu, Eldoret, Kitale, Mombasa, Malindi or even Thika. It is interesting that Thika Road is the President's route to his rural home. We must do something to open up the Highway from Mombasa-Busia-Malaba. Djibouti has build a highway all the way to Addis Ababa within a period of only two years. They are going to the Central African Republic. Their main aim is to make sure that Kenyans close the Port of Mombasa. They know that it would be foolhardy of anyone to transport one's cargo on a route which will take 10 days when there is a dual carriageway linking the Port of Djibouti, Addis Ababa, the Central African Republic, Rwanda and Burundi. They did it in two years' time. In Kenya, the NARC Government was there. We now have the Grand Coalition Government, but there is no proper co-ordination or investment geared towards making sure that we open up our roads. We want to facilitate trade and movement among our people.

Mr. Temporary Deputy Speaker, Sir, as I said, airlines are now making a kill. Therefore, the Ministry of Transport must ensure that there is air safety. Kenyans are being killed every day. People are terrified because of lack of air safety. Three years ago, we lost many Members of Parliament in Marsabit. But up to now, we have not been told under what circumstances our beloved colleagues died. There were only accusations out there. We called for investigations to be carried out to establish the cause of the crash, but up to now, there has not been even a preliminary report even though people said that the pilot of the ill-fated military aircraft was out drinking all the night before the day of the accident.

Regarding the Kenya Airways plane crash in Doula, how can a 22-year old boy fly a jumbo jet full of passengers? It has been rumoured that the pilot went from the bar; the weather was bad. The 22-year old boy decided to fly even against the warning of Doula Control Tower.

The families of the plane crash victims have not been told, to-date, why all those things took place. It is also said that the particular KQ flight was the only one that went up. It is not fair to our people. We want to know what killed Mr. Kones and Ms. Laboso. We want to know how many more Members of Parliament and other Kenyans have to die before the Ministry of Transport can take charge of the air transport in this country. We do not even know whether drug and alcohol testing is carried out on our pilots. For how long does a pilot have to stay alcohol-free before flying? Where are they tested? Who does the testing? We want to know what constitutes a first officer and what constitutes a captain.

Mr. Temporary Deputy Speaker, Sir, recently, I travelled in an aircraft to Kisumu with only one pilot and yet, the regulations are obvious that an airplane is not supposed to be flown by one person in the cockpit. Who will protect Kenyans? I can tell you that I know, as a frequent flyer to Kisumu, Mombasa and elsewhere in the country, that a disaster is about to happen; unless we look into the problems of recklessness and impunity in this country. A disaster will happen and another investigation will be called, as one was called after the Busia plane crash.

With those many remarks, I beg to support the Budget Speech.

**Mr. Shakeel:** Thank you, Mr. Temporary Deputy Speaker, Sir. I stand to make my comments on the Budget.

Firstly, I would like to commend the Minister for getting us a theoretically good Budget. In theory, the Budget looks good. Economics and financial theory is good. It can even be quoted in the economics books. However, the actual trick and the expertise of trying to have it appropriately related to the economy of the country is what is the difference. I am very concerned by the way the Budget has treated certain issues very lightly.

In Abuja, we, the Kenya Government, committed 15 per cent of our Budget to the health sector. But if you look at the amount of money allocated to the health sector, you will see that it is not 15 per cent. No Anti-Retrovirals (ARVs) drugs are available, and yet we have been told that our stocks of ARVs are running out. Our medical supplies are running out. Our nurses are not being paid well. I was really surprised by the budgetary provision for hiring of nurses. People take it very lightly. I will not describe it as a joke, because that would not be the right thing to say. We are told the Government will employ 1,200 extra nurses.

Mr. Temporary Deputy Speaker, Sir, I chair the Board of the New Nyanza General Hospital in Kisumu City, where we have a shortage of 500 nurses. Now, saying, in the Budget that, for the whole country, we will employ 1,200 nurses throughout the country, I think it is a joke. These nurses will not even cover the New Nyanza General Hospital and the district hospital, leave alone the entire country. The Minister should have looked into the issue of health. All over the world, there are four critical issues that every budget addresses: Health, education, housing and water. Those are the basic facts. Our Budget spends a lot of money on recurrent expenditure. None of it goes to the sort of level that we would like.



On education, we have put in a lot of resources, but at what cost? We have done so, at the cost of health and housing. We have been told that the police will get housing. We budgeted last year and the year before, but still the infrastructure in the housing of our police officers is totally broken down. Yet, we are telling them that we want them to work.

Any qualified nurse in this country has just to go to the British High Commission and he will be given a visa straightaway. Some of us may not get the visas, but a nurse will get one straightaway, because the United Kingdom (UK) has a shortage of nurses. I have been to the United States of America and the UK. The number of Kenyan nurses that you see there amazes one and yet, here, we are not prepared to pay our nurses; not even a monthly salary of Kshs15,000. We have not paid them whatever we have promised them.

Mr. Temporary Deputy Speaker, Sir, the Budget, totally ignores the issue of population. I have good information that our population will grow between 50 million and 55 million in the next two years. In 1963, we were the first country in Africa to sign an understanding on the issue of population management. We did very well between the 1960s and 1980s. However, due to lack of attention to this issue, in the period between the 1990s and 2000s, we lost all the gains that we had made. We are now moving towards 58 million people.

Mr. Temporary Deputy Speaker, Sir, we are also totally disregarding certain elements of our society. That shows you how sick our society is becoming. The elderly have rights in our society, yet not a cent has been spent to safeguard their needs. Yes, we are hearing of a women's fund, a youth fund, little bits and pieces here and there, but I would have liked to see what this country is doing towards the welfare of the elderly, who have served this country all their lives. It appears that this country, and the Government, does not respect anybody but only those who are in positions at the moment. We dump the elderly and the pensioners like toilet paper, because they are no longer of any use to us. I would have liked to see something special done for those members of our society who are challenged, and those who have special needs.

Mr. Temporary Deputy Speaker, Sir, over 18 per cent of our population is challenged, yet they get less than two per cent of the Budget.

Mr. Temporary Deputy Speaker, Sir, the school feeding programme is only on paper. I suggest that the Budget that was read is only a technical issue. It is only on paper. To get that Budget realised, we have to get serious.

Mr. Temporary Deputy Speaker, Sir, much has been said about payment of tax by Members of Parliament. I support that proposal. However, we are not going to take it lightly. The Members of Parliament should pay tax on whatever earnings that we get; however, we should then not be prejudiced. We should not have it held against us.

Mr. Temporary Deputy Speaker, Sir, if you are a limited company you set against your income expenses which are wholly, exclusively and necessarily for your business. Even if you are a consultant, you then set against your consultancy fee those expenses that are required for you to do your consultancy. As such, I put it to you that there are certain expenses that we, as politicians, and only as politicians, meet. These are wholly, exclusively and necessarily our expenses, be they on funerals, education or other things that we meet every day. The voice asking for taxation is right. We do not mind paying the tax, but you have to then realise that you must allow us to claim expenses against that taxation. We are prepared to give you vouchers for this.

I propose that tax be charged by all means, but then return to us the equivalent amount of tax charged under the Constituencies Development Fund (CDF) under a special line item that can be spent on funerals and other things. So, we will pay the tax very clearly, and the tax funds be utilised by the community through the CDF. Let it be put under a line item. Therefore, if I am paying Kshs300,000 tax, that is fine! We are prepared to pay the tax. Do not make us to be villains who are taking advantage. I read in the newspaper the other day that we are worse than the Ninth

Parliament. This is absolutely untrue. I am saying that I am quiet willing to pay the tax, but you must give back an equivalent amount under the CDF. Let it be scrutinised by CDF, but let it be under a line item for funerals and other such expenses.

Mr. Temporary Deputy Speaker, Sir, Kshs1 million for sports per constituency--- I know it is not much. This is a start; however, I would rather have liked to see that Kshs1 million given towards the elderly, or those with special needs. Some of the things that have come up in the Budget are specifically designed to help certain people; an example is gymnasium equipment in hotels. This is perfectly designed to help those who build gymnasiums.

Mr. Temporary Deputy Speaker, Sir, on the Equity Bank and other banks, why are you increasing the capital to Kshs1 billion---

**The Temporary Deputy Speaker** (Prof. Kaloki): Mr. Shakeel, your time is up! Do you want to support the Motion or not?

**Mr. Shakeel:** Thank Mr. Temporary Deputy Speaker, Sir. I support the Motion subject to the comments I have made.

**The Assistant Minister for Nairobi Metropolitan Development** (Mrs. Ongoro): Mr. Temporary Deputy Speaker, Sir, in joining other speakers before me, I would wish to commend the Minister for Finance for presenting a well thought out Budget, especially against the backdrop of rising inflation occasioned by the international highs and a rising crude oil price. This is a budget that was read after what we went through early this year after the disputed Presidential election and the instability it occasioned in this country.

Mr. Temporary Deputy Speaker, Sir, I want to commend the Minister for proposing land allocation for infrastructure development. That is in view of what has been allocated for roads and rural electrification. Service provision was also very well catered for, especially with regard to the proposal made for housing of our police force, health care and the improvement of the quality of education by way of hiring more teachers. That was a very well-thought-out allocation.

Mr. Temporary Deputy Speaker, Sir, the allocation of Kshs210 million for the youth sport, and for football in particular, was a very good move. Most of us have had to spend from our earnings to support the youth in our various constituencies. I think that, that was a very good provision.

Mr. Temporary Deputy Speaker, Sir, the Minister has also done very well by resisting the temptation of unilaterally increasing taxes on consumer goods to fund the demands of the resultant larger-than-usual Government, or the coalition Government that was formed after we decided to move on.

Mr. Temporary Deputy Speaker, Sir, the avoidance of direct taxes was also a good move, and so was the Minister's refusal to bankroll the resettlement of the Internally Displaced Persons (IDPs) programme, as was expected by many. The Minister, however, factored in the IDP resettlement, but the estimate for this was not direct but discretionary. I support that move.

In keeping with the spirit of reducing the inequalities in Kenya, and in an effort to share and raise more money to bridge the financial gap in his Estimates, I do welcome the Minister's proposal to have hon. Members' and constitutional office holders' allowances subjected to tax. It is my honest belief that we, as leaders, must lead by example. If we have to lead by example, we will lose all our moral authority if we refuse to pay our taxes. We will not have an opportunity to tell other Kenyans who are buying from the same supermarkets and who live in the same houses to pay taxes from their meagre earnings. In my opinion, it was a good move and I support that all of us, as leaders, should be responsible enough and accept to pay our taxes without inhibitions.

Having said that, Mr. Temporary Deputy Speaker, Sir, I now want to address some specific concerns that hon. Members need to urgently level with, especially if you have taken time to go through all the budgetary allocations and have a careful critique of certain issues contained therein.

First and foremost, hon. Members need to consider the creation of a budget office. I deem it an urgent matter that this Tenth Parliament should urgently enact the establishment of the budget office. That is because most hon. Members hardly have enough time to scrutinize the Budget Speech or the allocations before presentation. That will not only remove the perception that budgeting and the Office of the Minister of Finance is politicized, but it will also give the august House a better opportunity to get more involved and be more informed about the process.

The budget office will also enable the august House to interrogate some of the traditional provisions branded "confidential" and demystify them. That will give hon. Members an opportunity to agree with them because they will have scrutinized whatever was presented and allocated. I have in mind, especially, what I have mentioned as the allocation to the Office of the President which, in many cases, has got a branding of "confidentiality!" It cannot be questioned.

Mr. Temporary Deputy Speaker, Sir, as has been suggested before, the budget process should be informed from the wider public and stakeholders' input. The budget office and its creation, thereof, will help this House and hon. Members in getting the kind of information that will help bridge the existing gap.

Secondly, Mr. Temporary Deputy Speaker, Sir, the hon. Members need to address the issue of a possible budget deficit. You will agree with me that the 2008/2009 Budget Estimates presented to this country the largest ever budget deficit, presented at about 16.8 per cent. Of that total Budget, considering 16.8 per cent is quite a huge figure, I would not have been alarmed if the proposals to find the deficit were concrete and dependable. But I worry that the Minister proposes to raise Kshs33.6 billion from sovereign bonds within a year. Bearing in mind that we have lost about four months of this year, and when the Kenyan credit risk rating has, unfortunately, really plunged recently. I wonder, then, if this is a very credible risk to take at this time! Are we just risking to come up with a budgetary allocation that is really good on paper, but that is going to be almost impossible to implement?

Mr. Temporary Deputy Speaker, Sir, the Minister also proposes that another Kshs8 billion is expected to help bridge the deficit gap from assets privatization. From what I have read in the financial reports elsewhere, the closest asset sale looks to be the National Bank of Kenya. Going by what we have experienced in the past with these financial institutions, I wonder if it is going to attract as much attention and investment as what we experienced with the just concluded Safaricom Initial Public Offering (IPO).

Mr. Temporary Deputy Speaker, Sir, my look at the deficit in financing, therefore, is that whether financed by printing more money, issuance of bonds, Treasury Bills or from donor funding, which we are trying to run away from, this will still create excessive liquidity in the market, which is not good for our country right now. It will only encourage inflation.

Again, it concerns me that such a large deficit of financing and the proposals that were contained will continue to grow the public debt; a burden which we should really be working towards analyzing and reducing, if not eliminating it altogether.

My recommendation is that, as a Government and as hon. Members of this honourable House, we should encourage different departments and Ministries within the Government structure---

## QUORUM

**Mr. Linturi:** On a point of order, Mr. Temporary Deputy Speaker, Sir. I want to bring it to your attention that the House does not have a quorum.

**The Temporary Deputy Speaker** (Prof. Kaloki): Clerk-at-the-Table, could you see whether we need to ring the Division Bell? Could you get the Whips to look for Members?

Yes, there is no quorum. Ring the Division Bell now!

*(The Division Bell was rung)*

**The Temporary Deputy Speaker** (Prof. Kaloki): Hon. Members, we now have a quorum. Hon. Ongoro, you can now proceed with your contribution!

*(Loud consultations)*

**The Temporary Deputy Speaker** (Prof. Kaloki): Order! Order, please!

Hon. Ongoro, you can proceed on with your contribution.

**The Assistant Minister for Nairobi Metropolitan Development** (Ms. Ongoro): Thank you, Mr. Temporary Deputy Speaker, Sir. As I was saying, every department and Ministry, especially those in charge, should, therefore, ensure that their expenditures are controlled so that we control Government expenditure.

Mr. Temporary Deputy Speaker, Sir, it concerns me that the bigger picture of capital development is not visible from the Estimates presented in the Budget. For example, where the Government's plan has been presented and approved to undertake a project, say, what was presented concerning the police housing units, we are not told what the allocation is per year. So, what is presented is blanket and it makes it very difficult for anybody to know what has been allocated, especially for ongoing projects.

Mr. Temporary Deputy Speaker, Sir, I want also to comment on capital market reforms. While I recognise the proposed reforms and requirements to deposit with the Central Bank of Kenya and raise capitalization for the banks, I feel that the measures to deter rogue bankers from exploiting the Kenyan public should have been made more punitive. In my opinion, the 5 per cent that is proposed as a penalty for insurance brokers who keep clients money and refuse to release it is not punitive enough. When they refuse to comply and sometimes we suggest that the companies should be wound up, the sufferer is still the client. It is my opinion that we propose a lifting of the corporate veil so that we could have an opportunity to punish company directors and major shareholders in such instances. This is the only punitive measure that could deter such rogue operators.

Mr. Temporary Deputy Speaker, Sir, on the issue of taxes on crude oil, which I believe controls many other sectors and the rising commodity prices--- The Minister has gone ahead and even zero-rated rice, bread and other commodities, but we all know that while this is happening, the pump price has not been controlled. Controlling the commodity prices---

**The Temporary Deputy Speaker** (Prof. Kaloki): Hon. Ongoro, your time is up! Are you supporting the Motion?

**The Assistant Minister for Nairobi Metropolitan Development** (Ms. Ongoro): Mr. Temporary Deputy Speaker, Sir, with those many remarks, I beg to support.

**The Temporary Deputy Speaker** (Prof. Kaloki): Thank you, hon. Ongoro.

**The Minister for Co-operative Development and Marketing** (Mr. J. Nyagah): Mr. Temporary Deputy Speaker, I stand to support this very important debate on the subject of the Budget.

As we all know, the Budget is a very important tool a Government or a country uses for purpose of its development and for purpose of its activities. I would like to start by thanking the Minister for Finance for the efforts he has made in trying to put together a Budget under very difficult circumstances. As we all know, the country has experienced a difficult time. During this difficult time, many things went wrong. But we are happy that at the end of that, we have come

together as one nation for purposes of remaining united.

Let me mention a few things about this Budget that I think the Minister for Finance needs to take into account, particularly in relation to the production sector. For a very long time, the agriculture-rural sector of, which I am the Minister for Co-operatives Developed, used to be very important.

In the first few years after Independence, the biggest Budget support went to that sector. The result was that this country was self sufficient in food and exported food. The question of famine and shortages of food did not arise. Granted, land was plentiful and we did not need as much fertilisers as we need today. I would have liked more resources to be allocated to the agricultural-rural sector. At the moment, slightly less than 7 per cent of the national Budget has gone into the productive sector that I am talking about.

There was an agreement among all African Presidents a few years at Maputo to allocate a minimum of 10 per cent of the national budget to the agricultural sector in order to encourage its growth. This will ensure that African countries feed themselves and exported food. If you look at the amount of money allocated for the importation of food during this year and the last few years-- If that amount of money was put into the agricultural and productive sector, this country will do very well.

So, I am disappointed to some extent that we have allocated so little money to this sector. I am disappointed that we are spending huge sums of money to import food. Sometimes, I wonder what the role of the private businessman who imports food is. Is it possible that there is some insider trading? All am saying is that we need to be self-sufficient in food production.

Mr. Temporary Deputy Speaker, Sir, the production sector will also not do well, if the seven million people in the co-operative movements do not play their part. As we all know, agriculture produces food. My Ministry is involved in mobilising people, production and processing of agricultural products that our farmers produce. If you look at the Budget of my Ministry, you will be shocked. How am I expected, as a Ministry, to assist in the food production with the meagre resources that I get? My officers walk and board *matatus*, but I am not complaining. I hope that we will have sufficient resources next year so that we can make positive contribution to the food and agricultural sector such as coffee, tea and all the others.

Mr. Temporary Deputy Speaker, Sir, I would like to say the same for fisheries. Fisheries is a very important sector in this country. My Ministry, through the fisheries co-operatives, is also involved in the sector. I would like to say the same for the livestock sector because we are also involved in the livestock sector. I think we need more resources in those sectors in addition to water. If that happens, I want to assure you that Kenya is capable of feeding itself. Kenya does not need any assistance. Kenya does not need to beg for food. I would like to thank the Minister for the support he has given to infrastructure. A country with potholed roads, a country with a port that is so inefficient, a country where the railway line is very old and has never been extended cannot survive.

I want to thank the Minister for the resources that he has put in the Budget this year. I know it is the beginning and I am confident that next year, we will see more resources. We need to encourage more private sector/Government participation in the sector. Why should we continue mismanaging the Port of Mombasa when Dubai and Singapore, with very little government resources, are efficient? Let us accept that the private sector can play a key role. I see a key role for the private sector in the management of the port. As I said a few years ago, *Mheshimiwa* Balala brought a Motion in this House which proposed that part of Mombasa becomes a Free Port. I would like to encourage the Minister to look into that seriously, because we need industries around the port, and also it would encourage a lead into more efficient operations in the greater Port of Mombasa.

Mr. Temporary Deputy Speaker, Sir, I also see a growing Kisumu Port. In the colonial days, Kisumu was a very key area when it came to Lake Victoria economic activities. As we put money into infrastructure, let us put substantial resources into the regional capital of the East African Community agency that looks after Lake Victoria activities. That is important for the economic development of that part of the country. As I said, the railways need to be improved.

Mr. Temporary Deputy Speaker, Sir, I would like to thank the Minister for providing a starting budget for the Nairobi Metropolitan Development. Nairobi controls a very big chunk of our economy. Its contribution to the Gross Domestic Product (GDP) is big. So, within a short time we need to come up with laws that will reflect and address the problems that we have been having within the city of Nairobi. I wish my colleague, Mr. M. Kilonzo, all the best as he tries to bring Machakos, Ruiru, Thika, Limuru, Kiambu and Ngong towns into the Nairobi Metropolis. All the big cities of the world are run that way. I know that cities like Brussels, and other major cities and capitals, are run that way. So, we need to support and see resources put into that Ministry, because of the importance that a greater Nairobi has.

Mr. Temporary Deputy Speaker, Sir, I would like to see resources being diverted to the Ministry of Housing. The Minister made a good beginning, but we still can do more. Let him come up with laws that will encourage the private sector to get more involved in the housing sector. Our people continue to live under a very difficult environment. If you travel around Nairobi, you will get some of the biggest slums in Africa. I would like to encourage the Minister to continue giving as much incentives to the housing sector as is humanly possible, so that our people can live with dignity, and our cities can continue to absorb the traffic of people coming from the rural areas, thinking that opportunities can only be found in Nairobi.

Mr. Temporary Deputy Speaker, Sir, it is also important that, as we start planning, we look at the development of the other regional towns like Embu, Nyeri, Mombasa, Nakuru and so on, so that we can dissuade human traffic from thinking that life can only be good in Nairobi. By making these other towns attractive we will be able address our problems in Nairobi.

In conclusion, as you know, in the next few weeks, we will be bringing to this House a SACCO Bill. As you know, this sector is very important. It is bigger than the insurance industry in this country, and needs to be assisted and regulated, so that it can grow into a much bigger institution. Agencies will be formed to advise and regulate the SACCO sector. We have over 4,000 SACCOs. Most Kenyans live on the help of SACCOs, whether in rural or urban areas. This is more so for the poor people, middle class people, salaried people and those who have dependants in this country. I look forward to that Bill being passed in this House, because I believe that it will help our people and strengthen management of our SACCOs and other areas that my Ministry will address in the coming months. We shall also try to address issues of coffee and other sectors of our economy.

My Ministry covers not only agriculture but also the *matatu* industry. We are in almost every sector of the Kenyan economy and we need assistance in terms of a budget that will assist us in terms of achieving the goals that we have set for ourselves, and also in terms of meeting the goals of Vision 2030. As soon as that Bill is through this House, I will introduce other Sessional Papers relating to the co-operative movement, because we think it is important for the House to be with us and understand what we are doing in this very key Ministry that affects millions of poor and middle class people of this country.

With those few words, I wish to support the Budget as presented by the Minister for Finance.

**Dr. Monda :** Mr. Temporary Deputy Speaker, Sir, I stand to contribute to the Budget Speech that was read in this House a few days back. There are many service Ministries and departments in this Government, and I want to comment on a few.

Regarding Education, we have given it some reasonable funding, but the teacher/pupil ratio is still an issue in this country. As much as we talk about having free primary and secondary education, we have the problem of shortage of teachers.

Mr. Temporary Deputy Speaker, Sir, the second item will be on health. I want to comment on it as the Chairman of the Departmental Committee on Health, Housing, Labour and Social Welfare. As much as we have what has been allocated to health, the Ministry has still indicated that there is a deficit in its budget. However, as much as we need drugs and other necessities for the operation of health facilities, I want to propose that there is, of course, an obvious gap. We need sufficient numbers of doctors and nurses. We need to employ those people to offer proper service to Kenyans. I propose that the future Budget should address the issue of employing sufficient numbers of staff in the health sector.

Further, the area of HIV/AIDS has, all the time, depended on donor funds. Most of the funds utilized in this country come from the donors. My proposal would be that the Government should reach a point - and the point is now - that we improve on the allocation to HIV/AIDS. Since it is a national concern, then our efforts should be reflected in the allocation that we give to that particular area.

Mr. Temporary Deputy Speaker, Sir, we are losing staff from the health sector because of the way we are remunerating them. We need to improve on that, so that the doctors and nurses do not move out of this country to look for greener pastures elsewhere.

Mr. Temporary Deputy Speaker, Sir, on agriculture, there is an obvious gap in the allocation. The Minister has stated many times that we need up to Kshs10 billion to fill the gap. Currently, we are talking about worldwide starvation. In Kenya, the technocrats have told us that we need an additional Kshs10 billion, so that we do not depend on looking for food outside this country; a country that can produce sufficiently for its populace. It is important that we allocate sufficient funds for our own agricultural production. We should produce enough food and feed our people.

Currently, we are talking about importing food and yet, we have soils and climate that can support our own production. It is my proposal that we look at the seed budget. We should improve our seeds to the levels that are recommended by our technocrats, so that we can have sufficient food for this country.

Mr. Temporary Deputy Speaker, Sir, the issue of taxation has been raised in the House. The allowances paid to Members of Parliament should be taxed. That is a good idea, indeed. My concerns are on the utilization of the taxes. As much as we want Members of Parliament to be taxed, the approach of issues that have been proposed by the Minister for Finance-- A Budget is a proposal to the House. The approach that has been taken by some Members of this House is not proper. They have carried the proposal out of this House and debated it outside there.

*(Loud consultations)*

**Mr. C. Kilonzo:** On a point of order, Mr. Temporary Deputy Speaker, Sir. My good brother, Mr. Nyagah and my good sister, Ms. Murugi are interrupting the good speech by the hon. Member. Are they in order to interrupt the business of this House?

**The Temporary Deputy Speaker** (Prof. Kaloki): Order, Mr. C. Kilonzo. The contribution is still going on.

Proceed, Dr. Monda!

**Dr. Monda:** Mr. Temporary Deputy Speaker, Sir, I want to propose that the Members who have carried the business of this House out there; to debate it in funerals and *barazas* should desist from the same. I want to request the Chair to direct this to be done. If we pay these taxes, then it

should directly benefit the people of this country and not be kept in the Consolidated Fund. We want the allocation to the CDF to be elevated to 10 per cent. This is because we want the money to go to the people. That money should reach the people.

With those few remarks, I beg to support.

**Mr. Linturi:** Thank you, Mr. Temporary Deputy Speaker, Sir.

I rise this afternoon to support the proposals made by the Minister in his Budget Speech that was read in this House. However, I also have some reservations with regard to some of the proposals that were made by the Minister.

If the Government is really serious in trying to alleviate poverty and create employment for the youth of this country, then it is my view and opinion that adequate money should have been allocated to productive Ministries. The problems that this country has been facing---

*(Loud consultations)*

**The Temporary Deputy Speaker** (Prof. Kaloki): Order, hon. Members! Please, let us be attentive to the contributions on the Motion. Proceed, Mr. Linturi!

**Mr. Linturi:** Mr. Temporary Deputy Speaker, Sir, the problems that we have in this country of the landless and insecurity is as a result of the majority of the youth of this country being unemployed and not being engaged in very useful activities. So, when the Minister comes up with proposals that the youth shall be engaged in the construction of a road, to me, it is not enough because the only youths that would be engaged in such a venture are the unskilled ones. We have very many fresh graduates and many others doing business. The problem is that they are not in a position to raise enough funds to support their businesses.

I envisaged a situation whereby the Minister for Finance would have come up with a proposal of setting up a fund of, say, Kshs10 billion and putting it in either Kenya Commercial Bank or the National Bank of Kenya to support the young entrepreneurs of this country. I believe that they are many and they have very good ideas. They are able to work. I am aware that some of them were able to win contracts with the Government. The Government is the biggest spender in this country, and if the youth are involved in doing business with the Government, then we shall be bridging the gap between the haves and the have-nots.

Mr. Temporary Deputy Speaker, Sir, the procurement procedures, and the rigidity, in the finance sector of this country make it impossible for young entrepreneurs to access credit. That is why I feel that if such a fund is set up, it will go a long way in trying to help our youth. When you look at the processes of doing business you feel discouraged because you, for example, have to put in a bid bond. When you win a contract, you have a performance bond. After that performance bond you have to put in another deposit for an advance payment. All these are regulations, or requirements, which are not healthy for a young up coming business person. Therefore, the issue of the skilled youth would have been properly addressed if the Minister had set up a fund to really look into ways of trying to finance them.

Mr. Temporary Deputy Speaker, Sir, the allocation of money to non-productive Ministries makes it impossible for this country to develop. If proper money was put into irrigation and infrastructure development, we would be creating employment, and opening up some of the areas and linking them up with the others. Chances are that if these areas are opened up, there will be mushrooming of towns and other businesses, because people will be in a position to move freely. But when I look at the kind of money that the Minister allocated to the National Security Intelligence Service (NSIS), I fail to understand why he did this. A sum of Kshs8 billion is a lot of money. This amount is short by Kshs3 billion the amount of money that goes to the Constituencies Development Fund (CDF). The CDF takes about Kshs11 billion of the GDP, yet it impacts directly



on the welfare of the *mwananchi* of this country.

The NSIS is an advisory body. We do not know whether their advice is taken seriously, or whether it is just a way of misusing public funds. Unless we also come up with a Parliamentary intelligence committee that will be looking at the kind of advice that is sent to whichever office by the NSIS, or we give them power to arrest, to me, this is a lot of money. It goes to a body that should not be receiving such a colossal amount of money.

Mr. Temporary Deputy Speaker, Sir, the Ministry of State for Defence takes around Kshs39 billion. This is a lot of money. This Ministry has been buying equipment for very many years. Kenya has not been at war with any country. Switzerland, for example, has no military, but has a very strong economy. If half of this money is put into productive Ministries, then we will be going a long way in trying to address some of the very serious problems that this country is facing.

Mr. Temporary Deputy Speaker, Sir, I support the idea of hon. Members paying taxes. But the approach, and procedure, in which the Minister is bringing this proposal is not right. He is trying to play to the gallery, and portray himself as an angel and hon. Members as devils. I want to refer hon. Members to the Constitution of this country. Section 13 of the Constitution is very clear. It talks about the remuneration of the President of this Republic. Section 5 of the Constitution also confirms that the President of this country must be an hon. Member of Parliament. Section 13(5) says that you can never vary the allowances or the salary of a President to his detriment at the time of office. So, when we look at the procedure in which the Minister is bringing up the proposal--- When we look at Section 48 of the Constitution on how money Bills are brought to the House, it is very clear that if you have to bring it then you must have consulted the President.

*(Mr. Kimunya walked into the Chamber)*

I am happy that the Minister has just come in! It is as if the Minister for Finance wants to tax the President indirectly---

**Mr. Njuguna:** On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to refer to the Minister for Finance as an "angel" while he was presenting his Budget?

**Mr. Linturi:** Mr. Temporary Deputy Speaker, Sir, I have not referred to the Minister as an angel. I have said that he played to the Gallery and the public now sees hon. Members as devils while the Minister as an angel. It is a matter of language.

Mr. Temporary Deputy Speaker, Sir, let me, at the same time, say that the remuneration of hon. Members is clearly set out by the Parliamentary Service Commission (PSC). The procedure under which hon. Members are remunerated is through a process that was started by a team led by Rtd. Justice Majid Cockar, which did the recommendations. The recommendations were taken and put into a Bill. I believe the best way to go about it is to follow the right procedure. That way, we will be in a position to address these issues. The kind of issues that are being raised all over will be addressed accountably and to the benefit of Kenyans.

I really got embarrassed when I went to my constituency and I was told by the people that we do not pay taxes! Kenyans have not been made to understand that hon. Members pay taxes. That is something that must come out very clearly because we all pay Pay As You Earn (PAYE). Those are taxes. So, it should come out clearly that the proposal was to tax allowances paid to hon. Members. That way, we will not appear as if we are really paid from taxes paid by other Kenyans, when we do not want to contribute to taxation in this country.

The Kshs1 million that has been set aside for sports in every constituency is a good move. In very many constituencies, the youth will now be engaged positively, instead of indulging in activities that do not impact well in their development.

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

**The Assistant Minister for Tourism** (Ms. Mbarire): Mr. Temporary Deputy Speaker, Sir, I rise to support this very important Motion. At the outset, I want to congratulate the Minister for coming up with a Budget at a very difficult time in the history of this country.

Nonetheless, I would like to make some comments on issues that I feel are touchy and important for us to look into. I think the idea of zero-rating some of the food products was very good. That was on wheat, bread and rice. But I want to say that, that is not the end of it all. Even after zero-rating, we still have very many Kenyans who are not able to buy those commodities. We still have very many Kenyans who live below the poverty level. They live under a dollar a day. Therefore, that still becomes an issue. But I think it was a good step to zero-rate.

Mr. Temporary Deputy Speaker, Sir, we need to start thinking why our food prices are going up. It is because the supply is diminishing by the day. There is climate change. There is a huge demand in India and China. So, we need to ask ourselves how we will ensure that we have adequate supplies of the same in our country. If that was the line we were looking at, and which the Minister was looking at when he was coming up with his Budget, then he should have seriously thought about the areas of agriculture and water. The two sectors go hand-in-hand.

Mr. Temporary Deputy Speaker, Sir, the Ministry of Agriculture was given only 1.78 per cent of the national Budget. To me, it is too little and will have no impact in the long run. We have heard of farmers crying about the increase of prices of vital farm inputs. During the last planting season, many farmers were not able to plant their crop with fertilizer. Everybody knows that the prices of fertilizers were very high. To date, it still remains prohibitively high. I think it will not be possible for farmers to continue improving on their crop input, and improve the output, if the prices of fertilizers continue to be this high.

The Ministry of Water and Irrigation received only Kshs6 billion. With climate change, leading to rainy seasons that are no longer reliable, irrigation is the way to go. Most of our land is not arable. Therefore, we need to look into ways of ensuring that we make it arable. To me, Kshs6 billion is too little, if we, really want to improve the output of the amount of food that we produce in this country. Let me give an example. If we give enough water for irrigation in Ukambani, for example, that region can produce a lot of food for the rest of the country. However, with this kind of budgetary allocation, and serious dams of irrigation, for example, costing about Kshs500 million, Kshs6 billion still remains below par in terms of my expectation.

Mr. Temporary Deputy Speaker, Sir, I hope that the Minister will, in future, think of putting more money into agriculture and irrigation and allocate less to the National Security Intelligence Service (NSIS), for example, which received Kshs8 billion. The question that one would want to ask is why the Minister would give Kshs8 billion to the NSIS, which has a staff of 1,500 when he knows that this money is needed for more important activities that would benefit the *mwananchi*. We do not just need to give money.

We, as a nation, need also to understand our priorities: Where do we want to go? I feel that this money was a waste. We need to know more about it. What is it being used for? We know that the NSIS is shrouded in a lot of secrecy, but I strongly believe that this money is too much to be given to one body at a time when we are all tightening our belts in order to manage the hard economic times that are ahead of us, as a nation.

Mr. Temporary Deputy Speaker, Sir, fuel prices continue to rise by the day. It is becoming increasingly expensive to run vehicles in this country. While I know that the escalation of fuel prices is an international issue, nothing was provided in the Budget to cushion Kenyans. We had hoped that we were going to see the Minister do something about it.

Mr. Temporary Deputy Speaker, Sir, I want to touch on an issue that is very dear to my heart - the issue of youth and unemployment. During the Ninth Parliament, the Youth Enterprise

Development Fund (YEDF) was founded by the Ministry of Finance. The first amount of money that was given to the YEDF was Kshs1 billion. The YEDF, subsequently, received another Kshs1 billion. Now, the YEDF has been allocated more Kshs500 million. Therefore, the Kshs500 million allocated to the Fund through this Budget is very little.

Mr. Temporary Deputy Speaker, Sir, if we want to make meaningful impact on the lives of young people out there by enabling them to earn a living, we have to be committed to their cause. I saw that the Minister took a whole chapter talking about youth and employment. I had hoped that those good words were going to translate into actual financing. Kshs500 million, for me, is a big joke. We need more money for young people. But even what has been there has not been reaching the pockets of the youth.

Mr. Temporary Deputy Speaker, Sir, the reason the Youth Enterprise Development Fund was founded was because young people do not have collateral to access loans. Young people do not own property to use as security for credit facility. However, we know that many of the banks that receive that money to distribute on behalf of Government have introduced extra conditions. In my constituency, I have come across young people who have gone to the banks as individuals and they have been told that they cannot get the money as individuals, and that they must go as groups. When they go as groups they are given Kshs30,000. Now, if we truly mean to help young people and empower them, we have to do away with those conditionalities, and have to be serious with what we want to achieve at the end. When you give out Kshs30,000 to a group of 50 young men or women, do you really expect to see results out of that?

Mr. Temporary Deputy Speaker, Sir, we are giving this money at a time when the economy is hurting. Do you really expect to see results out of that money? I think we need to be a little more serious if we want to help young people. I know that some banks are even saying: "Go and get your father to come and sign as your guarantor"; or: "If you have a television bring the receipt for the television". What was the whole purpose and rationale of coming up with the Youth Enterprise Development Fund, if we are now putting conditions that the young people cannot meet? I personally think that there is a big problem with the way the Youth Enterprise Development Fund is being managed. Those banks that receive the money on behalf of the youth of Kenya, should be held accountable for what they are doing. They must account to Kenyans as to how much of that money they have been able to disburse and what the results for their work are.

Mr. Temporary Deputy Speaker, Sir, I want to thank the Minister because he thought of sports as a very important tool for the development of young people. While he is giving us Kshs1 million for each constituency, for me, this should not be a one-off activity, where this year every constituency plays football, buys uniforms, undertakes tournaments and it ends there. We must consciously work towards exploiting the potential of young people in sports, so that we do not just keep them busy, so that they forget they are unemployed and stop taking drugs and alcohol abuse. We should think of how we can improve them as professionals in the field of sports.

Mr. Temporary Deputy Speaker, Sir, I am sure that out there in the villages there are many young *Oliechs* whom we can develop. This amount of money to be given to each constituency will come to nothing, if we cannot develop the talent in the youth and expose it nationally and internationally. I hope that we are not going to tire our young people with football for the next one year and every where there will be sports going on, and after that, we take it that we are through with it and no more money will be allocated. We want this to be a national annual activity, and this money should continue to be given every year. Beyond that, we should start training academies in sport in every constituency supported by Government, so that we can develop, not just football skills, but also skills in athletics and in all other sporting activities.

Mr. Temporary Deputy Speaker, Sir, if you come to areas where there are rivers, like where I come from, we would like young people to learn how to do rafting. This is because it has become

a sport that also attracts tourists, and they can earn a living out of it.

Mr. Temporary Deputy Speaker, Sir, I want to raise the issue of rural electrification, which has been allocated Kshs6.8 billion. I think that is an area that the Minister has consistently continued to support and we must applaud that move. As a way of ensuring that young people gain employment at the rural level, we need electrification in every village and centre, so that they are able to start income generating activities. That way, we can also have Information and Communication Technology (ICT) in our areas.

Mr. Temporary Deputy Speaker, Sir, I strongly believe that it is time for Parliament to get involved in the Budget making process from the beginning to the end. We should approve the Motion for the establishment of the budget office. What is happening? Why has the budget office not become operational?

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

**The Assistant Minister for Roads** (Mr. Kinyanjui): Thank you, Mr. Temporary Deputy Speaker, Sir. I rise to support the Budget Estimates given this year. Maybe, before I start, I would like to pay tribute to Kenyans who, for the first time, during a very troubled year, have been able to get enough funds to finance our Budget. In connection to that, it is worth noting that about 87 per cent of our Budget will now be financed through local funds that will be accessed through our taxes. So, I wish to recognize and, indeed, congratulate Kenyans who, through their hard work, have been able to contribute and actually make our Budget a success. Many of us will remember that not too many years ago, it was, indeed, a tough task to do a budget in Kenya. That is because more than half of our Budget was expected from donors. So, I think it is a big step for Kenyans that, at least, as we do our Budget, we are largely able to finance it.

Secondly, Mr. Temporary Deputy Speaker, Sir, I would like to commend the Minister for his attempts to increase the tax bracket. For example, as we know, for a long time, the increase in revenue that Kenya Revenue Authority (KRA) gets through the collection of taxes is as a result of increasing the tax bracket, and not necessarily because of increasing taxation. That effort is well acknowledged. It will go a long way in terms of making our country self sufficient.

Mr. Temporary Deputy Speaker, Sir, I would also like to say that a country cannot boast of independence if it cannot meet its needs in terms of food, infrastructure and other requirements like health and energy. It is important that as Kenyans, as we strive to be an independent nation, we are able to meet our demands and needs financially.

Secondly, Mr. Temporary Deputy Speaker, Sir, as we are aware, the world is going through a serious food crisis. As a result of that, the global food prices have shot up. That has come as a result of the increase in oil prices which, as we all know, is an important component in the production of fertilizer. So, fertilizers have actually gone up by over 50 per cent in the last few months. Many of our farmers may not be able to use fertilizer when it comes to farming and, therefore, we expect a decrease in terms of the output. Towards that end, I strongly laud the Budget for waiving the tax on wheat. It is actually not a waiver but a reduction. The tax on imported wheat was reduced from the current 35 per cent to 10 per cent.

I also wish to note that 35 per cent of wheat in Kenya is produced locally. The rest is imported. So, the high taxation on imported wheat has tended to make our wheat products more expensive. So, we commend that move. It will go a long way to reduce prices of wheat products.

On the issue of taxation, Mr. Temporary Deputy Speaker, Sir, I would like to note that last year, the Government slapped a 120 per cent taxation on polythene bags. It was meant to discourage the use of that particular product and, thereby, reduce the menace caused by the same. Unfortunately, the increase in that particular bracket has also meant that prices of most of the consumer products like milk, bread and other consumables that are packaged using polythene bags have also gone up significantly as a result of that. We would request that owing to the current

increase in all other ingredients, tax on polythene bags should be reviewed in view of the current shortage and increase in consumer prices.

Mr. Temporary Deputy Speaker, Sir, the other issue was the reduction or removal of taxation on storage tanks for milk. As you are aware, a lot of agricultural produce in this country still goes to waste, because of poor storage technics. Therefore, the reduction of taxation on milk tanks will mean that more of it will be available and our milk will be sold in a more hygienic way and it will, therefore, increase its life and reduce wastage. This will go a long way in improving our food security.

Mr. Temporary Deputy Speaker, Sir, I would also like to focus on the issue of roads. As you are aware, the Minister allocated about Kshs65 billion for the road sector for the next financial year. This is, indeed, one of the biggest allocations we have had since Independence. We want to commend the Minister for such a huge and generous contribution towards that particular sector. However, I would like to note that as envisaged in our Vision 2030, roads will play a key role in the development of this country in the few coming years in the sense that without proper roads, access to the market has always been a big challenge. Unless that is addressed, then, it means a lot of the food that is available in the shamba will not be able to get to the consumers in the urban centres. To this effect, this allocation will help in increasing market access, especially in many of the areas where agricultural produce is not able to find its way to the market, thereby leading to a lot of loss and increase in poverty levels.

Mr. Temporary Deputy Speaker, Sir, I would also like to note that the continued development of the road infrastructure in this country needs to be looked at more seriously. As you are aware, we are spending a lot of money every year towards the maintenance and development of our road infrastructure. However, because of the overloading of trucks and other road users, our roads do not last long. As it has been noted earlier, we have always stressed that transporters should use the railway to transport their goods. If the railway will be more efficient, more of the cargo that is actually on the roads will be transferred to the railway and, therefore, increase the lifespan of our roads. So, we would expect that in future, the railway network should be critically evaluated with the intention of ensuring that we increase more cargo on the railway and, therefore, reduce the burden on the roads.

Mr. Temporary Deputy Speaker, Sir, I would also like to look at the issue of manufacturing and some of the issues that were touched on. I would like to note that the cost of energy in this country remains one of the highest in the region. This, therefore, has made our products more expensive than our competitors.

Thank you.

#### ADJOURNMENT

**The Temporary Deputy Speaker** (Prof. Kaloki): Thank you, Mr. Kinyanjui. We will begin with you tomorrow and you will have four minutes, when we come here tomorrow.

Hon. Members, it is now time for the interruption of business. The House, therefore, stands adjourned until tomorrow, Wednesday, 25th June, 2008 at 9.00 a.m.

The House rose at 6.43 p.m.