

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Wednesday, 13<sup>th</sup> April, 2016

The House met at 9.30 a.m.

*[The Deputy Speaker  
(Dr. Laboso) in the Chair]*

PRAYERS

QUORUM

**Hon. Deputy Speaker:** Can we have the Quorum Bell rung?

*(The Quorum Bell was rung)*

Order, Members! We are now properly constituted. Can we settle down so that we may begin our session?

**BILL**

*Second Reading*

THE ANTI-DOPING BILL

*(Hon. A. B. Duale on 12.4.2016)*

*(Resumption of Debate interrupted on 12.4.2016)*

**Hon. Deputy Speaker:** Please settle down, Members. Debate on this Bill had been concluded and what was left is for the Question to be put, which I proceed to do.

*(Question put and agreed to)*

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

**PROCEDURAL MOTION**

EXTENSION OF DEBATE ON THE BANKING (AMENDMENT) BILL

**Hon. Deputy Speaker:** Is this Procedural Motion by Hon. Ichung'wah or Hon. Midiwo?

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**Hon. Midiwo:** *(Inaudible)*

**Hon. Deputy Speaker:** But I can see Hon. Ichung'wah here. Is there an agreement?

**Hon. Midiwo:** *(Inaudible)*

**Hon. Deputy Speaker:** Okay. So, Hon. Ichung'wah will move the Procedural Motion and Hon. Midiwo will second it.

**Hon. Ichung'wah:** Thank you, Hon. Deputy Speaker.

I beg to move the following Procedural Motion:-

THAT, pursuant to the provisions of Standing Order No.97(1) and notwithstanding the resolution of the House of 10<sup>th</sup> February, 2016 regarding limitation of debate on Bills not sponsored by a Committee, the Leader of the Majority Party or the Leader of the Minority Party, this House resolves that debate on the Banking (Amendment) Bill (National Assembly Bill No.62 of 2015) be extended by a further two hours, from a maximum of three hours and thirty minutes, and that speaking time be limited to not more than five minutes for each Member.

Hon. Deputy Speaker, debate on the Banking (Amendment) Bill sponsored by Hon. Njomo had a few minutes remaining. In view of the change of circumstances in the banking sector, it is fair that we allow a number of other Members to contribute. With five minutes each, for another two hours, it will allow at least another 24 Members to contribute to this debate. In view of what has happened in the financial services sector in this country, I am sure that many Members who did not have opportunity to contribute to this debate, especially on the issue of capping of the interest rates within the banking sector, will want to speak.

Besides that, they will use the opportunity to speak on the new issues in the banking sector. I beseech Members to support the Procedural Motion. As we look at the emerging issues in the financial services sector, I ask the country and the Members of this House to appreciate that the banking or financial services sector is the artery of our economy.

With those few remarks, I ask Hon. Jakoyo to second.

**Hon. Deputy Speaker:** Hon. Jakoyo, you have the Floor.

**Hon. Midiwo:** Hon. Deputy Speaker, I rise to second. I do not think a lot can be said about this Procedural Motion but only to echo the sentiments of the Mover; that, it could not have come at a better time. This House needs to ventilate and try to seek solutions to the issues affecting the banking sector.

We know that Hon. Speaker yesterday allowed ventilations, urged and directed the Departmental Committee on Finance, Planning and Trade to do something. The larger issue is in terms of investigating the origin or basis of the financial mess we are faced with.

The Procedural Motion is important in that it debates the original Bill with a view to further interrogate the whole set up of the Banking Act so that we deal with some loopholes. Those loopholes have left this mess to continue over the years. The Leader of the Majority Party yesterday alluded to a very big danger, which is the fact that the National Bank of Kenya (NBK) is holding the funds of the National Social Security Fund (NSSF). That danger is big. You and I know that there will be no financial market in this country if the NSSF goes down. Being the minority shareholder of the NBK, but the largest single shareholder of NBK, the NSSF cannot be left to get away with what seems to be a very concerted effort to bring down a bank.

**Hon. Deputy Speaker:** Hon. Jakoyo, you have gone into the debate. We just want to, first, dispense with the Procedural Motion so that we allow Members to get those two hours they require to debate. If you could second this Motion so that we move on, we will appreciate.

**Hon. Midiwo:** I will follow your instructions, Hon. Deputy Speaker. I had spoken. So, I had to take my bite without violating anything. I cannot go back and speak on the original Bill. I second.

*(Question proposed)*

*(Question put and agreed to)*

## BILL

### *Second Reading*

#### THE BANKING (AMENDMENT) BILL

*(Hon. Njomo on 10.3.2016)*

*(Resumption of Debate interrupted on  
10.3.2016 – Morning Sitting)*

**Hon. Deputy Speaker:** If Hon. Wanjiku Muhia is in the House, she had a balance of three minutes. If she is not here, the first on my list is Hon. Mbadi. I hope you have not spoken on this Bill.

**Hon. Ng'ongo:** Thank you, Hon. Deputy Speaker. I want to contribute to the Amendment Bill by Hon. Jude Njomo.

I start by saying that this House has made several attempts before. I recognise that this attempt was made by Hon. Jakoyo in a number of occasions through the Finance Bill. It was to have banks controlled in terms of the way they are fleecing the people of Kenya. All of us are aware that the interest rates offered by the banking sector are completely unacceptable. You will find the sector giving us very little in terms of interest on deposits and yet they charge those they give loans a lot of money.

It is high time this House took a bold step. I know the banking sector is very difficult to fight. That is what has brought this ailment. If it were easy to fight the banking sector or to control it, this amendment would have come earlier. I remember there was even a time as a House when we were invited by the former President to persuade us to drop similar amendment but the Members of Parliament refused. Finally, it was not assented to.

I want to appeal to the President that this time, given the happenings in the banking sector, the moment we pass this amendment Bill - and I am sure it is going to be passed - he should cooperate with the people of Kenya who are feeling fleeced by the banking sector and signs this amendment into law. We should rein in on banks and make them know that they are not gods.

It is unethical that the banking sector is operating like cartels out to fleece ordinary poor Kenyans. The kinds of profits that are declared by the banking sector in this country are

unacceptable. This is our money. When we see banks declaring so much money, we should know that the money goes to a few individuals. That is why the gap between the rich and poor in this country continues to widen. This is because you take money from the ordinary person who is selling *mboga* in the street and give it to the pockets of those we can call *mabwenyenye* and make them richer and impoverish those who are already poor.

I want to thank Hon. Jude Njomo for bringing this amendment to the Banking Act. I also want to agree with Hon. Jakoyo that we need a comprehensive review of the Banking Act and the Act that has set up the Central Bank of Kenya (CBK). There is a problem in the banking sector in this country. I am scared that what we have seen could be a tip of the iceberg. We mentioned as early as 2011 that the former Governor of the CBK was a disaster but we were not listened to. I remember I even brought a Motion in Parliament to discuss that Governor. At that time, he could not even control the depreciation of the Kenyan shilling for no reason. All economic indicators were pointing that our shilling should not have weakened that way. We did not get the Governor to put his acts together until very late in the day. The current Governor has taken barely nine months in office and you can see what is happening. I only hope that he did not cause more damage to the financial sector in this country as I suspect.

I also want to speak to the Members of my profession. I saw the Institute of Certified Public Accountants of Kenya (ICPAK), where I am a very prominent Member defend the membership of the ICPAK. I want to disagree with the Chairman of ICPAK. I know it is not the primary responsibility of auditor to take responsibility on accounts or financial statements, but he has responsibility to express the opinion on accounts as prepared by the Board of Management. The auditor cannot run away when we are talking about billions of shillings having been loaned to individuals contrary to the law and they call it inside borrowing; loans that become toxic. Then the auditor who is supposed to represent interests of shareholders is telling the whole country that he is not responsible. Through clear, properly organised audit test, the auditor is able to notice unusual behaviour and movement of funds in banks.

It is unfortunate that the same auditing firm - no ill intention is meant here- was auditing Chase Bank and it is the same one auditing the NBK. Both banks are involved in similar transactions that are causing depositors and even shareholders to lose money. It is unacceptable. The auditing and accounting professions must up their game. I am a member and I will speak when we meet in our annual forum later next month. We must condemn bad practices in our profession and we will make a difference in this country. Defending our colleagues is what is bringing this country down. I will not participate in supporting---

**Hon. Limo:** Thank you, Hon. Deputy Speaker. I also rise to support this very important Bill. The entrepreneurs of this country have been discouraged for a long time. Every time you want to borrow money, the first thing you do is that you will be given hope which is normally false. You will be given goodies by banks which will give you loans and all sorts of things but there are many hidden costs. Other than the high interest rates which in most cases they do not disclose, there are many hidden charges which discourage people. You will find somebody borrowing Kshs50,000 but within a very short time, he is required to pay Kshs80,000. If you delay a bit, you will be required to pay Kshs120,000. It is unethical in any way we look at it, that the interest is more than the capital you borrowed.

Therefore, this attempt to cap interest rates is long overdue. We remember the popular “Donde Bill” long time ago, which never was. I hope this time round, Njomo’s Bill will be implemented. We need to be very independent as a country. We cannot follow what the world is

saying; that we liberalise. It depends on the development level of the country. Therefore, if we continue saying that we should leave everything free, we are going to fleece our people. It is unreasonable for banks to behave like cartels who agree on what to do to ensure that they fleece Kenyans. They give you a lot of hope where there is no hope. In fact, we need to tell Kenyans to be very careful when they are putting their money in banks. You also need to be very careful in terms of negotiating for your interest rates. How come Kenyans rarely earn any interest for deposits? You deposit billions in the bank accounts but they do not declare any interest which you earn. You earn nothing out of it. They use the same money to give loans and charge up to 30 per cent. So, we need to put a cap and say that they should not exceed a certain percentage as suggested by Hon. Njomo. The 4 per cent is reasonable enough because it is able to pay whatever cost which the banks are charging.

It is not only banks which are making Kenyans poorer. If you look at the communication sector, for example, you will find that companies are declaring billions of money as profits. These profits are supernormal. Therefore, we should ask regulators like Communications Authority of Kenya (CA) to come up with suggestions to cap charges charged by communication operators because people are becoming poorer in this country instead of getting richer. When it comes to these banks which are giving us nightmares, I support my friend, Hon. Mbadi, that there is a serious management crime in our banking sector. You will find that the same people who have been doing very well in the eyes of the public are the CEOs of the year. We need to come up with sanctions for these bodies which purport to analyse and come up with the best CEOs of the year. We need to investigate them. One year, somebody is the best CEO of the year, the following year, he is the worst criminal. Therefore, we wonder the kind of parameters these professional bodies use to analyse and say, "this is the best man in the world" and encourage people to deposit money there and later say it is insider lending yet it is corruption. Why is it called corruption in the public sector but when it comes to the private sector it is called insider lending? What is "insider lending"? If banks could not analyse and state the capacity of this---

**Hon. Deputy Speaker:** Your time is up. Hon. Wamunyinyi, the cameras on my left are not working. You may wish to use the Dispatch Box. All the cameras on this end are not working. You can use the Dispatch Box if you would like to be seen making your contribution.

**Hon. Wamunyinyi:** Thank you, Hon. Deputy Speaker for giving me the opportunity to contribute to this Bill, which is considered as one of the most important Bills. This Bill comes at a time when the banking industry is facing serious challenges. We have all seen the manner in which the few banks, including our own bank - the NBK - have traded with and treated Kenyans who are customers. They have suffered. Kenyans who had invested and deposited their money in Chase Bank lost millions of Kenya shillings when it went under. There must be a way of dealing with the banks.

Specifically, this Bill seeks to provide regulation which would ensure that interest rates are predictable; the clients borrowing understand that there will be a ceiling and that when you borrow at a specific rate, that rate should not go beyond a certain ceiling. Therefore, I wish to commend Hon. Njomo for his decision to bring this Bill to Parliament. Most of us, namely Members of Parliament and members of the public, have suffered irreparable damage arising from interest rates charged by banks. Many have lost their properties and they are miserable as a result of interest rates charged by banks. Members of the public borrow little money or whichever amount they borrow but the interest rates go up constantly. They increase to unbearably high rates which lead to the customers failing to pay. This has led to litigation.

Members of the public have been victims. We should support this Bill and ensure that we rein in on banking institutions which have specialised in getting customers to borrow but they end up harassing and robbing them of their funds and properties. I can term this as robbery because the manner in which the public has lost funds and property is not acceptable.

One other issue relating to the banking industry, which will need to be addressed, is on reporting. At the moment, if you hold an account in one bank and it becomes dormant and attracts charges; you are reported to have defaulted. There is no mechanism once you normalise the situation. If you had a loan and you did not service it on time, there is no mechanism for reporting that that customer or that member of the public at some point defaulted but has normalised the situation. There is no such arrangement. It is easy for this to be done. For instance, you may have taken a loan with the Cooperative Bank of Kenya, repaid through difficulties and completed the loan. If you went to another bank after it had been reported that you had defaulted and nothing had been corrected, you would be said to be having a loan elsewhere or to have failed to pay. We need to put in place mechanisms to deal with this. Professionals like Hon. Ichung'wah should work on ways of ensuring that once you had been reported to have defaulted and you have normalised the situation, there is some mechanism of ensuring that a report is made to the relevant authorities to ensure that you are not penalised or suffer damages in future.

It is important for us as Kenyans and, particularly Members of Parliament, to ensure that we streamline issues of banking and financial institutions in this country. It is not the first time that we are experiencing these problems. They have been there in the past but no adequate measures or steps were taken to ensure resolution of these problems. I call on the Government as we debate and pass this Bill, to ensure that adequate control is put in place to safeguard the interests of Kenyans.

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

**Hon. Deputy Speaker:** Let us have Hon. Samuel Gichigi.

**Hon. Gichigi:** Thank you, Hon. Deputy Speaker. I rise to support this Bill. Like my colleagues, I congratulate my colleague Hon. Jude Njomo for being bold enough to come up with this proposal.

I wish to start by saying that not all banks are rogue. It is good for Kenyans to know that we have had a very good history with some banks. We, therefore, need not condemn all banks as a whole. Having said that, it is now clear that we have banks that are run, owned and managed by fraudsters. It is high time we came up with the necessary legal framework to protect Kenyan depositors and the economy from these fraudsters. It is important even for the very good banks to be regulated. The charges that they heap on their customers even when you have not borrowed are exorbitant. It is high time we passed a law that requires banks to act like the former local authorities using what was called "a single permit" where all the charges were lumped together. A person going to the bank knows that this is the much that he or she is going to pay to the bank for operating an account there. If you look at any ordinary bank statement, you will find that there are very many charges that it is difficult to keep track on how much money the bank is getting from its customers.

With regard to loans, the relationship is usually skewed. As a lawyer who has handled many cases including representing people who have had tussles with banks, when a person borrows money and you look at the document that is signed, be it the charge document or the mortgage document, it is so detailed even for a lawyer to explain it to the borrower. The

implication is that it is difficult. The National Assembly must come up with a law that helps the borrower. We must make the whole system and process simple. We must ensure that there are no hidden charges. The bank must charge a certain interest rate.

I am aware of instances where somebody borrowed Kshs70,000 but at one time the bill was about Kshs5 million. That is Kshs70,000 to Kshs5 million. It is not logical and it does not make sense at all. So, I support this Bill.

Hon. Deputy Speaker, in terms of where we are going, it is important that we also put to task the CBK. We cannot let CBK officers who are some of the best paid public officers in this country to, instead of carrying out their duties, go to bed with some banks and participate in robbery of depositors' funds. These people should be charged with obtaining money by false pretences. They earn salaries but do not do their jobs. I am happy that the Departmental Committee on Finance, Planning and Trade is going to inquire. Let us hope it returns a verdict that some people should be charged.

I have two more issues. One, from the many billions that the banks are making, we must ensure that insurance is kept or a pool of funds is established where if a bank goes under all the depositors' funds are recovered from that particular pool, like we used to have the insurance pool.

Finally, it is important that Members of this House realise that banks are going to try to lobby against this Bill and we need to guard against that.

**Hon. Deputy Speaker:** Your time is up! Let us have Hon. Timothy Wanyonyi.

**Hon. Wetangula:** Thank you, Hon. Deputy Speaker. I also want to support the Banking (Amendment) Bill. For a long time banks have taken Kenyans for a ride. Sometimes people who want to engage in business apply for a loan and the bank gives them a different rate at the time of borrowing but at the time of paying the loan you end up paying maybe twice or even three times the amount you borrowed. This is something that has really frustrated many Kenyans and many people have decided never to take loans from banks. They go to shylocks who operate unofficially. Mostly, they lend money and are very crude in recovering it.

It is high time that financial institutions are regulated. When somebody is engaged in business or wants to make an investment and applies for a loan, the same rate he got at the time of borrowing should apply until the loan is repaid. So, this Bill is very important. If rates are fixed and applied as per the law, I am sure it will save many Kenyans who want to do business. Mostly, they are stranded because they cannot access cheap credit facilities. It is high time the Government came in to provide control over rogue banks. Banks are making abnormal profits. Many times you see banks returning profits. I have never heard of a bank making loses. Every time they return abnormal profits and yet our economy is struggling.

Today, when we look at the operation of banks we see the failure of the regulator, the CBK in providing leadership in the management of these banks that are stealing from Kenyans. People open accounts and make their deposits and even their little investment is stolen by a few people who run away. Most of these people go scot-free. By the time we come to know what is happening, like at Chase Bank, they have walked away with billions of shillings. Kenyans who had deposited money in that bank are left stranded. The regulator has failed to deal with rogue banks. We are going back to the 1980s and 1990s when we used to have politically-correct banks which were operating at the whims of politicians.

We need to make sure that the CBK cracks the whip and makes sure that banks are operating within the law and Kenyans have confidence in the banking sector.

If you look at a bank like Equity Bank - I am not saying that Equity Bank has problem - if it collapses today, it will affect the whole country and the economy might come to a standstill because it operates at almost every level of our villages. Many Kenyans have accounts in the bank.

As I support this Bill which has come at the right time, as we try to provide a ceiling---

**Hon. Deputy Speaker:** Your time is up! Hon. Kimani Ichung'wah, you have the Floor.

**Hon. Ichung'wah:** Thank you, Hon. Deputy Speaker. I also rise to support this Bill. As has been said by many contributors to this debate, there are many emerging issues besides interest rates. The very exorbitant interest rates charged by banks have stifled the growth of businesses in this country. But more worrying is the fact that the interests these banks are paying to individual depositors of banks are not just low but are ridiculously low. More worrying is the fact it is not just individual depositors' funds. We have seen very unfortunate situations where many of these banks take deposits from the public sector especially parastatals. Those of us who sit in Public Investments Committee and Public Accounts Committee will testify that many of our Government agencies and departments are putting huge deposits in these banks. Since they are not expected, under the Public Finance Management (PFM) Act, to put deposits in banks, the banks are paying, in certain circumstances, no interest at all. It is this money they move to lend to businesses at very high interest rates.

It is the same business people who have contributed this money in taxes. We have seen cases of Chase Bank, the NBK and Dubai Bank. At least, for two of those banks that have collapsed in the recent past, I am certain that one may not have collapsed like the NBK. As has been said by some Members here, they hold very huge deposits of public assets and public funds. The NSSF has huge deposits in the NBK. I know of a number of other private banks that may not be very stable but are holding huge deposits from our parastatals. Maybe these are some of the issues that Members of this House and those in the Executive need to look at to ensure that provisions of the PFM Act and the National Treasury regulations regarding investments of deposits of public funds are clearly adhered to.

The issue of corporate governance in banks has been spoken to at length.

What we have seen in the unfortunate closure of Chase Bank, Dubai Bank Kenya and Imperial Bank Limited are clear cases of lack of corporate governance and very weak corporate governance structures. I hope that as we move to the Third Reading, we will move amendments that will ensure that we further strengthen the corporate governance of our banking sector.

As I said when moving the Procedural Motion, our banking sector is truly the artery of our economy. If there is a small clot in this artery of our economy, we will completely destroy the economy of this country. For us to be able to do that, we must insist that the CBK which is the regulator--- I know there have been challenges with the composition of the CBK Board but we now have a new Governor who seems to be focused. We must ask ourselves whether the former CBK Governor and the Board that was there then had any complicity in what we are seeing in the banking sector today.

There is the Bank Supervision Department in the CBK. This is one department that the current Governor, if he means business in cleaning up the banking sector, should clean up. This is because if there is failure in corporate governance and in the way we account for depositors funds in these banks--- There is a pointer that there has been complicity and there is a clear trend that one audit firm in this country has consistently been the only firm that has been auditing most of those banks that have corporate governance issues and disclosure issues. As we move forward



we need to look at how these audit firms audit and what kind of disclosures they make and do not hide behind client confidentiality.

**Hon. Deputy Speaker:** Okay. Before we move to the next contributor, I would like to recognise the presence of students of Kenya Navy Primary School from Likoni Constituency, Mombasa County. You are well come in the National Assembly.

Let us have Hon. Wilbur Ottichilo. Remember I said there are no cameras on that side. So, use the Dispatch Box.

**Hon. (Dr.) Ottichilo:** Thank you, Hon. Deputy Speaker. I rise to support this Bill. It has come at the right time when this country is facing a major financial crisis. It is for this reason that I support this Bill. In the 10<sup>th</sup> Parliament you recall this Bill with the same intention was brought by Hon. Jakoyo Midiwo, we debated it, we approved it but it was shot down when it came to assent. I hope this time round His Excellency the President will assent to this Bill because it is very important.

Kenyans cannot access loans in banks because the interest rates charged are obscene. If you go for a loan they will tell you the interest rates, but they do not tell you the other hidden charges. So, immediately you take their loan you find that the interest rates have gone up. If they had told you it is 15 per cent, you discover that you are paying 30 per cent. In the process they keep on compounding the interest. So, if you borrow even Kshs5million and you default a bit, you end up paying so much money. Therefore, we must control these banks.

The CBK must come out and control them. It is obvious our CBK has let us down. If it was doing its work then this Bill would not be necessary but it has failed and for that reason, it is important that this House takes the responsibility to bring order and sanity in the banking system.

In this proposed amendment, it has been proposed that if the banks failed to comply with this the penalty provided, in my view, is too little. Charging them Kshs1million for defaulting to comply is nothing. So, in the Third Reading, we need to enhance the penalty from Kshs1million to Kshs10 million and from one year to five years. This is so that we bring sanity to the banking industry. Our people cannot borrow money from these banks because of the high interest rates.

Therefore, because of that people decide to borrow from shylocks who are equally a problem because they also put high interest rates and if you do not pay they put harder conditions. So, it is better that we put sanity in our banking industry. Most of us have had a chance to stay in Europe and the United States of America (USA). The interest rates in those countries are not more than 4 per cent at any given time. I have stayed in the Netherlands for almost six years and the interest rates on any loan were not more than 2 per cent.

I wonder why we should have interest rates in this country going beyond 30 per cent. One wonders what happens. Banks do not have their own money. They only get a certificate from the CBK to operate and then they open offices, buy a few computers, advertise and ask Kenyans to bring their money. Banks do not invest their own money. The money they are trading with is Kenyans' money. How comes once they get your money, they charge you so much? It is like they are penalising you for putting your money in their account.

In some cases when you leave your money in their accounts, instead of getting interest, they deduct more money from you. I have had a chance where my bank account remained dormant because I was out of the country. When I came back after two years I was in the negative. I wondered what happened to my account. It was a savings account, I expected to find more money in the account but instead I found a negative figure. So, you can see how serious this matter is.

A bank such as the NBK has money for the people of Kenya. The NSSF is the biggest investor in this bank. So, when we hear that the NBK is having problems we wonder. If by bad luck this bank goes under, then all Kenyans will be affected. Lastly, how come when you invest money in trust funds in these banks, they give you more interest? If you invest your money in trust funds you get interests of over 10 to 15 percent. This is the case and yet the banks give one or two per cent interest on money deposited in their accounts. However, if you invest your money in trust funds, you will get as much interest as 15 per cent. So, it is a clear indication that these banks are stealing from Kenyans in broad daylight.

So, for that reason, I support this Bill. I hope Hon. Members will support it and the President will finally assent to this important and crucial Bill.

**Hon. Deputy Speaker:** Thank you. Let us have Hon. Robert Pukose.

**Hon. (Dr.) Pukose:** Thank you, Hon. Deputy Speaker for allowing me to contribute to the Banking (Amendment) Bill (National Assembly Bill No.62 of 2015) by Hon. Jude Njomo.

At the outset, I thank the Hon. Member for the effort he has put in coming up with this amendment Bill. This amendment Bill is aimed at curbing the interest rate at 4 per cent above the CBK rate. I know some of my colleagues are going to bring an amendment to curb it at 4 per cent above the Kenya Banks' Reference Rate (KBRR), which is well calculated, compared to the CBK which is prone to manipulation considering the past experience.

It is a shame that a bank like Chase Bank collapsed recently and the NBK is on the red. This is the case and yet they have been audited by firms that we thought were reputable. Today, we can no longer trust that firm and it needs to be investigated. In the past, when anybody looked at a report from Deloitte and Touche Kenya, he or she thought that it was a firm they could trust. We are now asking ourselves what happened and where the problem is. It seems for many years Kenyans have been taken for a ride. We need to look back and find out for how long and how much have we lost.

Our country has a history of people setting up banks to defraud *Wananchi*. Look at the history of Trade Bank and others which have come a long way, people set up banks and once they get deposits, the banks collapse and they disappear with people's savings. They go to Cayman Islands and other places to set up businesses and enjoy the sweat of others. You can also look at the history of this country when talking about insurance firms like the Kenya National Assurance Company (KNAC) and other insurance firms. The Health Maintenance Organisations (HMOs) that people set up also collapse. This is a syndicate that must come to an end. It is up to this House to look at it and say enough is enough. Kenyans have been defrauded enough. Look at the pyramid schemes, people collected money from Kenyans and afterwards they collapsed. They cry, but it is business as usual for other people.

As we speak today in my county of Trans Nzoia, we are feeling very sad because the county government had deposited money in Chase Bank which was meant for bursaries. In the whole of Trans Nzoia County many children will miss school fees. It also raises the issue of institutions having to look at where they are depositing Government resources and banking public money. When somebody comes up with a small bank they always give incentives to institutions. Maybe, they will approach a governor who will decide to save in that bank. Looking at the activities of Chase Bank in the past few weeks, they have been involved in prize giving, best awards and giving donations to public figures. These public relations were meant to win the public so that they could deposit with them and get money through dubious means.

I support this Bill and hope that the House will support it with the various amendments to strengthen it so that we can offer Kenyans the best.

With those few remarks, thank you, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** Hon. David Ochieng is not here. Let us have Hon. Bady Bady.

**Hon. Bady:** Asante sana, Mhe. Naibu Spika, kwa kunipa fursa hii niunge mkono Mswada huu. Kando na kuunga mkono Mswada huu ninataka kusema kuwa Wakenya wengi sana wana matumaini na benki zetu za Kenya. Lakini matumaini hayo kwa wale wanaoweka pesa zao huko yanawaletea shida. Benki nyingi sana hapa nchini Kenya hivi sasa tunaona zinamilikiwa na matapeli. Nikisema hivyo, karibuni ilikuwa Benki ya Imperial na juzi Benki ya Chase. Wananchi waliokuwa wanalia kwa sababu wameweka pesa zao huko ni wafanyi kazi wadogo. Mpaka saa imekuwa ni shida kuona kuwa pesa zao haziwezi kuwasaidia.

Inasikitisha sana kuona kuwa mwananchi wa kawaida anaweza kutoka nyumbani kwake na kuelekea kwa benki zetu za Kenya kuweka pesa zake akiamini kuwa ziko mahali salama. Lakini inakuwa hali ngumu kwa mwananchi yule ambaye ameweka akiba yake huko kuamka asubuhi moja na kuambiwa benki imefungwa ilhali alikuwa anajiendeleza. Anarudi katika hali ya umaskini. Afadhali hao wananchi wafikirie njia na mbinu za zamani. Badala ya kupeleka pesa kwa benki afadhali waziweke chini ya godoro mahali ambapo ni imara zaidi kuliko kuziweka kwa benki leo halafu kesho ama kesho kutwa usikie benki imefungwa.

Ni muhimu Serikali ije na vidhibiti kamili vya kuona ni namna gani watakuwa na mwongozo sawa katika hizi benki zetu ili wakati watu wanaweka pesa zao huko hakuna shida. Kitu ambacho kinanishangaza zaidi ni kuona mwananchi wa kawaida akienda kukopa pesa katika benki zetu. Akipewa mkopo na achelewe kidogo kuulipa, unasikia mtu amepelekwa kwa wadhibiti wa benki. Hataweza kufanya biashara katika benki yoyote nyingine. Huyu ni mwananchi wa kawaida. Lakini akiwa mkurungezi wa benki, tunaambiwa hiyo ni kukopa ndani kwa ndani. Unaona mtu yule anakopa hata bila dhamana. Wanasikizana leo tu na kuchukua shilingi bilioni moja au moja na nusu. Bila vidhibiti zaidi, wananchi wa kawaida wanapata ugumu kujikimu kibiashara.

Ninaunga mkono Mswada huu na kusema kuwa Serikali yetu ni lazima isimame kidete na kuona kwamba benki zetu zinaweza kudhibitiwa ili wananchi waweze kupata dhamana ya pesa zao na wajiendeleze kimaisha.

Kwa hayo machache, ninakushukuru sana Mhe. Naibu Spika kwa kunipatia nafasi hii ili nichangia Mswada huu.

**Hon. Deputy Speaker:** Let us have Hon. Kathuri Murungi.

**Hon. Murungi:** Thank you, Hon. Deputy Speaker, for this opportunity to also give my input to this Bill. First, I want to thank my colleague and friend, Hon. Jude Njomo for his effort. Kenyans have experienced a lot of problems with the banking sector and with this amendment we will see the light of day. We now have an opportunity to regulate banks.

Commercial banks, of late, charge customers very high interest rates. This Bill which seeks to curb ceilings on lending is the best present ever for people in business. If today you borrow some money from a commercial bank to start a business, you will find that the interest rate you are supposed to pay is too high. How high will your profit margin be so that you can repay the loan and make some profit? That is why many business people taking bank loans at the moment are already enlisted with the CRB because they are unable to repay these loans. We are headed in the wrong direction and this is the best time to control the interest rates charged by banks.

One thing I am also not comfortable with is the fine of only Kshs1 million that banks that will not comply with this requirement will be expected to pay. The Kshs1 million is peanuts to a bank which is fleecing many customers. At the Committee of the whole House, we should increase the fine from Kshs1 million to maybe what my friend, Hon. Ottichilo proposed, about Kshs10 million. It can be even Kshs50 million. The penalty should be punitive, so that banks can comply.

The Governor of the Central Bank has a lot of powers to rein in these banks. This is the right time for him to come in. I would like to congratulate him because in the last three months, he has rescued three banks which were almost collapsing and were under receivership. These are the Dubai Bank, Imperial Bank and now the Chase Bank. The Governor is doing some good job and this is the type of a governor Kenya has been yearning for.

Last week, I heard him say that this is a bad law. I hope he has not been misadvised. If he takes some time to look at this law keenly, he will realise that Kenyans need this law like yesterday. It is very unfortunate that every year, banks are declaring billions and billions of shillings in profits. We fail to understand how banks make a lot of money in profits while depositors in those banks become poorer day by day. This means that banks are enjoying Kenyans' sweat through high interest rates and Kenyans are suffering. I am happy because both sides of this House are unanimous in agreeing that this law needs to be changed.

There are fears that it might not be so through the Presidential assent, but this House has power to amass the two-thirds majority and rescue Kenyans from what is happening in the commercial banks.

The SACCOs charge as low as 6 or 8 per cent interest rates and they are not going under. We wonder why commercial banks cannot follow the steps the SACCOs are using. Kenyans should save with SACCOs as much as possible and forget commercial banks, so that they can also make some profits.

**Hon. Deputy Speaker:** Member for Kaiti, Hon. Makenga. Use the Dispatch Box from this side.

**Hon. Makenga:** Thank you, Hon. Deputy Speaker for this opportunity. I rise to support this important and timely Bill. Kenyan Banks have a tendency of operating like pyramid schemes, particularly the newly formed banks. They come up with lucrative packages which at the end of the day are meant to attract customers. Once the customers come and fill the bank, they end up being disappointed because when they negotiate a certain percentage of interest rate, for example, 17 per cent, when they borrow, they end up paying more. Somebody who borrowed money at the rate of 17 per cent ends up repaying at the rate of 30 per cent. It is high time the Government reined in the Central Bank as the supervisory body to ensure that banks operate within the regulations that are there. We can attribute the falling of these banks to poor supervisory by the Central Bank. The Central Bank monitors the business or transactions of commercial banks or micro-finances. You cannot tell me that banks just fall overnight. There must be a history, whether for two weeks or one month. They should have monitored and put such things to halt.

I support the Bill when it says that interest rates should be pegged at 4 percent above the CBK rate. Some of the banks have turned borrowers into beggars and very poor people. You walk into a bank, borrow money and all the investment that you have accumulated is lost because a lot of money has interest. Officers who are charged with monitoring commercial banks should be very strict, so that similar cases do not happen in our country. Some banks went under

about 20 years ago and depositors have not been paid to date. What is going to happen now that Chase Bank, Imperial Bank and other banks have gone under? Depositors who had kept their hard-earned money end up losing all their fortune within a very short time. This Bill is timely and should be supported by all and sundry. We should also ensure that this should not happen again. Banking should not be turned into a pyramid scheme where after a short time, banks collapse, the bank officials walk away with our money and it is business as usual.

When a borrower defaults, he is auctioned. This is the right time to rein in these banks. I support the Bill.

**Hon. Deputy Speaker:** Hon. Richard Tongi.

**Hon. Tongi:** Thank you, Hon. Deputy Speaker for the opportunity to speak on this good Bill that is meant to make a difference on how we manage our finances in our country. At the end of the day, we do not remember how we used the money, but how we misused the money that we borrowed from banks. Having been in the bank for most part of my working life, I will tell you from experience that one of the challenges we have as a country is that we have not inculcated a culture of finance management in our people.

People do not differentiate between the borrowed money and the money that is available for family use or money they can use without having to think twice on how it is going to be refunded. The culture is what we need to inculcate in our people because we cannot develop unless we borrow from banks. What do we do with the money we have borrowed from banks? Most of the times, we confuse that money with our money and borrow without having any project in mind to invest in, but just to have a feel good effect that we have money in the account, which is not meant for anything. I dare say that if you fail to plan, you are preparing to fail. That has been the case most of the time. From the outset, I oppose the idea of controlling bank interest rates for the simple reason that banks are in business and people borrow from banks on their own volition. No one is under pressure or at gun point to borrow money from a bank. You borrow because you want to meet a need. If you do not use that money wisely, you cannot turn back and use a law to mismanage business people who have invested their resources in the bank business to ensure it generates income for the country.

Hon. Deputy Speaker, in the recent past, we have gone through challenges as a country one of them being perceptions. It is perceptions that have killed the three major banks. I dare say that Chase Bank would not have gone under were it not for the social media. Bloggers, in their busy schedule or lack of it, have made it a business to badmouth strong institutions without thinking of the repercussions that their actions bring along.

No bank in the world can stand a run however big it is even if it is controlling 50 per cent of the borrowed money or financial requirements in that country. If there was a run in this country or elsewhere in the world, then there is no bank that can stand that. As lawmakers, we should pass a law that has serious penalties to deal with bloggers who are passing messages in the social media to the effect that bank “X” and “Y” are in trouble without substantiating how the trouble has come about, thus putting those banks and the hard-earned money of Kenyans into risk. Banks cannot stand the pressure when people start withdrawing money from their accounts.

I oppose this Bill. I oppose the idea of controlling interest rates because I do not think it is in the best interest of the country to do that. We should do it differently by educating our people to know how to use money borrowed from banks wisely. Our economy cannot grow unless banks are supported to grow, so that they can have more resources and money to support the people who borrow from these institutions.

**Hon. Deputy Speaker:** Hon. David Ochieng.

**Hon. Ochieng:** Hon. Deputy Speaker, I would like to thank Hon. Jude Njomo for this important Bill. It comes at a time when we are talking about financial deepening and bringing more Kenyans into the financial systems and making them access the banking system. Any discussion on interest rates must be done bearing in mind that as a country, we are having more of our people out in the banking sector, but not inside. The idea should be to bring more of our people into the banking sector and doing so requires that this country takes measures that could handle the interest of how the banking sector operates and the interests of a Kenyan who wants to join the banking sector and hopes to benefit from it. Capping interest rates will ensure that the banking industry operates well.

*The Deputy Speaker  
(Hon. (Dr.) Laboso) left the Chair]*

*[The Temporary Deputy Speaker  
(Hon. (Ms.) Shebesh) took the Chair]*

This Bill does not address the issues that affect Kenyans today. It does not address the issues that will ensure that interest rates come down. Interest rates do not come down just because we passed a Bill that we will cap it at four per cent, offer the best rates of the Central Bank of Kenya (CBK) and fix deposits at seven per cent. More measures need to be taken. We should study the banking sector to know the problems. We need to know what is ailing the sector. We should also know if it is interest rates that are causing these problems. Why are banks charging high interest rates? It is probably because more Kenyans are defaulting because of the high interest rates.

We should look for a way of handling this. We have listened to experts talking about this and I am personally impressed by the Governor of the CBK's approach. He is willing to take measures which in his opinion, will in the long term, sort out the issue of interest rates. If you cap interest rates, then a few people at the higher end of the spectrum will not access loans because banks will now choose who will get loans. They will have to assess the risks. If you apply for a loan, it will take about four months to get it if you are a low earner. We must look at this issue holistically and look for the best method. We should understand why banks are charging high interest rates. Is it because of the cost of carrying money or a risk of defaulting borrowers? Our institutions lack the ability to enforce the rules passed. If the CBK and related institutions enforced the regulations, then we will be very far.

The other law in point is the competition laws. Interest rates are high because they are fixed. This Parliament passed a law that creates the Competition Authority which has refused to get in the banking sector to investigate the person behind fixed interest rates. It does not add up to have more than 20 banks in the industry with almost the same interest rates. Banks are colluding to fix interest rates at some level, so that they do not go higher or lower than a certain percentage. A major problem in the banking industry is the issue of fixed interest rates and we should invite the Competition Authority and the Capital Markets Authority to go into the banking sector and see what is happening there. If interest rates remain fixed, tomorrow, banks will not give loans of Kshs1 million or Kshs2 million, but loans of Kshs500 million to hedge and ensure that the loans can be paid back.

Most of the Kenyans who borrow loans today, probably, would not get those loans if you fix interest rates because banks will be jittery in dealing with them. Banks know that a certain client can pay and another one will not be able to pay, so they will hedge their interest in a certain way. Whereas I agree that the banking industry has been rogue, there must be found a way of dealing with that in a manner that includes inculcating the principle of transparency. We should know the costs of a loan. Why am I being charged this interest rate or service? Once we do that and put in place measures to ensure that our national paying system is strong and we modernise the services that go with this like the land and company registries and make doing business easy, we will go a long way.

As I finalise my contribution on this matter, the CBK Governor and related institutions should look at the alternative means of bringing down interest rates. There are so many ways and as a Parliament, we should authorise them to look at these means to ensure that they can look at the other areas apart from what is being proposed by Hon. Jude Njomo.

I will be opposing this Bill.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Onesmus Njuki.

**Hon. Njuki:** Thank you, Hon. Temporary Deputy Speaker for the opportunity to contribute to this Bill. From the outset, I want to support the Bill. Based on history, bankers, whether by profession, acquisition or extension, may not support this Bill because this is a cash cow for Kenyans.

There are two types of people who normally visit banks, namely, those who take money and those who go to get that money out of the bank. The majority are the poor people who take their money for safe custody or savings with the hope of getting an interest rate that can multiply their money which is usually not the case in Kenya. The disparity between the interest you get on your savings and the interest rate charged on borrowed are way apart. I have never known of a business where you get 1000 per cent profit at the expense of the customer who enables you to do that. This only happens here in Kenya. We know that banking is a business and the laws of demand and supply are supposed to prevail. In this particular case, this does not happen because there are various essential commodities. People need to borrow money to develop themselves.

Why is it that the law of demand and supply does not apply in this particular case? Obviously, most of the speakers before me have mentioned that we have cartels in this country which collude with banks. They sit down and agree to peg their interest rates at a higher rate than that of Treasury Bills interest rates. They agree to follow the same route and the poor Kenyans have no choice, but to borrow from them. Parliament has to protect Kenyans by pegging interest rates, at least, at 4 per cent above Treasury Bills. This is going to make the banking sector competitive. When this is done, they will no longer collude, but they will look at value addition. They will look for other ways of attracting customer and adding value into the sale of their loans and Kenyans will benefit.

What is ailing the banking sector? Sometimes banks hawk loans while other times, they make it very hard for people to get loans. This is because of domestic borrowing by the Government. When the Government competes with locals for the same money, they have an upper hand. When there is much domestic borrowing by the Government from commercial banks, then interest rates shoot through the roof. The terms and conditions are so stringent that we do not find it worth borrowing. The conditions are so punitive that you only borrow when you are very desperate. That is why we must protect the *mwananchi* against this borrowing. I

urge the Government to try as much as possible to avoid domestic borrowing and instead borrow from somewhere else.

Collaterals that are demanded by banks from small-scale farmers and Small and Medium Enterprises (SMES) who borrow little money are very informal. In some situations, instead of giving a house as collateral, they take just the hearth of the house. We have circumstances where you come home and find that because you defaulted for two or three months, the hearth of your house is missing. A certain bank that operates in the village is very notorious in this case. I do not want to mention it, but we know it and this is very common in the village. Farmers in my village have lost dairy cows because they used them as collateral for loans. This has been caused by the high interest rates that are charged by banks.

With those few remarks, I support the Bill. I urge the Members to support the issue of curbing bank interest rates.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Zainab Chidzuga.

**Hon. (Ms.) Chidzuga:** Shukrani, Mhe. Spika wa Muda, kwa kunipatia nafasi ya kuchangia Mswada huu ambao umeweza kufika wakati ambao Wakenya wanateseka. Wakenya hukaa wakiwa na vipeni vyao hususan kina mama ambao wameamka na biashara ndogo. Wanatafuta mahali pa kuwekeza vipeni vyao vidogo ili waweze kupata mkopo waendeleze biashara. Lakini unakuta katika zile benki zetu tunazozitegemea za Serikali, ni vigumu kupata mkopo kwa sababu wanahitajika udhamana wa hali ya juu. Wanapokimbilia hizi benki ndogo ambazo zinabuniwa za kisasa zenye riba ya chini, inafika wakati wanarudi kujuta kama hivi sasa tunalia Chase Bank na Imperial Bank zimefungwa.

Katika eneo Bunge langu, kuna mwekezaji ambaye alikuwa ameamua kushirikiana na wananchi katika upande wa baharini ili waweze kuanzisha mradi ambao ungekuwa ni historia katika Afrika wa Well Shark ambao kwa Kiswahili tunamwita Papa Shilingi. Pesa ziliwekwa katika Imperial Bank. Leo hatuelewi kama Imperial Bank itaweza kufufuka ama itakuwa ni vipi. Kwa hivyo, Mswada huu umeletwa kwa wakati unaofaa lakini tunajiuliza Benki Kuu ya Kenya iko wapi wakati benki hizi zinakuja kutapeli wananchi? Banki kuu ya Kenya ndio macho ya mwananchi na Serikali. Mbona wakuu wa Benki Kuu wamenyamaza wakati watu wanatapeliwa? Hakuna hatua ambayo inachukuliwa kwa wale wanaotapeli wananchi.

Kwa hivyo, Mswada huu utatusaidia kurekebisha na kuweka sheria mwafaka ambazo zitasimamia haki za mwananchi kupitia maeneo inayohusiana na pesa wanazoweka katika benki zetu.

Pia, tungependa Bunge hili, kupitia Kamati yetu ambayo inahusika na mambo ya fedha, ihakikishe kuwa Benki Kuu ya Kenya na Waziri wametuelezea ile *pyramid scheme* ambayo iliwapeli Wakenya fedha ilienda wapi. Kule Kwale, kina mama na wazee wengi walikufa kwa kiwewe baada ya ile *pyramid scheme* kuanguka. Tunafaa kujua kufikia leo pesa hizo ziko wapi na ni lini wananchi wetu watarudishiwa pesa zao. Watu walikimbia kuweka pesa kwa wingi kila siku na kila uchao wakifikiria kwamba wakati umefika wa kujinasua katika matatizo waliyo nayo ya kiuchumi. Kumbé walipeleka pesa zao katika midomo ya papa na zilimezwa na mpaka leo hatujui tutaelekea wapi.

Huu Mswada umekuwa wakati unaofaa. Bunge hili litaweza kuwanasua wananchi wa nchi hii kutokana na hawa matapeli na hizi benki. Tutaweza kusaidia mwananchi kuona benki zetu, kwa mfano Kenya Commercial Bank (KCB), Cooperative Bank na National Bank, na zitaweka riba sawa. Sijui kama tunaweza kujiuliza ni akina nani ambao huunda zile benki ndio waweze



kututapeli. Hili ni swali tunaloliacha mikononi mwa Benki Kuu ya Kenya iweze kutujibu na kuchukua hatua inayofaa ili mwananchi aweze kupata haki yake. Kuna ulanguzi ambao unaendeshwa na zile benki ambazo zinaundwa na zina sauti tamu ya kuwavutia mwananchi ili waende kutapeliwa.

Ningeomba kupitia kwako, Mhe. Spika wa Muda, niweze kutoa hizo dakika zangu mbili or tatu ambazo zimebaki kwa Mhe. Mwanayoha ambaye amekaa sana hapa ndani.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Member, you are not allowed to do that according to the rules of the House.

**Hon. (Ms.) Chidzuga:** Ahsante.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Abdul Dawood.

**Hon. Member:** He is not in the House.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Enoch Kibunguchy.

*(Hon. Enoch Kibunguchy crossed  
the Floor without bowing)*

**Hon. Midiwo:** On a point of order, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): What is out of order, Hon. Jakoyo? The microphones on that side are not working.

**Hon. Midiwo:** Hon. Kibunguchy has just crossed the Floor without bowing.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I did not see that, but thank you for alerting me. Hon. Kibunguchy, you know the rules of the House. So, next time, please, follow the rules of the House. Go on with your contribution.

**Hon. (Dr.) Kibunguchy:** Thank you, Hon. Temporary Deputy Speaker. Let me start by giving a quotation that is popular where I was born and brought up. We have a saying that what crawls on you will eventually bite you. By that, I mean that this issue of reining in banks and trying to see what we can do about interest rates is not new to us. It has been with us since the days of Joe Donde, my friend, Hon. Jakoyo Midiwo, and now Hon. Jude Njomo. As you can see, coincidentally, all the names of these past and present Members of Parliament start with letter "J." It is a coincidence that we have Joe Donde, Hon. Jakoyo Midiwo and Hon. Jude Njomo. That is on a light note.

We want to safeguard the welfare of Kenyans. We want to see how Kenyans' money can be protected. In my view, the buck stops with the CBK. The CBK has let Kenyans down because it is supposed to supervise all these banks. The CBK is supposed to know the bank that is going towards red. For example, I am a doctor and if a patient comes to me, I should be able to assist him to know that the disease is either deteriorating or getting better. If the CBK cannot do that, then it has let us down. The present Governor of CBK, a man of honour, needs to completely overhaul the supervision department of the CBK. The banking supervision department should be overhauled, so that we can have people who can detect banks which are going towards red.

I would like to say two other things before I sit down. One, there are people who say that banks are in business. It is true they are in business, but they are doing business with our money. They are doing business with the common man's money. I do not know any business in the world which is given a blank cheque and told to charge the way it wants. There must be some form of control. What the Member has proposed in this Bill is that we must control these banks

and tell them the extent they can go. I wish we could also control banks in terms of how much they pay us when we put our money there. We should control how much they pay the common man and anybody who saves money in banks. It is abnormal. The interest spread is just too much. When you put money in a bank, you are paid peanuts, but when you borrow money from the same bank, the interest rate is not just abnormal, but obscene. We must have some kind of regulation and control to rein in these banks.

Many colleagues have talked about pyramid schemes. Some of the new banks operate exactly like pyramid schemes. When they come in existence, they promise heaven and give very liberal interest rates. As they attract more customers, then you are waiting for what they call in boxing “the sucker punch”. The sucker punch has now come in, in terms of Chase Bank. The bank has collapsed with people’s money.

This is the time. The idea is right. We need to control interest rates. Time has come that interest rates must be controlled. It has come as a pleasant coincidence because this subject is very hot. Like I said at the beginning, what crawls on you will eventually bite you. This is the time when what has been crawling on us from the day of Joe Donde and Hon. Jakoyo Midiwo will bite. The President must assent to this Bill, so that it can bite the banks.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Njogu Barua.

**Hon. Barua:** Thank you, Hon. Temporary Deputy Speaker, for this opportunity to add my voice to this important Bill. This Bill is mainly centred on curbing interest rates. It has come at the right time. In fact, it is long overdue because Kenyans have suffered for long.

One of the pillars of this economy and which has supported the economies of other countries is SMEs and micro enterprises as well. With the current bank interest rates in Kenya, SMEs cannot depend on banks to access seed capital. If you cannot get seed capital for SMEs, it means that the poor and the young, who come from universities with good ideas, cannot depend on banks to help them start up, improve their lives and grow the economy of this nation. As one of the previous speakers has said, SACCOs operate at 1 per cent per month and still make profit. Because of their low monthly and yearly interest rates, they do big volumes of business. So, banks must not charge high interest rates to make profits. That is why I support the Bill. These interest rates must and should be capped. This House is doing the right thing.

Banks in Kenya are making the rich richer. We must ensure that the poor can also look at banks as instruments of improving their wealth. If one gets a bank loan at an interest rate of between 20 and 30 per cent per annum, that is one of the overheads of business and it is most unlikely that the business will make profits from the initiative to repay the loan.

The poor and young who wish to start businesses, find banks very risky and do not approach banks for loans hence they do not benefit from the banks. What has happened in the banking sector in terms of the Imperial Bank and the Chase Bank sagas is a warning to Kenyans that their money is not safe even in these banking institutions. It is for this reason that I propose that financial operations and the health of the over 40 banks and other micro finance institutions in Kenya should be made public, so that Kenyans can know where they can safely deposit their money.

Penalties on banks which default or cause the money of the poor sink is too low. Apart from curbing interest rates, the penalty should be increased so that banks can take care of depositors’ money. In any sector, start-ups require entrepreneurs to be risk takers. At the

moment, it is not viable for small investors to have the risk-taking propensity that will push them to borrow from banks to start small initiatives.

With those few remarks, I support the Bill. I strongly request the Members to support this initiative. When this Bill is finalised by the House, we hope that the President will assent to it to become law.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to the Member for Suna East, Hon. Junet.

**Hon. Nuh:** Thank you, Hon. Temporary Deputy Speaker, for giving me an opportunity to contribute to this Bill. Banks are very important to Kenyans. For economic activities to prosper or for this country to develop economically, cheap credit must be available for people to conduct their businesses. If you look at the trend in this country for the last 10 years, you will find that it is only in the banking industry where losses are never made. Any other businesses make losses once in a while. If they make profit this year, there are chances that next year they might make a loss. But it is only the banking industry that has reported profits for the last 10 consecutive years. That tells you a lot. There is no way your business can be making profits even at times when the economy is not good.

The banking industry must feel ashamed. They must understand that they are making the lives of Kenyans very difficult. We are not suggesting that they should give free money to Kenyans to do business, but they should give money at interest rates that their borrowers can pay. If you deposit your money, banks will offer you an interest rate of 7 to 8 per cent. If you want to borrow the same money, they will give you at an interest rate of 20 to 30 per cent. What changes overnight? Why do you want to take deposits from Kenyans at 5, 6 or 7 per cent and lend the same money to Kenyans at 30 per cent?

Everybody can do that kind of business. Take money at 5 per cent and lend to the second person at 30 per cent. It is as simple as that in spite of other costs involved. So, it is high time Parliament, as the law-making organ of this country, puts measures in place to protect the interest of Kenyans.

Banks are complaining about bad loans. They say that many of the loans are not being repaid because of the economic problems the country faces sometimes. High interest rates make the performance of those loans even worse. You will find somebody who has borrowed Kshs100,000 or Kshs200,000 will be told to pay Kshs1 million or Kshs1.5 million. Where do you expect somebody who is unable to pay Kshs200,000 to get another Kshs1 million to pay you as interest? Common sense dictates that you should know if this person cannot pay you the Kshs200,000 you lent him, he cannot give you Kshs1 million more as interest.

I support this amendment. It is going to put sense in the minds of managers and owners of banks in this country. You cannot behave like cartels. The banking industry in this country is behaving like cartels. They sit down and agree on interest rates. You cannot find interest rates in one bank different from another bank. It is like the banks sat somewhere and agreed to lend at 22 or 25 per cent. As other Members have said, it is high time the Competition Authority looked into why banks are lending at the same rate. Why can we not have a bank that is lending at 10 per cent and another one lending at 20 per cent?

Finally, Kenyans are losing their money. For example, the Chase Bank's 55,000 depositors' money is at risk just because a few directors gave themselves billions of shillings which do not belong to them. The supervisory department of the CBK must tell us whether they

have been supervising those banks for the last 10 years. This is not something that happened overnight. Those kinds of lending and insider borrowings happened for the last five or so years.

With those few remarks, Hon. Temporary Deputy Speaker, I support the amendment.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Leonard Sang.

**Hon. Sang:** Thank you, Hon. Temporary Deputy Speaker, for this opportunity. I want to start by thanking my friend, Hon. Jude Njomo, for coming up with this very important Bill at this time. The object of this Bill, as is clearly indicated here, is to provide mechanism for regulation of banks and financial institutions' interest rates through introduction of ceilings. Most of us are aware that most of our banks have a lot of issues and problems. Sometimes when banks have their annual general meetings, you are surprised at the kind of profits that they make. They tell you they have made around Kshs20 billion while some make Kshs30 billion. In the process, Kenyans are surely suffering. When you look at the living standards of most of the borrowers, every day Kenyans are going through a lot of problems.

Once this Bill is assented to by the President, it will protect a good number of Kenyans including us. By doing this, as I have said, the living standards of our people will improve. We need to protect Kenyans, so that a good number of them can access banking services. A good number of Kenyans do not trust banks because banks have been fleecing them for a very long time. With this Bill, banks and microfinance institutions are going to see that we have done something for them. We also need to build confidence. A good number of Kenyans have lost confidence in our banking sector because of the issues that we saw the other day with Chase Bank, where directors give themselves huge amounts of money while the clients are crying everywhere.

The small-scale business operators like *kinyozis* and vegetable vendors who have invested in banks are suffering whereas directors have given themselves billions and billions of shillings. It is unfortunate. Once this Bill is assented to, the regulations will ensure that the people who give themselves a lot of money are punished.

We need to build confidence. Kenyans are losing confidence in banks. Once we lose confidence in banks because of the stealing that we have seen in our banks, I do not know where we will put our money.

I support this important Bill and congratulate my friend, Hon. Jude Njomo, for coming up with it. I know within a very short time, Kenyans will be protected and they will have confidence in our banks. We are then going to build our economy, so that we can improve the living standards of our people.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Geoffrey Odanga.

**Hon. Odanga:** Thank you, Hon. Temporary Deputy Speaker. I support the Bill as brought forward by Hon. Njomo because Kenyans have been suffering a lot due to high interest rates that are charged by commercial banks.

There are times when banks charge interest rates way beyond the amount that was initially borrowed. I do not think this should be allowed in this country. We should cap interest rates, so that they do not exceed the actual amounts that were borrowed, no matter how long it takes. Banks have been doing a lot of business while giving very little returns to Kenyans. We would like Kenyans to borrow, so that they can invest. They can only do that when interest rates

are friendly. That way, they can go to banks, get money, invest and then pay back. This has made many Kenyans impoverished instead of growing.

The CBK, which should be the regulator, is to blame for sleeping on the job. It is high time the CBK woke up, took its job seriously and helped Kenyans to grow and helped banks to stabilise.

Thank you, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Alice Wahome.

**Hon. (Ms.) Wahome:** Thank you, Hon. Temporary Deputy Speaker for this opportunity.

I rise to support Hon. Jude Njomo in bringing this Bill. It is truly timely to debate those matters at this moment. The banking industry is going through some form of a crunch or destabilisation because of the recent activities of three banks.

I want us to interrogate the activities of the CBK as the banking sector regulator. I see that the Governor of the CBK has put these banks under receivership. It is good for us to appreciate that once a bank gets into a crisis where people rush to withdraw their money, it will not take two or three days before it collapses. We have a regulator who is supposed to be receiving reports from banks regularly. For us to know what truly happened with Imperial Bank and Chase Bank, where people lost or are likely to lose money, we need to know if the Deposit Protection Fund is working. Is there audit and regular feedback to the CBK, as the regulator? What happened?

We have been told that Kshs8 billion was withdrawn in one day. The country is entitled to a report on the withdrawals that occurred on Wednesday. That is why the bank went down at midnight. We need to see how one bank is able to give people Kshs8 billion in a day and collapse the following day. I suspect that there are people within the directorship who withdrew money. I think it is right to do so. These people are culpable. We need to rein in the people even as we say we want to rein in the banks. It is individuals who are putting our people into this shame and pain. We want to see quick action from the authorities who are supposed to tell us the culprits.

Even as we are told that Kshs8 billion was withdrawn on Wednesday, there are people who were waiting for their transfers of money for about three or four days or a week yet Kshs8 billion was withdrawn on Wednesday. There are some very serious questions that the CBK must answer. Therefore, I ask the Governor to be courageous enough and do his work as he has done. Much as we support him, we also do not want banks to go down like they did about 15 or 20 years ago. The Government must restore confidence in the banking industry. Of course, it is mostly small savers of Kshs20,000 or Kshs15,000 who need to be rescued quickly. We want to see quick action in terms of calling the small depositors to be cushioned by the Deposit Protection Fund. There must be some insurance.

I am happy to see this House speaking in one voice at this particular time. Previous Parliaments attempted to cap interest rates. We know the banks. That is where money is. Other Parliaments have failed. It is for this House to rise and put a ceiling. Imagine I give my money to the bank and I get six per cent interest on it yet you are given the same money at between 18 per cent and 20 percent when you go to borrow it. It is illegal, questionable and immoral for banks to get three to four times interest. We have said that a bank should not get more than twice of what it has lent to a customer, but it is still happening. It is because of the very unclear penalty rates.

With those remarks, I beg to support and say that the Bill is timely. As a House, we should allow this to pass.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Ababu Namwamba.

**Hon. Ababu:** Thank you, Hon. Temporary Deputy Speaker. Of course, I want to support this Bill and commend Hon. Njomo. It has been a long journey in an attempt to clean up the banking arena and make the whole issue of interest rates fair. In this respect, we need to pay homage and congratulate previous efforts that have attempted to deal with this issue. In this regard, when the history of this country is written, the area of representation called Gem will always be inscribed in the history of this House with golden letters. The former Member of Parliament for that constituency, Hon. Joe Donde, and later on the indefatigable Deputy Leader of the Minority Party in this House today and Member of Parliament for Gem Constituency, Hon. Jakoyo Midiwo, right from the 10<sup>th</sup> Parliament to this 11<sup>th</sup> Parliament, have championed this course as real warriors. It is for the best interests of the people.

Even as we debate this Bill, we need to ask ourselves how far we have gone in implementing the efforts that we have attempted. It must prick our conscience for us to make a fresh determination. It is pointless to pass impressive pieces of legislation in this House if they amount to nothing and do not correct the mischief that is intended to be corrected by the legislation. Legislation is not supposed to be in vain. It is intended to correct mischief or respond to a certain need of the public.

As we debate this Bill, may we also use the opportunity to ask some hard questions? As we raise issues with the CBK and her Governor today, we must ask the question: "How come the CBK is running without a fully-fledged board for a whole year since this Governor was appointed?" Mr. Mohamed Nyaoga, who is the chairperson of the Board of the CBK, is basically operating as a one-man board. Why has the CBK not been afforded the necessary tools of having a full board that can take responsibility for some of the decisions we are questioning? The Government must come out clearly and tell the country why the CBK does not have a board? What is the reason? Is somebody or certain forces somewhere keen on taking advantage of that lacuna in the governance and administrative arrangement at the CBK by ensuring that we do not have a board at the bank *ad infinitum*?

The other question we must ask is the saturation of banks in this economy. We are wondering why we have this conflagration at the moment. For instance, compare this economy to that of South Africa, this economy has 42 or 43 banks for a population of just over 40 million. Compare this with the South African economy, which is several times larger than ours, yet it has 14 or 15 banks. Why do we have this proliferation of banks in this economy? Even as we question the ability of the CBK to manage this sector, we must also question the effectiveness, the rationale and the logic of having 42 banks in an economy this size which is absolutely unsustainable and unnecessary. The banking sector is the backbone of any economy. This is a sector that must be lean, professional, effective and logical. Ultimately, as we grapple with these issues, those responsible for the challenges we face today, must face the full force of the law. We have previously seen challenges such as these going unpunished. This is an opportunity for the current CBK Governor to make it clear that it is no longer business as usual. It will now be business unusual. I am urging this House, rather than throw stones at the CBK Governor, to support this Governor and ensure that the Government gives him a full board to enable him execute his mandate as Governor of the CBK.

I support this Bill. Thank you.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Regina Muia.

**Hon. (Ms.) Muia:** Thank you, Hon. Temporary Deputy Speaker. I rise to support this Bill. Kenyans are tired of listening and watching news of people playing around with their money. I am shocked just as others have said, that a day before this bank was closed, I saw the Governor of the CBK assuring Kenyans that the bank is okay and customers should not worry, only to see customers the following day lining up reading a statement that the bank has been closed. One wonders what happens with the auditors who were in charge of the bank. When new banks are opened, I am sure there are procedures which are followed. The new ones are usually monitored on how they are doing.

Secondly, this bank has gone outside and opened several small branches in the rural areas where small business people have sunk their money. If this continues, the gap between the rich and poor will widen. Some of the directors are walking free in the streets. We are supposed to see these people being put in and investigations done. Once they are out there, nothing concrete will come out of this because there will be a lot of interference. It is not only the banking sector, but when we look at the National Youth Service (NYS) and other areas where people are given mandate to take care of our money, we need some seriousness. After two or three months, you hear that a bank has gone down and nothing happens. Interest rates in this country have discouraged so many people from investing.

When you borrow Kshs1 million, you end up paying more than what you borrowed. This Parliament should come up with a law to regulate this. For example, if I borrow money at 15 per cent today, the interest rate must remain at 15 per cent until the loan is repaid. It frustrates many people. We say that we want to implement certain provisions but nothing happens. Investigations are done for two or three months, but at the end of the day, nothing is done. What is happening? Look at the Uwezo Fund. We get money for Uwezo Fund, but the requirements are too high even for women to access the money. Is there a way these small enterprises can be given loans at low interest rates? The interest rates should not be similar to the interest rates for big investors in industries and other big properties. The rate can be 3 or 5 per cent. The gap I am talking about will continue. There is a very big gap between the rich and the poor and the poor always suffer.

I wish to request the Governor of the CBK to work on this issue. The small person down there needs to be protected and this House has a mandate to do that.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Paul Otuoma.

**Hon. (Dr.) Nyongesa:** Thank you, Hon. Temporary Deputy Speaker. I also stand here to support this Bill which has been proposed by our good friend, Hon. Jude Njomo. If you look at the objectives of this Bill, it is trying to address inequities in societies like ours where you find institutions that should be promoting creation of wealth are basically extractive. They just extract wealth from this country and do not share with the Kenyan people.

If you look at the interest rates in the banks which my colleagues have already talked about, theirs is just to mobilise resources from poor Kenyans. Instead of trying to come up with ways that can plough back these resources for people to enterprise and grow the economy, they just become custodians of these resources and promote a very unequal society of extraction instead of an inclusive society that was envisaged by the founding fathers of this nation to help us fight poverty, disease and ignorance.

We have banks in an economy that is struggling and an economy from where industries are moving away because of high cost of doing business. One of the major contributors of this is banks because you have to work through these institutions. To crowd the extractive policies, even the people who have been given the mandate to ensure that these institutions have the confidence of Kenyans are conspiring to steal from Kenyans. If you look at the banks that are collapsing, and we have interacted with some of them through these Parliamentary Committees, some of the issues we raise are tell-tale signs that these are institutions that are not being run properly.

I know of a case where a Government institution had invested in Chase Bank, but just to get a bank statement becomes an issue. How can a public institution that has deposited money with you not access a statement? When they want to know the status of the account, it becomes such a serious problem that they have to write to the CBK to order the release of statements of those accounts. As we looked into them, we have found that this is what has been happening. Money is siphoned through these banking institutions. They are supposed to report any major transaction at the financial services centre. You find that they do not do that yet they know these are public funds. They conspire. Even where it is very clear that signing for public funds should be something that has been resolved by the Board who are the signatories, you find an individual writing a letter to the bank and making one person to be signatory to a public funds account.

Ten days later, you find that big transactions have been carried out. The banks will come to these Committees and say how they are not even aware of such kind of things. You call it inside job, but as somebody was putting it, some of this is just deliberate theft and these people are still walking around free. For example, the case of Dubai and Chase banks, this is already in public domain. We questioned some of these people about their financial diligence under oath and they lied to this great National Assembly. They lied and they are still walking free. Somebody is still saying that they need to be investigated yet this is somebody who has come to this House and lied under oath on the status of their banks and they still want to go back and work for those banking institutions.

In my view, the Government must take it seriously that when we have institutions that are supposed to oversee certain institutions in the Government, they must be given that opportunity to carry out the mandate. Even a Departmental Committee passes a report and it goes to the Director of Public Prosecutions (DPP) who says that he cannot act on Parliamentary recommendations. He still needs the investigative body to come in. Sometimes we ask ourselves why we spend so many hours as oversight authority interviewing people and then the DPP says that he cannot act on the report. Immediately you try to do something, some of them go to court and say there is no mandate. Who has the mandate if you cannot implement what the people's representatives, through the Kenyan Parliament, have gone through?

With those few remarks, I support.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Hellen Chepkwony.

**Hon. (Ms.) Chepkwony:** Thank you, Hon. Temporary Deputy Speaker. I stand to support this Bill as proposed by Hon. Njomo. I thank Hon. Njomo for bringing this Bill.

We know the issue of banks. Our people have really suffered, especially the women who normally take small loans. For example, someone can take a loan of Kshs10,000, but they end up paying back over Kshs15,000. I support this Bill so that we may be able to control the banks with their high interest rates. We are trying to change this country. We are trying to encourage our



people to engage in business, especially in my area where women are not so keen on doing business because they do not have money. The moment you tell them to apply for loans, they fear because of interest rates which are never controlled by the Government. They are told to take loans and that they will pay interest rates of 10 or 12 per cent. They end up paying at interest rates of over 20 per cent.

I thank Hon. Njomo for bringing this Bill. We want it to be implemented. We pass so many pieces of legislation in Parliament, but they are never implemented. Imperial Bank, which went under receivership, had the tea farmers' money. It went under receivership with over Kshs3 billion of tea farmers' money. The farmers do not know that this is going to affect them when it comes to bonuses. Without regulation of those banks, our people are going to suffer. The farmers are hoping that they are going to get their bonuses in October, not knowing that the bank that they had put their money in has gone under receivership. Those things must be taken seriously. Those banks engage in their own private businesses in their own time.

I thank the Governor of the Central Bank of Kenya, Patrick Njoroge, for cleaning up those banks, which cheat farmers and business people. How can we improve our economy when the banks exaggerate their interest rates? We cannot have that. So many people have had their property auctioned. The banks have taken cows, house seats and vehicles without minding the people. They are only looking out for their own interests. They are not looking at the interests of *wananchi*. I support this Bill so that there can be sanity in the financial industry.

With those few remarks, I support the Bill.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Chris Wamalwa. Hon. Wamalwa, had you spoken on this already? You had spoken on it. I now give the Floor to Hon. James Kimaru. Is he in the House?

**Hon. J.K. Bett:** Thank you, Hon. Temporary Deputy Speaker for giving me this opportunity to speak on the Banking (Amendment) Bill. I support the Bill. I would like to take this opportunity to thank Hon. Jude Njomo for bringing such a Bill at the most appropriate time.

Banks in any country are like a thermometer that measures the economic welfare of a country. The collapse of three banks in a very short time is a very bad indicator for this country in terms of economic welfare. It discourages those who intend to save money and, subsequently, discourages investors. No investor would like to invest in an economy where the future of the banks is not stable. At this time, we would like to call upon the Governor of the Central Bank of Kenya to pull up his socks and ensure that the regulatory framework of all commercial banks in this country is complied with so that investors, depositors and those who operate the banks are assured of the stability and security of their money.

Banks in Kenya cannot claim to fail or go under receivership because of making financial losses. It is not possible. It is only in this country where you find that interest rates are extremely high. Savings and Credit Co-operative Societies (SACCOS) charge as low as 12 per cent, but when banks are lending to members of the public, they charge as high as 23 per cent. For the high interest rates they charge, it follows that they make abnormal profits. One cannot explain why a bank would go under after making super normal profits every financial year. The only explanation that can be given is that there must be corruption in those banks. Most people who save in banks are low-income earners who save as low as Kshs10,000 and Kshs20,000. We cannot allow banks to make low-income earners lose their hard-earned savings. The Central Bank of Kenya needs to pull up its socks so that we do not have more banks going under. Equity

Bank is a good example in this country. It has opened many branches even outside this country. It encourages small and medium-sized enterprises. Other banks should borrow a leaf from this.

Many commercial banks in this country collude when they are setting the interest rates. Commercial bank “A” and commercial bank “B” collude to set very high interest rates. We do not see the forces of demand and supply operating in the banking industry. Otherwise, the interest rates would be lower.

I support the Bill. I will propose amendments when it will come to the Committee of the whole House, so that we put in place stiffer penalties on directors and those who make decisions when it comes to banks. This will discourage them from making adverse decisions that make Kenyans lose their money. I thank Hon. Jude Njomo and ask Members to support this Bill.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Onyango Oyoo. Is he in the House? He has spoken on it. Let us have Hon. Jones Mlolwa of Voi. Hon. Member, you have only five minutes because I have to give an opportunity to the Mover to reply at midday.

**Hon. Mlolwa:** Thank you, Hon. Temporary Deputy Speaker. I support this Bill. The best thing was for banks to regulate themselves. The fact that they have not been able to do that means that we need to force them. In the banks, only about 14 per cent of customers default. This means that 86 per cent of customers are good. Most of those customers are corporate entities who borrow at around 9 per cent. Other customers and the citizens of this country are forced to borrow at very high interest rates. Having said that, the Government banks such as the National Bank, Kenya Commercial Bank and Co-operative Bank should cushion the citizens by lending money to customers at lower rates so that the citizens who are not able to pay at high rates such as *mama mbogas*, are given loans at cheaper rates. The collapse of banks that is happening today should be blamed on the supervision by the Central Bank of Kenya. They have not been able to supervise those banks properly, thus making it possible even for the managers to steal from the public.

Hon. Temporary Deputy Speaker, a case in point is the National Bank of Kenya (NBK) where a new CEO sacked all the senior managers he found in the Bank within three years of his appointment. Today, the Bank is collapsing because of one person who did not really want to take what was there and the people who had worked for the Bank for all those years. I was a member of staff. I worked for NBK for over 25 years. The Bank was in a sound state of affairs until three years ago when a new person took over. He has made sure the bank is on its knees.

If there was proper supervision in the industry, those matters would not have happened. I want to thank the new Governor of CBK who has put sense in the banking industry. That is why we are seeing all of them closing down because there was no supervision earlier on. They are now tightening their belts and that is why we see what is happening in the banking industry.

However, if we allowed banks to control themselves, it would have been the best way to go about it. But since they are not able to do that, we need to show them how to do it.

Thank you.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Okay, I now give the Floor to Hon. Jakoyo Midiwo who will be replying. The Members who were not able to speak, we still have another Motion that will be moved. You will have an opportunity to speak to that Motion.

Hon. Jakoyo Midiwo.

**Hon. Midiwo:** Hon. Temporary Deputy Speaker, I beg to reply. Let me thank all the Members who have contributed in support of this Bill. You may have realised that just about

everybody has supported this Bill. Let me also thank my friend, Hon. Jude Njomo, who has allowed me to reply on his behalf because there is an official State function in his constituency. He has done a good thing. As you know, I have tried over the years to do this, but I think the moment is right. We want to do this with speed given the moment. By next week, we want to come to the Third Reading of this Bill. I hope having listened to Members of Parliament, there will be no change when it comes to voting in the Third Reading.

We will bring a raft of amendments. We delayed this Bill for almost three weeks or a month to give the banks a chance to meet the Departmental Committee on Finance, Planning and Trade and the Mover of the Bill. All we have seen is that they are talking about how bad this Bill is. It is good to tell the nation that there is a difference between control of interest rates and regulation of interest rates. What we are doing here is regulation and we must. I agree with Hon. Mlolwe who has said that self-regulation for the banks is the best, but they have failed. They are now a cartel. It is only in this country where foreign banks which report massive losses at home countries report comfortable and huge profits. So, this House has a duty. I plead with my colleagues because this is a window to do a raft of amendments on the Banking Act, let us seal every loophole that is interfering with the banking sector. We have an opportunity to re-look the whole scenario of banking activities, particularly of the State.

This House must ask itself why the Government should have interest and shareholding in four banks, and then put public funds in a bank owned by an individual. How did the Youth Fund get into Chase Bank? There must be people in Government and in CBK who are hell-bent on bringing this economy down.

How did Brazil overtake Great Britain as a world economic power? It is because they dealt with this mess we are addressing ourselves to. The World Bank and the International Monetary Fund made noise that you cannot control interest rates. What did President Rouseff do? She went to an equivalent of the KCB, the National Bank and the Consolidated Bank and said: "We will control the rates in the banks we own and every amount will go to those banks." Nothing stops this State from saying that the Kshs2 trillion of our Budget will be pumped into KCB. The KCB would be left to do nothing but to charge minimal fees and also come up with products, for example, mortgage. How can we expect to move from where we are to the next level if we do not, as a country, help our people to create wealth?

I am in possession of documents of a friend who borrowed Kshs52 million the other year, to put up a set of apartments in Kileleshwa. He did the apartments and he has paid over Kshs100 million. He still owes Kshs300 million. This House has passed the *in duplum* rule. It stipulates that you cannot pay more than 100 per cent of the principal. So, if you borrow Kshs52 million, you can only pay Kshs104 million maximum. But you pay over that and you still owe a bank Kshs300 million and they are threatening to auction you! It is against the law. What is the role of the inspectorate at CBK?

Let me also join my colleague, Hon. Ababu, in saying that the current Governor of the CBK is doing a good job. People making noise at him is because he is now opening the briefcases they have been holding. We want to encourage him. The current Governor of CBK is a good Kenyan.

(Applause)

I can tell you that he is the least greedy human being that I know living in this country. Did you know that he has refused his salary and he is only taking Kshs18,000 and lives in a convent? He is doing a good job for us by closing the rogue banks. This House must stand by him. This House must do the right thing. We do not want to control interest rates, but we must regulate them.

As I finish, the Kenya Bankers Association, the rogue association that runs the banking industry, its days are numbered. I want to tell them that they engage us between now and next Wednesday or they will be going home with the closed banks. The Kenya Bankers Association seems to want the authority to aid in the destruction of our economy. What happens when you say that somebody who is a bank owner lends himself Kshs7.9 million and you claim to have the power to self-regulate? So, the Kenya Bankers Association and the Inspectorate Department of the CBK are colluding. We cannot let them to continue doing that anymore. It will be wrong. The President must prepare himself with his signature and pens to sign this Bill. Let us make a mistake. It is better to correct a mistake than do nothing. As I end, the State must give the Central Bank of Kenya (CBK) a board.

You cannot have a Chairman of CBK without a board. So, the Governor is left to work alone and there is a board that is recognized in law. What is the role of the Chairman? The State can help. It cannot lie back and not work with us to resolve this crisis.

Hon. Temporary Deputy Speaker, I propose and move.

Thank you.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Thank you, Hon. Jakoyo. We will not put the Question for obvious reasons. But let me just add my voice to Hon. Jakoyo. In the Ninth Parliament, it was Joe Donde. In the 10<sup>th</sup> Parliament, it was Jakoyo Midiwo and in the 11<sup>th</sup> Parliament, it is Jude Njomo. It is a history for this House. It is about time we made a decision, one way or another on this issue.

*(Applause)*

This has been a healthy debate. Hon. Members we will not put the Question.  
Next Order!

## MOTION

### INITIATIVES TO PROMOTE CLEAN ENVIRONMENT

THAT, aware that Article 42 of our Constitution accords every person the right to a clean and healthy environment and that Article 69(1)(d) mandates the State to encourage public participation in the management, protection and conservation of the environment; deeply concerned that our homes, roads, public and private premises, work places, recreational areas and general environment are littered with plastics, solid and liquid wastes as well as lacking good general environmental aesthetics, this House resolves that the Government declares one Saturday of each month be dedicated by every Kenyan household, organized groups, public and private institutions and corporate organizations to cleaning and beautifying their immediate environment and public places and also initiates a

proactive programme in all our schools to inculcate the culture of keeping our environment clean and healthy.

*(Hon. (Dr.) Otichilo on 30.3.2016)*

*(Resumption of Debate interrupted on 30.3.2016)*

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Members, I am meant to understand that this Motion had been moved and seconded. As you are aware from the Order Paper page 383, there is a proposed amendment to the Motion and it is given by Hon. Millie Odhiambo who is just arriving as we are speaking about her amendment. So, we are opening the Floor for the House to discuss that amendment so that we know how to move forward. So, I will assume that those who have put their request would want to speak on this Motion and onto the amendment. The amendment reads:-

THAT, the Motion be amended by deleting the word “Saturday” appearing immediately after the words “the Government declares one” and substituting therefor the word “Friday”.

Hon. Members, let us just have a short discussion on this amendment maybe, two Members from each side so that we make a decision on it and move on. I will start on my right with Hon. Joseph M’eruaki. Do you want to speak on it? Remember it is on the amendment to this Bill which is on page 383. There is an amendment to the Motion by Hon. Millie Odhiambo.

**Hon. M’uthari:** Okay. I will support the Motion as amended.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Members, I will give a chance to someone else? Let me give Hon. Winnie Karimi. Will you want to speak to the amendment? If you are not prepared, it is okay. We can give you later.

**Hon. (Ms.) W.K Njuguna:** Thank you, Hon. Temporary Deputy Speaker. I support the amendment to this Motion. The promotion of clean environment is key to good health because we need to live in a clean environment. This one can solve very many problems because when we have an environment which is conducive---

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Member, please, give me one minute, I can see many points of order. Hon. Dawood, you have a point of order.

**Hon. Dawood:** I want to comment on this.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): No. I had already given someone to speak. Wait for your time. Hon. Onyango Oyoo, you have the same thing?

**Hon. Oyoo:** On a point of order. Thank you, Hon. Temporary Deputy Speaker. I am at pains having to rise on a point of order against my very good friend. The speaker on her feet has been given an opportunity to contribute to the amendment, which is about Friday and Saturday, but she is lost while speaking to the Bill.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Winnie, have you seen the amendment by Hon. Millie Odhiambo? Can you comment on that amendment in relation to the Motion that we are speaking about?

**Hon. (Ms.) W.K. Njuguna:** I want to contribute to the Motion.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Okay. Let us discuss the amendment. I will give you a chance when we come to the Motion. Is Hon. Ibrahim Saney in the House? Hon Dawood, go ahead and contribute to the amendment.

**Hon. Dawood:** Thank you. I oppose this amendment. I understand where *Mheshimiwa* Millie is coming from. The Seventh Day Adventist (SDA) celebrates their Sabbath Day on Saturdays. However, for Muslims, Friday is a holiday as well. So, when we keep the cleaning on a Friday, we will not work. So, I oppose this amendment and, maybe, we can have another day which I do not know, but it cannot be Saturday or Sunday. It should not even be Friday. So, we have to look for another day but not a Friday and so, I oppose this amendment.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Junet on the amendment?

**Hon. Nuh:** I also oppose the amendment. Friday will not be an ideal day. I would like to agree with Hon. Dawood. Even if it is Saturday because of the SDAs, the Sabbath starts on Friday evening at 6.00 p.m. So, even Friday is Sabbath Day for the SDAs. So, we can go to Thursday or Monday so that we can have a holiday in this country, if it is agreed.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): What is your point of order, Hon. Millie?

**Hon. (Ms.) Odhiambo-Mabona:** On a point of order. Is the Hon. Member in order to mislead the House on two accounts? First, in the Constitution, it is very clear that everybody has a right to a day of worship and it was pushed because of SDAs. I sat in that Committee and it was pushed because of SDAs. Why I am saying he is out of order is that the working days of the Government ends at 5.00 p.m. As he has rightfully said, SDA's day of worship begins at sunset on Friday to sunset Saturday. The Government does not work at sunset. To distinguish it from my Muslim brothers whom I had taken into account, the SDAs do not work on Saturdays at all. They do not even cook. My Muslim brothers work on Fridays except for the time of worship. So, that would be like an hour or two, which we cannot compare. So, is he in order to mislead the House?

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Junet, I hope you have heard clearly about the timings of the SDA. Hon. Millie has explained. So, please continue with your contribution, but be factual.

**Hon. Nuh:** I would like to add to what Hon. Millie has said. Even Muslims are not supposed to work on Friday. It is only that no one has given them a holiday like SDAs on Saturdays and Sundays like other Christians. However, if the Government can give us a holiday on Friday, we will also not cook like SDAs. We will just sleep and pray for the country the whole day.

Friday is not an ideal day for cleaning because cleaning requires everybody in the country. All the institutions should come together so that they clean their area of operation. So, if you talk about Friday and the SDAs start praying at 6.00 p.m. on Friday and the Muslims start praying at 10 o'clock in the morning, who is going to clean?

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Junet, your point is made. Let us have the Hon. Leader of the Majority Party.

**Hon. A.B. Duale:** Thank you, Hon. Temporary Deputy Speaker, I oppose this amendment. The particular holidays are provided for in the Constitution. What Hon. Ottichilo is asking is that out of our goodwill as a country, we set aside one day when we can clean. This amendment is very mischievous. It is uncalled for. It is an abuse to the freedom of worship.

**Hon. (Ms.) Odhiambo-Mabona:** On a point of order, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Leader of Majority Party, let us hear her point of order.

**Hon. A.B. Duale:** I have not even finished my statement. Can I conclude it?

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): She is entitled to a point of order. Hon. Millie.

**Hon. A.B. Duale:** Just because Hon. Duale is on his feet, you do not need to get irritated. Let me finish. It is an abuse to the freedom of speech.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Duale, let her execute her point of order, please.

**Hon. A.B. Duale:** Just give her because she can whistle.

**Hon. (Ms.) Odhiambo-Mabona:** Hon. Temporary Deputy Speaker, I am entitled to blow the whistle, especially on the Leader of Majority Party. Is the Leader of Majority Party in order to mislead the House on constitutional provisions? The Constitution is very clear that everybody has a right to a day of worship. Unless, the Constitution itself is mischievous, there is nothing in this amendment that is mischievous or misleading.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Millie, your point is made.

**Hon. (Ms.) Odhiambo-Mabona:** If you could just allow me. I have no problem. Please, could I just articulate?

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Millie, you had already articulated this issue.

**Hon. (Ms.) Odhiambo-Mabona:** If you could indulge me.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Millie, you had already articulated this issue. The point of order I have given you is in terms of the constitutional direction that you have asked Hon. Duale to recognize. Leader of the Majority Party!

**Hon. A.B. Duale:** Under Article 94 of the Constitution, I have all the right to address issues concerning not only my constituency, but the people of Kenya. We agreed to change Saturday because of our brothers who pray on that day. The same spirit should respect our Muslim brothers who pray on Friday. What makes you shift from Saturday to Friday as if Muslims do not matter in this country?

Leaders must rise to the occasion where we tolerate and respect people of other faiths and communities. I rarely come to the Chamber on Wednesdays. I was watching the television in my office and realised that I was under the obligation to protect the Constitution that gives freedom of worship to Christians, Muslims, Hindus, *Akorinos* and traditionalists. This amendment, in fact, goes against the spirit of the Constitution. I want to tell Hon. Millie Odhiambo and those who dare listen to me that on Fridays, we do not work. It is a special day on the calendar of Muslims like the Holy Month. We do not work. If you work, that is your business. But for us, it is like what Sunday is to the Christian community or Saturday to our brothers, the Seventh Day Adventists (SDAs).

For us who believe in God, we pray five times a day. We were brought up in a very religious family. We are in this House to protect the interests of every religion. You do not just shift from Saturday to Friday as if there are people in this county who do not pray on Friday. This is a Motion that has been brought by a man I respect a lot.

**Hon. (Ms.) Odhiambo-Mabona:** On a point of order, Hon. Temporary Deputy Speaker.

**Hon. A.B. Duale:** This House does not belong to Hon. Millie Odhiambo. Points of order do not belong to her.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Millie, let the Leader of Majority Party complete and then I will give you an opportunity.

**Hon. A.B. Duale:** No! I must finish.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Please finish, Hon. Duale.

**Hon. A.B. Duale:** Yes, let me finish. Hon. Millie Odhiambo is the Member for Mbita. I am the Member for Garissa Township and I have my say. You can be irritated. Once I finish, you will talk. You can shout at the President, but I am the Member for Garissa Township. While I am on my feet, you cannot dare interrupt me. I am sure the people of Garissa who elected me know why I am here.

I oppose and I am sure our Christian brothers, including the owner of the Motion, will agree with me that we must respect every religion. Friday is an important day for us, the way Saturday is important to the SDAs.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Your point is made.

**Hon. A.B. Duale:** I oppose and ask Hon. Millie Odhiambo to cool down and withdraw. Maybe, we can look at another day even if it is going to be Thursday.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Millie, I give you the opportunity so that we now put the Question. We need to go back to the Motion.

**Hon. (Ms.) Odhiambo-Mabona:** Thank you, Hon. Temporary Deputy Speaker. Actually, unlike my brother, Hon. Duale, I do not like to fight on matters of religion. All he needed to do was to explain to me nicely and quietly the position of Muslims. I am only putting the position of SDAs. He does not need to do any grandstanding about his religion. I also have Muslims in my constituency, including from his own constituency who are doing business there.

Therefore, I wish to move a further amendment that we move the date from Friday to Thursday, to take into account Muslims who are in my constituency and SDAs. I am a very peace-loving Kenyan who promotes cohesion and healing. But I can still blow the whistle on my brother Hon. Duale when he is out of order.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Millie, can you do it now officially and move that further amendment.

**Hon. (Ms.) Odhiambo-Mabona:** Yes, I wish to move a further amendment to my amendment. We delete the word "Friday" on my amendment to read "Thursday", so that SDAs do not have to violate their religion and Friday, so that Muslims will not violate their religion. I am happy I have been educated because the only people I know to be strict observers are the SDAs.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I think the House needs to be seized of the new Motion, which Hon. Millie has moved. Hon. Junet, please, do not shout at me from the side. You are distracting me. Hon. Millie has moved a further amendment to her amendment, where she has substituted the word "Friday" with "Thursday". Hon. Millie, who is seconding you? Hon. Dawood.

**Hon. Dawood:** Thank you, Hon. Temporary Deputy Speaker. I stand to second the amendment from Friday to Thursday. I thank *Mhe.* Millie for understanding the Muslim religion. She has constituents who are Muslims. My constituency is 95 per cent Christian and more than half are voters from SDA.

Thank you, Hon. Temporary Deputy Speaker, I second.

*(Question of the further amendment proposed)*



**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Members, we will now be debating the Motion as further amended by hon. Millie Odhiambo. Hon. Enock Kibunguchy.

**Hon. (Dr.) Kibunguncy:** Thank you, Hon. Temporary Deputy Speaker. I want to thank *Mhe.* Ottichilo for coming up with this Motion, and Hon. Millie for having understood and moved the further amendment from Friday to Thursday. As we look at the environment in this country, this Motion is going to help us improve it.

Even as I support the Motion as amended and congratulate the Mover, I would like to add one or two other things. One, as we look at the menace of plastics in this country and littering that happens. I wish Hon. Ottichilo could have added to that one day in a month, as a day we can dedicate to clean the environment and also plant trees. We have always talked about trees and tree coverage in this country. Now that we will have mobilised everybody together on that one day, it would be excellent for us to also include tree planting.

We have the structure of administration in the country, which is still along the old Provincial Administration where we have District Commissioners, District Officers, chiefs, sub-chiefs and the old men and women who work under the sub-chiefs. Now we have a structure of administration in the country which has the sub-county administrator, ward administrators and the village administrators in some counties. Some counties have not put them together. I would like to propose that, that cadre of administrators and people on the ground, amongst their performance contracting, one of the major aspects in their areas of jurisdiction is that they are given the mandate to look at how we can clean our environment and plant trees where we come from. It should be a major requirement in performance contracting. When they are being assessed in the work they have done in their various areas, this should be a very important aspect. There are some places in this country where we have dams or springs which are critical as we look at the issue of water in this country. Those are areas which we should concentrate on in planting trees.

I am just enriching this Motion that apart from cleaning the environment, we also add the aspect of planting trees. We add the aspect of mandating people in whatever positions they have such as those in the structure of the old Provincial Administration, which I believe is still there. I dare add that even school heads should be given that mandate just as we used to do as we were growing up. We used to plant trees and clean our schools. This is something that has gone down and we need to revive it so that we can ensure that our schools and markets and all those areas are clean and we have planted trees.

Remember the way we used to be proud when we were growing up in schools, we could say: "This is my tree." We could look after it for eight years in primary school. You could show it to your parents and everybody and the same used to happen in secondary schools. We need to go back to those times. Just as we are going back to traditional foods, some of the things that we used to do in those days, we have to go back to them. The technology that we have now where everybody is stuck on their computers is making us to forget our environment.

Let me just add one other thing and I will be through. We know that all that solid liquid waste in some areas in this country and areas outside this country is excellent raw material for generating electricity and for fertilizer production. We can use that opportunity as we collect and clean this environment to ensure that whatever we have collected, whether in solid material and liquid waste, we generate electricity and manufacture fertilizer.

Finally, time has come and it is good to have leaders who can make firm decisions like President Kagame of Rwanda. We do not have plastics in Rwanda even at the border of Rwanda. If you have plastics, you leave it wherever you have come from. It does not enter their country. We have talked about this issue of plastics. I remember the days of Prof. Wangari Maathai and it is an issue that is with us. I do not know why we cannot take those bold strong steps to ban plastics in this country. Why is it an issue that keeps going back and forth and yet, we know the dangers of plastics? Why can we not take those bold moves to do some of these things? I do not know why we cannot do it. That is an issue and we are sending a plea to the Government of the day; they will be remembered if they can take some of these bold steps and ban plastics in this country so that we can move forward. Otherwise, I would like to say that I support and urge Hon. Ottichilo---

Hon. Temporary Deputy Speaker, as you know, in the next election, Hon. Ottichilo is likely to be the Governor of Vihiga County. I pray for him. I can see his brother on the other side is not very comfortable because he would also want to be the Governor of Vihiga County. But those are politics of Vihiga. I pray for him because he has come up with Motions and Bills that deal with the environment. I would like to commend him for that and wish him well so that the next time we meet, I will be calling him "His Excellency the Governor."

Thank you, Hon. Temporary Deputy Speaker for giving me the time. I support.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. M'ruaki. Please, take five minutes each so that we can have at least five people to contribute before the time is up.

**Hon. M'uthari:** Thank you, Hon. Temporary Deputy Speaker. I rise to support this Motion as amended. This is a noble idea to have a day within a month which we can dedicate to the beautification of our environment. Having that kind of a day can inculcate in our children the culture of cleaning and respecting our environment. It can also be dedicated to schools, both primary and secondary, and other training institutions where they take time to take care of the environment, to clean it and clear the waterways. As we move around this world, we have seen countries where there is order. This is one way of creating order around our environment. This has to be taught. Once we pass this Motion, it can be taken over by the Executive and the top leadership of this country. That day will be dedicated to cleaning and it should be respected.

We can start by where we are. It is not uncommon to see people who appear to be responsible throwing things from moving vehicles. That is the highest level of irresponsibility. Having that kind of a day and a time dedicated where people reflect on the environment is important. We should stop doing other things and clean our homes and lawns in public and places of work. That way, most people can start learning how to sort out these things. I believe in line with this, we can encourage - as one of the speakers has highlighted - the importance of sorting out those materials and dissuading many of our companies from using the materials which are not biodegradable. We should be "going green" where we even use biodegradable materials from our supermarkets more than the polythene bags. As we clean the environment, those materials can be sorted out to a point that the solid wastes, plastics, metallic and non-biodegradable materials can be divided. We can convert waste and make an opportunity out of it. This is where we encourage entrepreneurs to use creativity to ensure all those things are connected together for the greater good of our environment and our people. If we start this journey, we will encourage responsibility and make our environment more habitable. We will stop heaping garbage all over the place because our environment will be properly managed.

With those few remarks, I support this noble idea. If you go to every village in Rwanda, there is order and cleanliness, which is next to God. We should make our environment more hospitable.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Member for Luanda.

**Hon. Omulele:** Thank you, Hon. Temporary Deputy Speaker. Everybody here seems to suggest that I come from Rwanda. I am a Member for Luanda Constituency in Vihiga County. My elder brother, Hon. (Dr.) Ottichilo, the owner of this Motion donated his constituency so that I can come to this House. That is because Luanda was initially part of Emuhaya.

I rise to support this important Motion. We have destroyed our environment at an alarming rate. The earth is only one and it has been here for many years. In the recent past, we have created a layer on the surface of the earth which is totally destructive to our environment. This is ironical considering that we are interested in living and procreating to fill this earth for many years.

The advent of plastic and paper bag in our socio-economic lives has rendered havoc to our environment. Along our highways and roads, our trees are being chopped on an hourly basis. We are throwing papers out of our cars and buses by disposing them carelessly and you realise that we are killing our country. It is time we rise up and stop that. We must stop this menace and hazard. Otherwise, our coming generations will have no country to speak of.

Hon. Temporary Deputy Speaker, I look at this proposal as a first step towards saving our environment; coming from someone who is well endowed in the field of climate change and environment preservation. It is a cry to our leadership and Executive to rise up and do what Rwanda is doing. It is a beautiful site when you travel across the breadth and length of Rwanda. It is a green and a beautiful country. Last December when I was in Rwanda, I was told that if you are travelling and you throw out a banana peel or a bottle and it happens that President Kagame is right behind you, he will stop to collect it and dispose it off properly. He will then advise you that it should not happen again. We must also do so to preserve our environment. As a child, I used to walk on village paths of Luanda in Emuhaya and the whole environment was nice and green. But today, I only see dust, dying trees and vegetation, and I worry about what I will tell my children and grandchildren. This is the first step.

I support this Motion wholeheartedly. I hope that we shall pass this Motion and go ahead to make it a Bill so that we can start taking care of our environment in a way it deserves.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I want to recognise the Deputy Leader of the Majority Party, Hon. (Ms.) (Dr.) Naomi Shaban.

**Hon. (Dr.) Shaban:** Ahsante sana, Mhe. Naibu Spika wa Muda kwa kunipa nafasi hii kuunga mkono Hoja ya Mhe. (Dkt.) Ottichilo ambaye ameona umuhimu wa sisi kuzungumzia suala la mazingira. Suala hili limekuwa donda sugu ambalo Wakenya wote wanatakikana kuliangazia. Suala hili limetajwa kwenye Katiba katika Vipengele vya 42, 69 na 70, japo kama Wakenya, tumechukulia mazingira kama jambo la dhahaka na mchezo na wala sio jambo la kulindwa na kutunzwa.

Wakenya wengi wanaugua magonjwa tofauti. Kule mashambani, mifugo wetu wanakula karatasi zinazotupwa na wanakufa. Mbuji wengi wamekufa kwa sababu ya kutafuna karatasi badala ya nyasi. Ni jambo la kusikitisha kuwa kama Wakenya, tunafikiria kwamba inatosha tu kufagia nyumba na kutupa takataka hapo nje. Tukisafiri ulimwengu mzima, tunaona na kufurahia usafi tunaouona kule. Lakini tunaporudi nyumbani, hatujali usafi wa mazingira na maeneo tunayoishi.

Sio mara ya kwanza kwa Mhe. (Dkt.) Ottichilo, ambaye anaelewa masuala ya mazingira, kuleta Hoja kuhusu mazingira. Lakini mara nyingi ametaka kubadilisha sheria ili kutekeleza yale ambayo yako kwenye Katiba yetu ili kuhakikisha kuwa Wakenya wanaishi kwenye mazingira yanayofaa na kudumisha mazingira haswa wakati huu ambapo masuala ya mazingira yameharibu mambo mengi hapa duniani.

Ufagio ni chombo kinachotumika kwa usafi na unatakikana kuwa rafiki wa kila mtu. Ufagio pia ni mti ambao hauwezi kukuzwa kwenye maeneo ambayo hayafai. Hivyo basi, Hoja hii ya kuwa siku moja kwa mwezi Wakenya wote wajitokeze kusafisha miji yetu ili tuishi kwa mazingira mazuri ni Hoja muhimu na ningependa kuwaomba wenzangu kuipitisha haraka iwezekanavyo ili suala liweze kutekelezwa. Rais alipopata kiti kwa mara ya kwanza, alionyesha umuhimu wa kuweka mazingira yetu safi kwa kufagia wakiwa na Gavana wa Nairobi. Lakini hatukufuatia kufanya yale ambayo aliyafanya. Huyu Gavana Kidero ambaye ndiye anasimamia mji wa Nairobi ni kama alisahau suala kubwa analopaswa kuliangalia. Mhe. Spika wa Muda, naunga mkono Hoja hii. Nahimiza kuwa vipengele 42, 69 na 70 vya Katiba vitekelezwe vilivyo ili tuweze kuweka mazingira yetu yawe masafi.

Naunga mkono Hoja hii. Ahsante sana Mhe. Ottichilo kwa kuleta Hoja hii.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Winnie, Member for Kirinyaga County. Please take little time so that we can allow two or three more speakers to contribute to this Motion.

**Hon. (Ms.) W. K. Njuguna:** Thank you, Hon. Temporary Deputy Speaker, for giving me this opportunity to contribute. I want to support this Motion on promotion of clean environment because we have seen that is the cause of very many problems in our country. I feel that this one can only be achieved if everybody participates. It is a matter of self-discipline on how we can keep our environment clean. We have seen very many countries whose environment is very clean. In most cases, it is just a matter of waste management. How are we going to manage waste because Members are saying that we have the problem of plastics which are all over? They are used in every way. The only thing we can do is to abolish the use of plastics. We find that those plastics are the ones which are used for the flying toilets and they block rivers. There are plastics which cannot rot. So, they remain on the ground for a very long time. It is high time we abolished that material. I know that we have factories which are manufacturing plastics, but they can manufacture other things. The plastics are used in other countries to collect garbage from hospitals. This is what should happen in our country.

Again, we need to recycle whatever waste we have. Some materials can be useful if they are recycled. So, even if we set aside a day for cleaning, we cannot say that we will be cleaning once in a month because this should be a daily activity to keep our environment clean. We need to ensure that all those vehicles which are polluting the environment are not on the road. I am really supporting this Motion, but we need to make sure that we check the cause of pollution in our country. We have seen other countries like Rwanda and Japan which are managing their environment well. For example, the waste from tins can be chopped into small pieces and then it is thrown away where it can take very little space.

Pollution is of many kinds. For example, banks are also polluting the environment. It is affecting our people. I even wanted to give a suggestion when we were discussing the Banking (Amendment) Bill. When we are applying for loans, we are always asked for title deeds and other securities. They should be keeping security in case they collapse so that they are able to

pay back people. The people who lose money are the ones who get affected. So, I still feel that pollution is of many kinds and it should be controlled in Kenya.

Thank you, Hon. Temporary Deputy Speaker. I support the Motion.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Rachel Ameso.

*(Hon. Saney spoke off record)*

Hon. Member, I keep looking for you. I do not know where you are. You are behind a pillar, I cannot see you. I have looked for you twice. I even called out your name before. I will give you the Floor after Hon. Rachel Ameso. Please sit where the Temporary Deputy Speaker can see you. Many Members leave their cards and so, sometimes, we look to see if they are in the House or not.

**Hon. (Ms.) Amolo:** Ahsante sana Mhe. Naibu Spika wa Muda. Nasimama kuunga mkono Hoja hii ambayo imeletwa na Mhe. Ottichilo. Tukiangalia hali ya mazingira katika nchi yetu ya Kenya, wakati umefika sisi kama Wakenya tuangalie namna tutakavyobadilisha mazingira yetu. Itakuwa vyema kama akina mama ambao wanafanya biashara katika barabara zetu kuu wataangalia mazingira baada ya kufanya biashara kabla ya kwenda nyumbani na kuacha sehemu ambayo wametumia kuwaletea chakula kila siku ikiwa safi. Ingekuwa vyema zaidi kama wangeangalia namna ya kutoa takataka hizo na kuzichoma katika hali inayotakikana ili tulinde mazingira yetu.

Wakati mmoja, Nairobi ilikuwa inajulikana kama sehemu yenye rangi ya kijani kibichi katika eneo lenye jua sana. Lakini siku hizi, Nairobi ni jiji limejaa plasitiki, mikebe na karatasi. Huwezi kuona eneo lolote lililopandwa nyasi. Sasa, lazima utafute maeneo yenye nyasi. Naunga mkono kauli ya Mhe. Milly. Tuangalie kama itakuwa siku ya Alhamisi ili sisi sote tuungane kusafisha mazingira yetu yawe masafi. Siku hiyo ya Alhamisi itawawezesha pia ndugu zetu Waislamu na ndugu zetu ambao wanaenda katika kanisa la Seventh Day Adventist (SDA) siku ya Jumamosi kuungana mikono pamoja ili tusafishe mazingira yetu katika nchi yetu ya Kenya. Itakuwa vyema zaidi kama viongozi pia wataonyesha mfano mzuri. Tunapaswa kuanza katika maeneo yetu na sehemu tunazoongoza. Tushike ufagio, tupande miti na kuchoma karatasi ili nchi yetu yote na kaunti zetu 47 ziwe safi.

Nasimama kusema kuwa naunga mkono Hoja hii ambayo imeletwa na ndugu yetu, Mhe. Ottichilo. Namuombea Mwenyezi Mungu amshike mkono ili mwaka wa 2017 awe gavana kwa sababu tunaona kuna mwangaza mzuri.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to Hon. Ibrahim Saney, who will be our last speaker.

**Hon. Saney:** Hon. Temporary Deputy Speaker, I wish to register my disappointment and protest in the manner in which people are allowed to contribute to Motions in this House.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Saney, I called out your name. You did not respond. It is on the HANSARD.

**Hon. Saney:** With all due respect, you were to give me the microphone.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Saney, I called out your name. Hon. Saney, you are out of order. If you have anything to contribute, please continue contributing.

**Hon. Saney:** I will contribute, Hon. Temporary Deputy Speaker, but it is unfortunate that the media will use our debate and contributions to judge us and if we are not fairly given chances, then it will be another thing.

In contributing to the Motion, I wish to say that our survival and existence entirely depends on the environment. We cannot attain sustainable development if we will not manage our environment. The importance of a clean environment cannot be enumerated exhaustively in this House. Just to mention a few, we need a clean environment if we are to manage our resources, which are land, air and water.

We need a clean environment to conserve and protect unique ecosystems. We also need a clean environment if we are to protect the extinction of much endangered ecosystems.

Hon. Temporary Deputy Speaker, our Constitution is very clear. It has gone a step ahead and in a further comprehensive manner, articulated the aspects of the environment in Articles 42, 69 and 70. It is always good to manage our environment so that we can live well. We can also pass it to future generations. The right to a clean and healthy environment is guaranteed in our Constitution. It stands as a mere guarantee. We have to do some other things to make sure that, that right is accessible and it benefits the common man.

It is also clear in the Constitution that for us to benefit from that right, the State has to do something progressive so that the benefit of that right as an entitlement is achieved. That comes along with resources and capacity issues. That is why that clause of progressive realisation of rights has been included in our Constitution. The biggest challenge to environment is pollution and litter. I believe that we must change our behaviour for us to attain a clean environment. That comes with serious civic education and creating awareness to the public. The State cannot attain a clean and healthy environment for its citizens alone. It requires the serious participation of the public.

### ADJOURNMENT

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Member, you will have eight more minutes to contribute to this debate when it comes back in the Order Paper. Hon. Members, the time being 1.00 p.m., this House stands adjourned until this afternoon at 2.30 p.m.

The House rose at 1.00 p.m.