

**PARLIAMENT OF KENYA****THE NATIONAL ASSEMBLY****THE HANSARD****Wednesday, 23<sup>rd</sup> February 2022**

The House met at 9.30 a.m.

*[The Deputy Speaker (Hon. Moses Cheboi) in the Chair]*

PRAYERS

QUORUM

**Hon. Deputy Speaker:** Hon. Members, we are short of the required numbers. Therefore, I order that the Quorum Bell be rung for 10 minutes.

*(The Quorum Bell was rung)*

**Hon. Deputy Speaker:** Order, Hon. Members, we still do not have the required numbers. I, therefore, order that the Quorum Bell be rung for a further five minutes as per our Standing Orders. We will then see if we will have raised the requisite numbers by then.

*(The Quorum Bell was rung)*

**Hon. Deputy Speaker:** All right, Hon. Members, we can now start business.

**PAPERS LAID**

Deputy Leader of Majority Party, proceed, you have the Floor.

**Hon. Jimmy Angwenyi** (Kitutu Chache North, JP): Hon. Deputy Speaker, I beg to lay the following Papers on the Table of the House:

Reports of the Auditor-General and Financial Statements in respect of the following institutions for the year ended 30<sup>th</sup> June, 2021, and the certificates therein---

*(Hon. David ole Sankok stood in the gangways)*

**Hon. Deputy Speaker:** Order, Hon. Sankok! Take your seat. I will not allow you to violate the social distancing rules under any circumstances. You might need to move a little further from your colleagues.

*(Hon. David ole Sankok moved away from other Members)*

**Hon. Deputy Speaker:** Yes, that is better. Proceed, Hon. Angwenyi.

*(Loud consultations)*

There are quite some loud consultations revolving around the Member for Nandi Hills. Do it in low tones, please. I do not have a problem with consultations, but they should be in reasonable decibels.

Proceed, Hon. Angwenyi.

**Hon. Jimmy Angwenyi** (Kitutu Chache North, JP): Hon Deputy Speaker, I beg to lay the following Papers on the Table of the House:

Reports of the Auditor-General and Financial Statements in respect of the following institutions for the year ended 30<sup>th</sup> June 2021 and the certificates therein –

- (i) Revenue Statements of the State Law Office and the Department of Justice;
- (ii) Revenue Statements of the Business Registration Service;
- (iii) National Council for Law Reporting;
- (iv) State Law Office and the Department of Justice;
- (v) Independent Electoral and Boundaries Commission Staff Mortgage and Car Loan Scheme; and,
- (vi) State Department for Broadcasting and Telecommunications.

Reports of the Auditor-General and Financial Statements in respect of the following institutions for the year ended 30<sup>th</sup> June 2020 and the certificates therein –

- (i) University of Eldoret;
- (ii) Dedan Kimathi University of Technology;
- (iii) Kenya Veterinary Vaccines Production Institute;
- (iv) Kenya Tsetse and Trypanosomiasis Eradication Council;
- (v) Pyrethrum Processing Company of Kenya;
- (vi) Kenya Plant Health Inspectorate Service; and,
- (vii) South Eastern Kenya University.

Reports of the Auditor-General and Financial Statements in respect of the following Institutions for the year ended 30<sup>th</sup> June, 2019 and the certificates therein –

- (i) Oololaiser Water and Sewerage Company Limited;
- (ii) Iten/Tambach Water and Sewerage Company Limited;
- (iii) Lake Basin Development Authority;
- (iv) Moi Teaching and Referral Hospital; and,
- (v) Weru Technical Training Institute for 18 month's period ended 30<sup>th</sup> June, 2019.

Reports of the Auditor-General and Financial Statements in respect of the following Constituencies for the year ended 30<sup>th</sup> June, 2020 and the certificates therein:

Yatta, Mwala, Kinangop, Mogotio, Baringo Central, Sotik, Oljoroorok and Bomet Central.

Report of the Auditor-General and Financial Statements on Rongai Constituency for the year ended 30<sup>th</sup> June, 2019 and the certificate therein;

Reports of the Auditor-General and Financial Statements in respect of the following institutions for the year ended 30<sup>th</sup> June, 2018 and the certificates therein –

- (i) Moiben Technical and Vocational College;
- (ii) Ahmed Shahame Mwidani Technical Training Institute;
- (iii) Muraga Technical Training Institute; and,
- (iv) Oololaiser Water and Sewerage Company Limited

Thank you, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** Very well. We now go to the next Order. We will have the Chairperson of the Departmental Committee on Communication, Information & Innovation. We will sort out the issue of approval later, but is she here? I am sure she is absent. So, the matter can be brought tomorrow afternoon as we might not get her today. Vice-Chairman, you wanted to say something on it?

**Hon. Erastus Nzioka** (Mbooni, Independent): Thank you.

**Hon. Deputy Speaker:** I am sorry, just a minute. Let me confirm first. Alright, proceed if you can. Who is this?

**Hon. Erastus Nzioka** (Mbooni, Independent): I am the Member for Mbooni, Hon. Erastus Kivasu Nzioka.

**Hon. Deputy Speaker:** I can see it is Hon. Kivasu. You are a Member of the Committee and not the Vice-Chair?

**Hon. Erastus Nzioka** (Mbooni, Independent): Yes, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** Okay, proceed.

**Hon. Erastus Nzioka** (Mbooni, Independent): Hon. Deputy Speaker, I beg to lay the following Paper on the Table of the House:

Report of the Departmental Committee on Communication, Information & Innovation on its consideration of the Copyright (Amendment) Bill (National Assembly Bill No.44 of 2021)

Thank you, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** All right. We now move to the next Order.

## QUESTIONS AND STATEMENTS

**Hon. Deputy Speaker:** Under this particular Order, there are two segments. The first one is on Questions and the second one is on Statements.

On the first segment, the Questions by the Member for Alego; and the Member for North Imenti, Hon. Abdul Rahim Dawood, are deferred at their own requests.

## ORDINARY QUESTIONS

*Question No.049/2022*

IRREGULAR DISMISSAL OF MR. REUBEN OMONDI OWINO BY TSC

*(Question deferred)*

*Question No.054/2022*

NON-PAYMENT OF PENSION TO MR. AUGUSTINE M'MUGWIKA

*(Question deferred)*

Let us move to the Question by the Member for Jomvu, Hon. Bady Twalib. Give him the microphone. Be patient, Hon. Twalib. Your microphone issue is being sorted out. There you go!

---

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor.*

*Question No.015/2022*

## DELAYED COMPENSATION FOR MR. SAID'S LAND

**Hon. Bady Twalib** (Jomvu, ODM): Hon. Deputy Speaker, I rise to ask the Cabinet Secretary for Lands and Physical Planning the following Question:

- (i) Could the Cabinet Secretary explain why Mr. Salim Said of ID No.2254872, a resident of Maganda Village in Miritini Ward, Jomvu Constituency, is yet to be compensated for his land compulsorily acquired by the Government on 6<sup>th</sup> June, 2015, to pave way for the construction of the Standard Gauge Railway despite the land having been valued and an award letter for a total of Kshs664,125 issued?
- (ii) What measures has the Ministry put in place to ensure that Mr. Salim Said receives the compensation, and could the Cabinet Secretary provide the timelines for the payment?
- (iii) What measures has the Ministry put in place to ensure that the payment will be prompt, considering the numerous similar cases in Maganda Village and across the country, which have been delayed?

Thank you, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** That Question will be replied to before the Departmental Committee on Lands.

Next is the Member for Magarini, Hon. Kingi.

*Question No. 048/2022*

## CORPORATE SOCIAL RESPONSIBILITY BY GALANA-KULALU FARM

**Hon. Michael Kingi** (Magarini, ODM): Hon. Deputy Speaker, I rise to ask Question No.48 of 2022 directed to the Cabinet Secretary for Agriculture, Livestock and Fisheries:

- (i) What measures has the Ministry put in place to ensure that food harvested at the Galana-Kulalu Farm directly benefits the local communities as part of the farm's Corporate Social Responsibility?
- (ii) Considering the current severe drought being experienced in Magarini Constituency, which has led to, among other things, school-going children dropping out of school, could the Ministry consider commencing a feeding programme for schools in the constituency using produce from the Galana-Kulalu farm?

Thank you, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** That Question will be replied to before the Departmental Committee on Agriculture and Livestock.

Let us now move to Statement Requests. I can see that there are two. We will start with the Requests. Is the Chair of the Departmental Committee on Finance and Planning in the House and prepared? Let us have Hon. Mbogo. Never mind the fact that the Chair or the Vice-Chair of the Departmental Committee on Finance and National Planning are probably absent. The record will do the necessary and keep them informed.

**REQUESTS FOR STATEMENTS**

## COMPENSATION OF OIL COMPANIES BY THE GOVERNMENT

**Hon. Mbogo Ali** (Kisauni, WDM-K): Hon. Deputy Speaker, pursuant to the provisions of Standing Order No.44(2)(c), I rise to request for a Statement from the Chairperson of the Departmental Committee on Finance and National Planning regarding compensation of 128 oil marketing companies by the Government.

Since November 2021, 128 oil marketing companies have not been paid their dues to the tune of Kshs.38 billion by the National Treasury. The matter came about due to increased fuel prices by the Government that were experienced mid-last year. Whereas the Government intervened to cushion the consumers by subsidising the increased pump prices, the said unpaid dues have put a lot of strain on the oil marketing companies, which had borrowed loans from banks. The situation has worsened even further due to the high interest rates being charged on the borrowed loans.

Since the introduction of Value Added Tax (VAT) on fuel products, oil marketing companies are required to remit VAT to the Kenya Revenue Authority (KRA) once an invoice is raised. To date, the said invoices raised with the National Treasury have not been paid, yet VAT has to be remitted to the KRA without delay. It is notable that 123 out of the 128 oil marketing companies are Kenyan-owned and their collapse would be detrimental to many Kenyans currently employed by those companies.

It is against this background that I seek a Statement from the Chairperson of the Departmental Committee on Finance and National Planning on the following –

(a) When will the Ministry pay the Kshs.38 billion to the said oil marketing companies?

(b) Could the KRA consider suspending the collection of VAT from the oil marketing companies until they are paid their dues?

(c) What long-term plans does the Ministry have to cushion the public from high fuel prices?

**Hon. Deputy Speaker:** The Request is referred to the Departmental Committee on Finance and National Planning.

Let us have the Member for Endebess, Hon. (Dr.) Pukose Robert.

## IRREGULAR SUSPENSION OF KENYA POWER STAFF

**Hon. (Dr.) Robert Pukose** (Endebess, JP): Thank you, Hon. Deputy Speaker. Pursuant to the provisions of Standing Order No.44(2)(c), I rise to request for a Statement from the Chairperson of the Departmental Committee on Energy regarding the suspension of Kenya Power staff under unclear circumstances.

In the recent past, the Kenya Power Board of Management suspended several officers under obscure circumstances. For instance, in November 2021, the Board suspended 59 supply chain staff ostensibly to pave way for a forensic audit and review of the supply chain function. Further, in December, 2021, the Board also sent home five general managers on a 60-day compulsory leave in what it claimed was a move to facilitate forensic audit and conclusion of the review of the supply chain operations, which entails lifestyle audits of the said suspended staff, among others.

In addition, following the collapse of the transmission towers on the Kiambere-Embakasi High Voltage Transmission Line on 11<sup>th</sup> January, 2022, which resulted in a countrywide blackout, the implicated staff members were summoned by the Directorate of Criminal Investigations (DCI) to record statements on alleged cases of negligence and sabotage involving the collapse of the transmission towers. It is against this background that I seek a Statement from the Chairperson of the Departmental Committee on Energy addressing the following issues.

- (i) What are the specific reasons for the suspension of the said officers, and could the Principal Secretary confirm that the suspension was carried out in accordance with the Employment and Labour Laws?
- (ii) Could the Chairperson provide a status report regarding the on-going review of the supply chain function and forensic audits, which necessitated compulsory leave and suspension of the said staff?
- (iii) Could the Chairperson provide information on the team undertaking the lifestyle audit/vetting exercise of the said suspended staff, including their qualifications and explain the procedure used to audit/vet them to ensure that the process is done in an open and transparent way?
- (iv) Could the Chairperson avail details on the recent changes in the company's top management, if any?
- (v) Could the Chairperson state measures put in place by the Board and the Ministry to ensure that staff members have a conducive working environment, free from threats and intimidation occasioned by the suspensions and the on-going investigations by the Directorate of Criminal Investigations (DCI)?

Thank you, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** That one is referred to the Departmental Committee on Energy. We go to the next order.

What is it Hon. Keter?

**Hon. Alfred Keter** (Nandi Hills, JP): Thank you, Hon. Deputy Speaker. I rise to seek your indulgence on a matter that was raised two weeks ago by Hon. Francis Kimani Kuria, Member for Molo Constituency. Pursuant to the provisions of Standing Order 44(2)(c), Hon. Kuria sought a Statement from the Chairperson of the Departmental Committee on Agriculture and Livestock regarding the current high cost of fertilizers in the country. It is against this background that I seek your indulgence and, more importantly, a response from the Chairperson of the Committee, because this is a very emotive issue. At the moment, the rainy season has started and farmers are preparing their farms.

Currently, the price of a bag of fertilizer is more than Kshs6,000, which is very expensive. Considering that most agricultural inputs are very expensive, this will further increase the cost of production. This means that it will cost farmers a lot in terms of production, and this will affect food production. I know one of the Big Four Agenda is food security. So, I seek your directions and indulgence on this matter.

Thank you, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** Well, that is fairly straight forward. First of all, it is an extremely critical issue. I can see quite a number of Members have put interventions. Before I give the Floor to the Chair of the Committee, Hon. Tiren, whom I see in the House, I would like to give chance to a few Members to ventilate on the matter, because it is really a topical matter. The only problem is that I do not know how to share out the little time at my disposal. If Members can speak briefly, we will have many Members speaking on it.

I will start with Hon. (Dr.) Wamalwa and then I will pick two Members from the other side. I will give chance to seven or eight Members. Please, let us be brief.

**Hon. (Dr.) Chris Wamalwa** (Kiminini, FORD-K): Thank you, Hon. Deputy Speaker for this opportunity. I would like to salute Hon. Keter for raising this matter. I am happy that the Chair of the Departmental Committee on Agriculture and Livestock is here. This is a critical moment when farmers are preparing their fields to plant; and fertilizer, being one of the main inputs, as we speak the price per bag is about Kshs7,000. It is beyond the reach of the majority of farmers and the Government, being the first line of defence, is supposed to look into this matter.

I had an opportunity to look at the Budget Policy Statement (BPS). Unfortunately, there is no provision for fertilisers. The BPS provides the key priority areas where the Government is supposed to provide budgets. It is my wish that in this House today, we handle the issue of fertilisers with urgency to ensure that it is provided for in the BPS.

The term of the Jubilee Government is coming to an end. The next Budget that we are preparing is mainly going to be for the new Government. It is only God who knows what the new Government will look like, but matters of fertilisers cut across the political divide.

**Hon. Deputy Speaker:** Restrict yourself to the issue of fertilisers, Hon. Wamalwa.

**Hon. (Dr.) Chris Wamalwa** (Kiminini, FORD-K): Absolutely. I am talking about the BPS.

**Hon. Deputy Speaker:** Please, wind up so that I can allow other Members to also contribute.

**Hon. (Dr.) Chris Wamalwa** (Kiminini, FORD-K): Hon. Deputy Speaker, how I wish we could move with speed, even if it is going to be in the Supplementary Budget, to ensure that fertilisers are provided for the farmers as quickly as possible. As we speak, it has started raining and we will soon be in the planting season. So, I humbly request that the relevant powers moves with speed to provide subsidised fertilisers to farmers.

Thank you.

**Hon. Deputy Speaker:** Let us hear the Member for Kipkelion West, and then I will pick some other Members. I am specifically trying to look for Members from the fertiliser consuming areas. I can see Hon. Kutuny, Hon. Pukose and quite a number of Members. If you are going to be brief, then we will have a few more Members speaking on this matter. Let us stick to just one minute to each Member speaking.

**Hon. Hilary Kosgei** (Kipkelion West, JP): Thank you, Hon. Deputy Speaker. I want to thank Hon. Keter for raising this urgent and important matter. We live in a very dangerous time in this country, where everything that relates to farmers is not a priority to the Government. The Government has money to refurbish stadiums. It even has money for putting up a gun factory, but it does not have money for fertiliser subsidies for farmers. We live at a time and under a President who has become so rogue that every time he appears on television, he cheats the public. Members will recall that the President once said the cost of energy would come down, but nothing has happened. He once told farmers that inputs on the dairy feeds would come down, but until now nothing has happened. As we address the issue of fertilisers, we have a report that---

**Hon. Emmanuel Wangwe** (Navakholo, JP): On a point of order, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** Hon. Wangwe, what is your point of order? I am surprised because I wanted to give you time to substantively contribute.

**Hon. Emmanuel Wangwe** (Navakholo, JP): Thank you, Hon. Deputy Speaker. My point of order should not subdue the substantive contribution. We are debating the issue of fertilisers,

but my very good friend is introducing debate on the President. Is it in order for Hon. Kosgei to debate the President?

**Hon. Deputy Speaker:** Member for Kipkelion West, restrict yourself to the fertiliser issue. If there is anything that you wanted to say, you have already said it. Let us go the fertiliser issue. Please finalise.

**Hon. Hilary Kosgei** (Kipkelion West, JP): Thank you, Hon. Deputy Speaker. We cannot address this issue in isolation. There is already an addendum from the Budget and Appropriations Committee removing what was allocated. I would request the Committee for purposes of this fertiliser input. We are saddened because nobody else can remove that if it is not the rogue State under the President.

**Hon. Deputy Speaker:** Okay. That should be enough. Let us hear Hon. Kutuny. Majority Whip, you have already had a shot on that bit. So, I will give you some breathing time. I will get other Members first and then I will come back to you.

**Hon. Joshua Kutuny** (Cherangany, JP): Kongoi missing, Bwana Naibu Spika.

**Hon. Deputy Speaker:** Order, Hon. Kutuny! Use Parliamentary language. I do not understand the language that you have just spoken.

**Hon. Joshua Kutuny** (Cherangany, JP): Asante, Mhe. Naibu Spika. Nachukua fursa hii kumshukuru sana Mheshimiwa Keter kwa kuileta Hoja hii Bungeni. Hakuna taifa ambalo linaweza kupiga hatua lisipozingatia ukulima. Waswahili wanasema “*Kila mwamba ngoma huvutia kwake;*” lakini nasema kwamba sisi tunavutia huu upande mwingine.

Leo nimeamka na masikitiko kwa sababu Bajeti ilitengezwa na pesa za kutosha zikawekwa ili kupunguza gharama ya mbolea. Lakini leo tumeamkia ujumbe kuwa Wizara imetuma taarifa nyingine ya kuondoa pesa hizo zilizoratibiwa. Namuomba Mwenyekiti na Kamati kwa jumla watupilie mbali ombi la Serikali kuu la kuondoa pesa zilizotengwa kupunguza bei na gharama ya mbolea. Wakulima wako tayari kwenda shambani. Wakenya wengi hawana chakula, lakini Serikali inazembea kwa kutoweka mikakati ya kutosha.

Naomba Serikali kuu itoe taarifa ya mikakati ambayo imewekwa kusaidia wakulima kupata mbolea kwa bei nafuu kabla hatujakata tamaa.

**Hon. Deputy Speaker:** Member for Navakholo.

**Hon. Emmanuel Wangwe** (Navakholo, JP): Thank you, Hon. Deputy Speaker. The genesis of the cartels who would want to import maize begins with production. This is a sign that the cartels have penetrated the National Treasury. We should not propose anything which will bring down our Government, because cartels have penetrated the National Treasury.

If production is not checked, we will have to import maize. This would mean that at the end of the day, we will increase the cost of production and things will not work for the country. Therefore, I advocate that we ensure that the money that was allocated for the importation of fertilisers remains in the Budget. We have to support it so that the cost of fertilisers does not remain at Kshs7,000 per bag. It has to come down. That is the only way to support our people.

**Hon. Deputy Speaker:** Member for Aldai.

**Hon. Cornelly Serem** (Aldai, JP): Thank you, Hon. Deputy Speaker. I thank Hon. Keter for the effort of making sure that this Statement is before Parliament. I thank Hon. Wangwe for accepting that there are cartels in the National Treasury and in the Government at large. He should name them. We cannot wait any longer. The rains are now with us. The prices of fertilisers should have come down as soon as yesterday, not today.

I have been on this Floor many times advocating for the interests of the National Government Constituencies Development Fund (NG-CDF). I am here for farmers so that the prices



of fertilisers can come down. If this Government cannot listen to us or to the farmers, I will ensure that I convince my colleagues to bring down the Supplementary Estimates that are scheduled for debate on Thursday. That is not a threat. I am issuing a statement from the Floor of the House. I am a farmer too. I want the prices of fertilisers to go down. Let us meet tomorrow. I have many friends who are also farmers.

**Hon. Deputy Speaker:** Member for Gilgil.

**Hon. (Ms.) Martha Wangari (Gilgil, JP):** Thank you, Hon. Deputy Speaker. The outcry cuts across constituencies and the country. Yesterday, I was at a place called Songoloi. Even when holding meetings for bursaries, people would say that they do not need them. They would say that they need to farm, because they have the ability, but they cannot afford fertilisers. There is no cartel in this country that the Government cannot demolish. We hope this will be done. I support Hon. Keter in terms of the need to bring down the cost of fertilisers. I hope that all the cartels that have been mentioned by the leadership of the House will be demolished because the Government is the Government. I hope the Addendum to the Supplementary Budget will be supported by Members across party lines. We cannot lower food prices when fertilisers are unaffordable.

**Hon. Deputy Speaker:** Hon. Sankok, you have one minute. I have to remind you because I know sometimes you speak for too long.

**Hon. David ole Sankok (Nominated, JP):** Choose which side you belong to today. Choose whether you belong to the side of Kenyans or that of a rogue Government that is trampling on Kenyans---

**Hon. Deputy Speaker:** I would rather you go to the issue of fertilisers. Bringing in other issues does not help. If you genuinely want to discuss the issue of farmers, do not dramatise the matter before the House. Deal with the matter of fertilisers. Let us not digress or politicise.

**Hon. David ole Sankok (Nominated, JP):** No reduction of fertiliser prices, no Budget in this House. I think Members will choose where they belong. Kenyans are watching so see if you will support farmers or the Government by passing a Supplementary Budget which lacks funds to subsidise fertilisers.

I thank Hon. Alfred Keter for bringing up this matter, because it is very emotive. We are in the rainy season and Kenyans are planting. Narok County is the biggest producer of barley, and the second biggest producer of wheat, which consumes the biggest number of fertiliser bags. The first and last time we had a bumper harvest in Narok was when William Ruto was the Minister for Agriculture. We exported our barley all the way to South Africa and Tanzania. So, you can see the effect of lowering the prices of fertilisers on production. We must reduce the prices of fertilisers in order to increase production and reduce food prices.

**Hon. Deputy Speaker:** Hon. (Dr.) Nyikal.

**Hon. (Dr.) James Nyikal (Seme, ODM):** Thank you, Hon. Deputy Speaker. I also take this opportunity to thank Hon. Keter. When matters of national importance are brought to us, we should strive to put aside partisan politics and forge a common understanding. This is an issue of food for Kenyans and we support that the prices of fertilisers should come down.

Hon. Keter has asked a good question. I just want to tell my colleagues that the best decision in such circumstances is to completely put aside politics and talk about the issue at hand. We all know when it comes to politics, logic disappears. If we bring a lot of politics into this matter, even those who want to support the initiative will stop doing so. Whenever we have an issue of this nature, the best approach would be to put politics aside, think of Kenyans and support the idea. In this case, we should ensure that the prices of fertilisers come down.

Thank you, Hon. Speaker.

**Hon. Deputy Speaker:** Hon. Lentoimaga.

**Hon. Alois Lentoimaga** (Samburu North, JP): Thank you, Hon. Speaker. I want to thank Mhe. Alfred Keter for bringing up this matter. The critical thing for those of us who come from regions where we do not depend on fertilisers is the fuel prices. If we can reduce the costs of fuel, the prices of all other commodities will come down. This is because production of food and services depends on fuel. Therefore, we should also address the issue of fuel prices.

**Hon. Deputy Speaker:** Hon. Pukose.

**Hon. (Dr.) Robert Pukose** (Endebess, JP): Nakushukuru Mhe. Naibu Spika, kwa kunipa fursa hii nichangie suala ambalo Mhe. Keter ameuliza. Anataka Mwenyekiti wa Kamati ya Kilimo na Mifugo, Mhe. Tiren, alete jibu Bungeni kueleza ni kwa nini bei ya mbolea imebaki juu. Nimefurahi kwa sababu Mhe. Wangwe amesema kwamba katika Serikali kuna *cartels*. Nafikiri Mhe. Wangwe amenyoosha kidole mahali pasipo. *Cartels* ziko kule *State House*. Kwa hivyo tunamtaka Rais, katika hiki kipindi kilichosalia, alishughulikie jambo hili. Ni lazima ahakikishe kwamba bei ya *fertilizer* imeteremka ili Mkenya wa kawaida---

**Hon. Deputy Speaker:** Order! Order! We have said that we shall restrict ourselves to the matter before the House. Let us not throw unnecessary---

*(Hon. Sankok spoke off-record)*

Hon. Sankok, you are lucky I had given you opportunity. Had you spoken like that, I would have ensured that you did not get a chance. We have to restrict ourselves to the matter that has been raised. Any side-show is unnecessary.

*(Hon. David ole Sankok spoke off-record)*

**Hon. Deputy Speaker:** Order, Hon. Sankok!

**Hon. (Dr.) Robert Pukose** (Endebess, JP): Asante, Mhe. Naibu Spika. Nimemsikia Mhe. Kutuny akisema kwamba hajui ninavutia upande gani. Ni vizuri tuvute upande wa mkulima na Mkenya wa kawaida ili tuhakikishe kwamba kuna chakula cha kutosha humu nchini.

Mhe. Naibu Spika, niliona sehemu zingine za Kenya zina ukame mkali. Watu hawana chakula ilhali sisi kama Kaunti ya Trans Nzoia bado tuna mahindi kwenye maghala. Tungependa Serikali ihakikishe kwamba mkulima anapata afueni kwenye mambo ya mbolea.

Asante, Mhe. Naibu Spika.

**Hon. Deputy Speaker:** After Hon. Washiali speaks, I will give a chance to two Members from this side and then come back to the Chairman of the Departmental Committee.

**Hon. Benjamin Washiali** (Mumias East, JP): Thank you, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** We must wind up now.

**Hon. Benjamin Washiali** (Mumias East, JP): Hon. Deputy Speaker, those of us who live near the Ugandan border are really embarrassed that foodstuffs are cheaper there yet very expensive in Kenya. When you go home for campaigns, you will find so many young fellows who are supposed to be farming, but that is not the case. Today, it is uneconomical to do agriculture in Kenya! The price of fuel for tractors is expensive. The cost of fertiliser is also expensive. Therefore, the young men who should be doing agriculture have decided to hang around so that they can get some money from politicians. I am embarrassed that I contributed to the formation of this Government and I wish the remaining five months could end as soon as possible.

**Hon. Deputy Speaker:** Hon. Osotsi.

**Hon. Godfrey Osotsi** (Nominated, ANC): Thank you, Hon. Deputy Speaker. I must also thank Hon. Keter for bringing up this matter. As Hon. Nyikal has said, the issue of increased prices of fertiliser does not know the political formation you support. It affects all of us including the people we represent. I think it is very unfortunate to try to politicise such an important issue in order to gain political mileage out of it.

Hon. Deputy Speaker, about six months ago, I brought a Question on the issue of fertiliser to this House. I also raised the issue of procurement malpractice...

**Hon. Deputy Speaker:** Order, Hon. Members! Hon. Kahai Adagala.

**Hon. (Ms.) Beatrice Adagala** (Vihiga CWR, ANC): Thank you, Hon. Deputy Speaker. I want to congratulate Hon. Keter. This is timely as farmers are preparing to plant their maize and other food crops. I think this is quite in order. Farmers out there are hurting. Some still have maize in their stores while others are preparing land in readiness for planting now that the rains are here. I was in the village the other day and it is raining heavily. I support that prices of fertilisers should be reduced to enable farmers prepare their land in good time and plant. The prices of seedlings for farmers should also be reduced.

**Hon. Deputy Speaker:** Chair, Departmental Committee on Agriculture and Livestock, there are things that will only be proper for you to do.

*(Loud consultations)*

Order, Hon. Members! Order! Let us first hear from the Chairman on when he will respond to the original Statement by the Member for Molo. Hon. Keter has just re-ignited a Statement that had been requested before. Chair, please, give us a status update and then you can proceed to make your Statement.

**Hon. Silas Tiren** (Moiben, JP): Thank you very much, Hon. Deputy Speaker. First and foremost, I would like to thank my brother and the Member of Parliament for Nandi Hills, Hon. Keter, for the Question he has raised today. Also, I want to mention that it had been raised by Hon. Kuria, Member for Molo, and we had requested the Ministry of Agriculture, Livestock, Fisheries and Co-operatives to give us feedback on the same, but up to date, we have not received anything from the Ministry. We have summoned them to come before the Committee next week on Tuesday. I hope you will come because you have also had a lot of challenges. Whenever we invite him to come to the Committee, he normally does not appear. He has been quite busy. I want the House to help us make sure that he is there, so that we can answer some of these Questions.

I also want to mention one or two things on the same matter because it is a very important one. As Hon. Osotsi has said, this touches on the lives of many Kenyans. We have a number of Members here who represent people who use fertiliser. We need fertiliser for the purpose of growing maize, which is the staple food in this country. When we do not have enough maize, food in this country gets very expensive because of the cost of importing. I also take this opportunity to put it clear that if the cost of fertiliser was Kshs2,500 per bag last year and the price of maize now is Kshs3,500... You can imagine how much Kenyans are going to buy maize for next year if the price of fertiliser remains at Kshs6,000 or almost Kshs7,000. I think the Government is not treating agriculture with the importance it deserves.

Agriculture is only 3.1 per cent of the budget despite it being the backbone of the economy of this country. Remember, Kenya is signatory to the Maputo Declaration which requires that a minimum of 10 per cent of a country's budget should go to agriculture in order to support farmers.

I want to talk of the addendum that has been brought to our attention.

---

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor.*

**Hon. Elisha Odhiambo** (Gem, ODM): On a point of order, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** What is your point of order, Hon. Elisha?

**Hon. Elisha Odhiambo** (Gem, ODM): Hon. Deputy Speaker, I think the Chairman of the Departmental Committee on Agriculture and Livestock is going round and round. He should be more pragmatic and tell the country that the prices of fertiliser went up when the Deputy President was Minister for Agriculture and that he imported fertiliser into this country. He must be more serious. He cannot be going round without explaining the historical position why the price of fertiliser has been...

**Hon. Deputy Speaker:** Order, Hon. Elisha! That is exactly the same thing we were saying that the unfortunate bit is when you politicise an extremely important issue concerning farmers. I do not know really whether the Chair...

**Hon. Silas Tiren** (Moiben, JP): I have not finished. Thank you, Hon. Deputy Speaker. Like I said earlier, let us treat this thing of fertiliser...

**Hon. Ndindi Nyoro** (Kiharu, JP): On a point of order, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** What is your point of order, Hon. Ndindi Nyoro?

**Hon. Ndindi Nyoro** (Kiharu, JP): Hon. Deputy Speaker, I was just trying to catch your eye because I have seen majority of the people who have contributed are largely the large-scale farmers, but I represent the majority of the small-scale farmers. I want to say...

**Hon. Deputy Speaker:** How does that become a point of order? A point of order is made when something is out of order. Are you suggesting that by not being given an opportunity, it is out of order? I do not think so, but then do it in half a minute, so that I can go back. I would have actually ruled you out of order, but just do it in half a minute.

**Hon. Ndindi Nyoro** (Kiharu, JP): Hon. Deputy Speaker, in our language, we say that wealth is what remains after you are fed. I am trying to paraphrase the Kikuyu saying. Food comes from agriculture, namely, from our farms. The current price of fertiliser in Kenya is unaffordable to many, especially the small-scale farmers. The current scenario in our country is that we import more than Kshs200 billion worth of food.

**Hon. Deputy Speaker:** Your half a minute is gone. Thank you.

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

**Hon. Deputy Speaker:** No more points of order. I realise they are actually points of argument and points of contribution. Let us leave it. Hon. Members, let us allow the Chair.

**Hon. Silas Tiren** (Moiben, JP): Thank you, Hon. Deputy Speaker. Let me proceed from there. I also wanted to add that we had talked to the Ministry and the information they gave us is that they had requested for about Kshs15 billion to be used to sort out the issue of subsidised fertiliser in the country. Of course, currently, the price of fertiliser is very high. They told us that the Cabinet has not given any feedback on the request. We expect them to move very fast. What the Committee did, and I want to applaud the Members of the Departmental Committee on Agriculture and Livestock, is that we were able to do the Supplementary Budget and make some adjustments where we put in Kshs1.4 billion to subsidise fertiliser as we await the Cabinet's decision. What we want is that...

**Hon. (Dr.) Robert Pukose** (Endebess, JP): *(off record)*

**Hon. Deputy Speaker:** You are out of order, Hon. Pukose. I am not going to allow you.

**Hon. Silas Tiren** (Moiben, JP): Please, protect me, Hon. Deputy Speaker, so that I can proceed.

**Hon. Deputy Speaker:** Order, Hon. Tiren! Order, Hon. Pukose! I can confirm to you that I am not going to allow you, and so, do not waste your time. You cannot be unruly in the House and expect me to listen to you. I am not going to listen to you. Chair, proceed. Have you finished?

**Hon. Silas Tiren** (Moiben, JP): Thank you. Please, I am normally very patient when people are talking. I have just said that in the Committee, we put Kshs1.4 billion to subsidise fertiliser for farmers as we await the Cabinet to make decisions because we had requested for Kshs15 billion. What I will say in short is that...

**Hon. Deputy Speaker:** What is it, Hon. Gikaria?

**Hon. David Gikaria** (Nakuru Town East, JP): Thank you, Hon. Deputy Speaker. What I wanted to do and I think that is what exactly the Chair of the Departmental Committee on Agriculture and Livestock has said...

**Hon. Deputy Speaker:** What is out of order?

**Hon. David Gikaria** (Nakuru Town East, JP): Hon. Deputy Speaker, this is not the time to ask questions. This is time for the Committee to put money in the supplementary budget and in the budget itself, so that we can address some of these issues. I am happy the Chair of the Departmental Committee on Agriculture and Livestock has said that in the Supplementary Budget, they have put Kshs1.4 billion, which this House needs to support. That is the only way we will address some of these things.

**Hon. Deputy Speaker:** Hon. Members, you are rising here saying that there is something which is out of order, but actually what you are doing is basically contributing.

**Hon. (Dr.) Robert Pukose** (Endebess, JP): (*off record*)

**Hon. Deputy Speaker:** Order, Hon. Pukose! I have just told you that I am not going to allow you. So do not bother. You know there is something that you cannot do, Hon. Pukose. You cannot bully the Speaker. You have no capacity. You have had your time to contribute. Allow other Members and the Chair to respond. Hon. Pukose, of course, I am not going to remove you from the House, but I might ask you to relocate so that you do not interfere with my concentration. Hon. Pukose, do you want me to try it? Did I hear you say that I cannot? I can try it with you because it has never been done in the House. I am going to ask you to go and sit very far from the Speaker. I do not think you are going to have any power to refuse. Please, Hon. Pukose, you have had your opportunity. You have spoken. Let us allow the Chair.

The Chair was bringing it out. This is an issue that we need to resolve. If we start politicising or heckling each other, it does not help. Chair, please, can you tell us when you are going to respond to the Statement? That is a very critical thing. You have brought many issues, including budget matters, which is fine, but eventually state also when you are able to respond. You have said the CS will come before you on Tuesday. Therefore, are you able to respond to that Statement on Thursday next week?

**Hon. Silas Tiren** (Moiben, JP): Yes.

**Hon. Deputy Speaker:** That is very good. So we have achieved something.

**Hon. Silas Tiren** (Moiben, JP): I just wanted to add what the Committee did the Supplementary Budget and we put in Kshs1.4 billion for fertiliser subsidy as we wait for Cabinet to make a decision. We also received an addendum from the Treasury and I think we are going to reject it because we must support our farmers. I request Members, especially those who represent farmers to be with us so that we can pass this thing.

Thank you very much.

**Hon. Deputy Speaker:** Alright, I think that matter is resolved. I took quite some time. I gave quite a number of you an opportunity to speak because I realised this is something that is very critical to the economy of the country.

So, let us go to the next Order.

## BILL

### *Second Reading*

#### THE PUBLIC DEBT MANAGEMENT AUTHORITY BILL

*(Hon. Sakwa Bunyasi on 16.2.2022)*

*(Resumption on Debate interrupted on 16.2.2022)*

**Hon. Deputy Speaker:** Hon. Members, as is usual, whenever we get to resumption of a debate, we always look out for Members who had contributed and had balance of minutes. On this particular one, Hon. Fabian Muli was on the Floor and had a balance of eight minutes. Should he be willing to proceed with it, I would be happy to give him the opportunity. Is he in the House?

**Hon. Members:** No.

**Hon. Deputy Speaker:** We then go to Members who have not contributed and would wish to contribute. Hon. Makali Mulu.

**Hon. (Dr.) Makali Mulu** (Kitui Central, WDM-K): Thank you, Hon. Deputy Speaker. I want to start by appreciating Hon. Sakwa Bunyasi for this important Bill, the Public Debt Management Authority Bill. You must have realised that the whole of this week, there has been a serious national conversation on issues relating to public debt. This shows how important public debt is to Kenyans.

Just as an introductory remark, we must realise that the reason why public debt in any country is important, is because people are...

*(Hon. (Dr.) Robert Pukose consulted loudly)*

**Hon. Deputy Speaker:** Order Member for Endebess. Can you quietly take your leave? You are interfering with the free flow of Hon. Mulu. Let us give each other opportunity.

**Hon. (Dr.) Makali Mulu** (Kitui Central, WDM-K): Hon. Deputy Speaker, I thought you had given people enough time to score their *bonga* points. Why are they harassing serious business like this one?

**Hon. Deputy Speaker:** Proceed, Hon. (Dr.) Mulu.

**Hon. (Dr.) Makali Mulu** (Kitui Central, WDM-K): The reason countries have to report on public debt is that every year, as they plan for their expenditure, programmes, and projects, they will always spend more than they are collecting from their own resources through taxation. Even at a personal level, so long as you spend more than your income, that deficit must be met through borrowing. That is why, over time, this country has accumulated public debt to the tune of about Kshs8.2 trillion. The reason this Bill becomes very important is that we are almost at a level where we are eating over 70 per cent of our GDP, being the GDP/public debt ratio. Therefore, there is

need to think about how we can continue managing public debt. I think that is what this Bill seeks to address.

This Bill was published around 2020. It has taken a lot of time before coming to this House for debate. So, we must now appreciate the fact that we have the opportunity to debate it. The Bill has in it what we call institutional framework on how to manage public debt. It is very important because one of the questions that we have been asking ourselves over time is: How much is our public debt as a country? You have seen, this week, some people saying it is Kshs11 trillion while others are saying it is Kshs8.2 trillion. There are those who are saying that when you add pending bills, it is about Kshs9.0 trillion. This is happening because we do not have a one-stop kind of shop where you can get accurate figures, namely, an Authority. The information should come from a person who has all the data that we require and can actually justify the figures. That is why this Bill is very important.

In terms of measuring public debt, you realise that the conventional way of reporting on public debt is that you leave out things to do with guaranteed debt and you leave out issues to do with pending bills. The reason why you leave this out is because guaranteed debts are debts which are owed by parastatals and other Government institutions which are not funded directly through the National Treasury.

The Government then comes in through the National Treasury just to guarantee and say that in case this money is not repaid, then the Government can come on board and make that payment. That means we will have taken up the responsibility to pay. So, when it comes to measuring public debt, we leave out such assuming the concerned bodies will pay on their own. We also do not include pending bills when we are reporting on public debt in a conventional way, for the same reason. The truth of the matter is that this is our obligation and in case anything goes wrong, the Government will have to pay.

If we have such an Authority in place, we will be able to say how much public debt is as reported in our books, how much is guaranteed to date as reported through these other organisations, and how much pending bills are, so that at the end of the day, we have a total of how much the Government should be paying. I see this Authority being very important because it will be able to tell Kenyans, at any point in time, how much we owe as Kenyans, how much we are paying in terms of principle, how much we are paying in terms of interest, and how much we are expected to pay over time. We will also be able to tell Kenyans, for example, the repayment period for the loan and even when you finish paying it, the totality in terms of how much was paid in principle and how much was paid in interest.

We had a very interesting debate in this House when we were raising the debt ceiling to Kshs9 trillion. The debate was: Allow us room for Kshs9 trillion, so that within that room, we can restructure our loans and have more of concessional loans as opposed to commercial loans. With that understanding, we went ahead and allowed the National Treasury to have the Kshs9 trillion ceiling. Whether we achieved that objective of reorganising our loans in terms of commercial and concessional, is a question for another day, not today.

The other matter which is critical and which I think this Authority will have to address is the issue of how debt is applied. Every day, we are talking about public debt. Has any Kenyan taken time to map out the programmes and projects in this country where the debt is being applied? What skills are employed in terms of application of these debts? When it comes to repayment of debt, every Kenyan is a key player in terms of taxes. Once we approve this Bill, we will have an Authority which can say: For the money we have borrowed over the last five years, these are the projects and this is where they are located in Kenya. On that basis, we can effectively discuss

issues of equity, that is, whether every area in Kenya is benefitting from these loans. This is because we all pay the loans.

The other important issue which, hopefully, this Authority will address is whether we are getting value for money. The law, in Public Finance Management Act, states that whatever money you borrow in this country, it must first get to the Consolidated Fund of Kenya and disbursed from there. Of late, we have heard of loans where we sign papers and the next thing we see is loading materials coming to Kenya. Things are done outside there. As a country, we do not have total control over such loans. With the passage of this Bill, we will have an Authority which will ensure that all the money borrowed, first of all, gets into the Consolidated Fund for purposes of audit at the right time. Afterwards, the loan is disbursed from the Fund. At the end of the day, Kenyans will get value for money.

Last but not least, because of shortage of time, is the issue of evaluation of the programmes we are going to fund. We will have an Authority which from a technical perspective, can conduct a proper appraisal of projects and feasibility studies of the same. It will also see whether the projects will be able to repay the loans by themselves over time because inter-generational equity, when we borrow, is very important. We should make sure that if we borrow for a term of 20 years, by the time we hit the 20<sup>th</sup> year, Kenyans should have started benefitting from the programmes which have been implemented. In that case, future generations will not be over-burdened repaying loans which do not generate any income for the country. So, we will be growing our national cake and the income from that growth will reduce loan payment and at the end of the day, we will have sustainable loans which, to some extent, will be self-servicing.

**Hon. Deputy Speaker:** In the order, again, I do not know how ole Sankok is always atop the list. Would he mind being brief this morning?

**Hon. David ole Sankok** (Nominated, JP): I cannot be brief, Hon. Deputy Speaker because there is time allocated to everybody, but I will finish before the time elapses. Hon. Deputy Speaker, do not get worried when I am always on top of the list because I come before you.

**Hon. Deputy Speaker:** I have no reason to get worried at all. I want you to contribute now. You are actually spending a minute of your own time.

**Hon. David ole Sankok** (Nominated, JP): And I leave after you, Hon. Deputy Speaker so that I earn from my sweat.

**Hon. Deputy Speaker:** I might have to give the chance to someone else for the time being as you re-organise yourself.

**Hon. David ole Sankok** (Nominated, JP): No.

**Hon. Deputy Speaker:** Proceed then.

**Hon. David ole Sankok** (Nominated, JP): Thank you very much, Hon. Deputy Speaker.

The Public Debt Management Authority Bill (National Assembly Bill No.36 of 2020) is very important and is in the House at the right time. I hope all Members in the House, irrespective of the political inclination, will support it because the debt in the country is burdening Kenyans. Imagine a child born today owes a debt of Kshs136,000. It is unfortunate that we will have to pay the debt all of us irrespective of whether the money borrowed was used properly or was used wrongly. It is unfortunate because those who are in management in Government and are supposed to implement projects that will give us value for our money are busy implementing projects that will not give us returns on investments yet we will pay the loans. I am sure this Authority will look at priorities. I believe where we went wrong and are unable to service our debt is because we decided to invest on investments that use capital, what we call capital intensive investments.



We invest in capital intensive investments because we have the luxury of time and resources. We have resources that we can wait to give us returns because we are not in a hurry and because we are not poor. But this is a poor and developing country. It needs to invest in labour intensive infrastructure so that we can get returns on our investments as quickly as possible. If you are rich, you let your money do the work for you. If you are poor, you let your muscles do the work for you. In our country's set up, we will allow millions of unemployed youth to work for us because at the moment, we are not a developed country. We are still struggling as a country.

A case in point is the investment we have made on the Expressway. We will spend Kshs80 billion on it. The Expressway will assist 1 per cent of Kenyans who travel to Jomo Kenyatta International Airport (JKIA). If we would have taken the Kshs80 billion to invest on labour intensive investments like affordable housing, we would have been able to construct 80,000 two bedroomed units in strategic locations of our cities. The Government has land in prime areas and at the end of the day, we would employ more people. Each unit would require a carpenter, a plumber, a mason, and five young men. Five times 80,000, we would have employed 400,000 young men to do the work for us. But the Expressway in which we have invested Kshs80 billion uses machinery. It is capital intensive and it has only employed 3,000 people. If we would have invested in a labour intensive affordable housing, which is one of the Big Four Agenda of our President, the Government would be charging rent, meaning it would have another source of income rather than increasing taxes on food, fuel and fertiliser.

This Authority will have to look into our economic models. Which one will work? Is it the trickle-down economic model or the bottom-up economic model? That is the only way we can manage our debt and be able to service it. If we invest on labour intensive investments which are in the bottom-up economic model, we will broaden the tax base and bring many people on board who would be willing to pay tax because they would be having a source of income. The moment we have one million extra taxpayers, it means we will have more revenue which means we will be able to service our loans. But in the trickle-down economic model, we invest in a few corporates like the Kenya Airways (KQ) thinking that they will pay taxes, but end up being fodder grounds for corruptions. They end up declaring nil in returns meaning that they will not even pay taxes. Therefore, we will not be able to repay our loans.

This Bill is in the House at the right time. We all need to support it because the burden of debt is huge on Kenyans. Kenyans are crying through the #reducefoodprices. Why are they crying? It is because of the burden of debt that we have to service to an extent that we do not have money left. So, subsidise the cost of fertilisers to cushion the poor and the vulnerable in our country.

We support this Bill. The Public Debt Management Authority should advise the Government on the type of investment to make. It should also advise on the limit of borrowing, types of investments and the economic models, so that we can have more people paying taxes. That way, more money will be available for repaying loans.

Hon. Deputy Speaker, I support the Bill.

**Hon. Deputy Speaker:** Hon. Mboni Mwalika.

**Hon. David Mboni** (Kitui Rural, CCU): Thank you, Hon. Deputy Speaker for giving me this opportunity to say a few words on this Bill.

Public debt is not a bad thing so long as it is utilised in productive sectors of the economy which have economic impact and a country is able to pay. No country can achieve meaningful development without borrowing. According to the World Bank Report on Status of the World Debts in 2021, the country with the highest debt is Japan with 257 per cent to the GDP ratio. In Africa, Sudan leads with 210 per cent ratio to the GDP. Kenya, we are at 70 per cent, yet we are

really complaining. The whole thing is about how the debt is being used. The question is: Can the country pay the debt?

Debt is a function of expenditure and revenue. When a country cannot collect more revenue and it has huge expenditure, then debt comes in. Currently, this country is servicing debt at almost Kshs900 billion, which is a huge amount from what we are collecting. We are collecting around Kshs1.6 trillion and we are paying off debts of around Kshs9 billion. This leaves us with Kshs700 billion out of which Kshs600 billion is used in paying salaries and other recurrent expenditures.

*[The Deputy Speaker (Hon. Moses Cheboi) left the Chair]*

*[The Temporary Deputy Speaker  
(Hon. Christopher Omulele) took the Chair]*

Hon. Temporary Deputy Speaker, this House cannot run away from the debt issue because budgets are compiled by the Executive and Parliament approves them, which normally have deficits. This House cannot then say that it cannot be blamed for the debt.

The Bill proposes to take away the Central Bank of Kenya's (CBK) mandate as Government's fiscal agent and vest it on the Authority, which is an anomaly. We have to be very careful as we look at this Bill because the CBK is one of the most highly respected institutions in Africa. I will support this Bill with an amendment. We need to look at the function of this Authority and ask ourselves if it is going to do anything different than the Public Debt Management Department at the National Treasury. As long as our expenditure exceeds our revenue, there is no way we are going to fight debt.

One thing I like about this Bill is the proposal for the Authority to combine and keep a public debt register with details on, the terms of the loans, the principal amount, the interest, the repayment terms and collateral. In 2002, I did my Masters Paper on Debt Management and its Impact on Economic Growth. By then, we did not have a register. We did not even know how much public debt we had. If this Authority is going to do that, then we will know how much debt we have, how much we are paying, the collateral and the purpose of the loans. The earlier speaker said that it is important to know where the projects are being implemented. We have been paying loans for projects which are implemented in a skewed manner! Certain areas benefit more than others yet everyone is repaying the loans. It is important to have a list of projects and where they are being implemented so that, at least, we know that everyone is benefitting. This will ensure transparency and openness in debt management.

Hon. Temporary Deputy Speaker, for this Authority to succeed, several things need to be done. One, it should be given independence, enough funding, and the support that it needs to perform its functions.

Two, the Government should put in place measures to reduce fiscal deficit. Without the Government's support to reduce fiscal deficit, the Authority will not succeed. The Government should pursue fiscal consolidation and reduce wastage. If you look at our budget, you will see faults on hospitality for things like tea and newspapers, which take a huge amount in the budget. The Government should reduce some of these things which are not necessary for officers to perform.

Three, the Government should sell non-performing parastatals and Government agencies. For example, we have already put Kshs22 billion on KQ, which requires Kshs100 billion for it to

come to its feet. It is not just KQ, but there are many parastatals which rely on the Exchequer. I do not know if you know of a parastatal known as the National Trading Corporation. It is still in the books and still receives funding. It used to distribute foodstuffs. As a country, do we need a parastatal to distribute foodstuffs? Some of these parastatals should be sold so that they can leave the Exchequer and that money is used in other important things.

The Government should also live within its means. We have so many good projects that we are paying through loans hence the ballooning public debt.

The country should also enhance revenue collection measures and expand the base. There are three sectors, namely, finance and banking, Information and Communication Technology (ICT), and transport, which contribute 13 per cent of the GDP and 52 per cent of tax revenue. What about the other sectors which contribute 87 per cent of the GDP? The country should expand the tax base and collect revenue from other sectors.

Lastly, the country should go for concessional loans and retire commercial ones which are every expensive. That is what is eating us.

Hon. Temporary Deputy Speaker, with those few remarks, I support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Member for Kitui Rural, up to which year did you say we did not know how much we had borrowed?

**Hon. David Mboni** (Kitui Rural, CCU): Hon. Temporary Deputy Speaker, up to around 2002 before the Debt Management Department was introduced at the National Treasury.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): So, we were just borrowing without knowing how much we had borrowed?

**Hon. David Mboni** (Kitui Rural, CCU): If you go to the National Treasury, you will get different figures.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): This is a very important Bill. The Departmental Committee on Finance and National Planning and the Budget and Appropriation Committee, the first start in your considerations should be: What is in our debt books before we start the budget process?

We shall now have contribution from Hon. Kimani Ngunjiri, the Member for Bahati.

**Hon. Kimani Ngunjiri** (Bahati, JP): Thank you, Hon. Temporary Deputy Speaker. I would like to remind the Members that there is a time in this House when we were asked to pass the debt ceiling to Kshs9 trillion and we did it. We were persuaded because the money the Government was borrowing was too high and they wanted to borrow from outside at 2 per cent to pay the local banks. That was the agreement. Even after raising the ceiling to Kshs9 trillion, we do not know what happened to that money. Otherwise, we would not be having this pressure.

When Hon. Mwai Kibaki was the President, there was a time when banks were persuading the public to borrow money at low interest rates and also for them to open accounts without depositing any money in the accounts. That was very important and it is why I am supporting the Bill. I agree with some Members on the things we are hearing. We do not know whether our debt is at Kshs9 trillion or Kshs11 trillion. It needs to be cleared by Parliament, so that we know exactly where we are. If there is money which has been borrowed without passing through Parliament, then that is why Members are worried. They do not know exactly where we are and how much we are supposed to support because we know the economy is not good. Actually, it is for the Members of Parliament to know if we are borrowing. It is the National Treasury to borrow and the Members to know, so that they can discuss and pass. The public is asking us about the public debt when we go out there. This matter has too much pressure on the ground.

I agree with the Members on what they are saying about this Bill. I am supporting this Bill because we should know exactly what we are supposed to do. The public should also know what we are discussing. For now, it is being seen like Members are not sure yet we represent people. It is like we are not sure of what we passed and what has been borrowed up to now. The public sees there is confusion. I think it is very important for the Members. I support the Bill, so that we can be clear that any money borrowed by the country should pass through Parliament. We must carry the cross if anything goes wrong.

Thank you, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): The Leader of the Minority Party.

**Hon. John Mbadi** (Suba South, ODM): Thank you very much, Hon. Temporary Deputy Speaker.

As I contribute to this Bill, which intends to create an Authority to manage our public debt, I want to start by saying that we would not need this Bill if we respected our Constitution, if we respected the laws of this country, and if we respected ourselves. I say this because we have not respected ourselves so much as a nation. We borrow money and spend it in a way that even an individual who borrows money from a bank to finance his own personal developments would not spend it in the manner we have been spending our borrowed funds in this country. If we did all that, there would be no need to create an Authority or agency to address the issue of public debt or look at our debts and evaluate them.

We have enough institutions in this country. We have a functioning National Treasury that has the responsibility and task to manage our economy. We have the Central Bank of Kenya which looks at the liquidity and other matters like fiscal issues of the nation. We also have a Parliament that approves the budget, approves the debt ceiling and approves the debt levels each year. So, we have enough institutions. We have the Auditor-General and the Controller of Budget. We are just creating another institution on top of other institutions which have the responsibility of making sure that our economy is properly managed. From my experience, we have failed ourselves as a nation.

I hear people say that Parliament does not even know how much we owe. That is a lie. That is not correct. We have the figures and statistics from the CBK. If we are doubting the CBK's statistics and figures, let us say we have a CBK that is not competent and then see what to do with it. We cannot misrepresent and misreport facts on the Floor of the House and present matters as if they are golden truths. The truth is that as at 21<sup>st</sup> December 2021, the reports from the CBK indicate that this country owes Kshs8.2 trillion. That is the figure that we have. There is a projection that by 30<sup>th</sup> June 2022, we will be indebted to the level of Kshs8.8 trillion.

What has been causing confusion is this additional part of the definition of debts to include guaranteed debts. Guaranteed debts can be treated differently by economists and finance experts or accountants like myself. Economists feel that guaranteed debts should form part of our public debt as we plan to borrow more funds or plan to finance our budget. As finance or accounting gurus, we do not treat them as such. These are contingent liabilities. Contingent liabilities only become liabilities when they become liabilities. However, it remains a contingent liability so long as you can disclose it in our books that besides our debt level of Kshs8.2 trillion, we also have guaranteed debts to our parastatals to the tune of so much. I doubt the Kshs3.5 trillion. I have not got that figure from authentic or authoritative quarters.

I also want to be on record on how we have built our borrowed funds to Kshs8.2 trillion as at 21<sup>st</sup> December 2021. By the time President Kibaki was leaving office together with Raila Odinga

as his Prime Minister and John Mbadi as the Assistant Minister in the Office of the Prime Minister, by the time we were leaving the Executive, we left this country at a level of indebtedness of Kshs1.894 trillion. That is a fact that is in the books. I am very specific because I heard some politicians trying to re-write history. You cannot re-write history. History is there. It will remain in our records that we had borrowed up to Kshs5.02 trillion, not Kshs4.5 trillion. Those are figures from the CBK. These are not figures from any other quarter or campaign secretariat. These are figures from the CBK. It can be Kshs4.5 trillion from a campaign secretariat of whichever grouping, whether it is *Kenya Kwisha* or Kenya Kwanza, whatever you call it. I am giving you figures that we have and which I can vouch for. They are figures in the CBK.

Now, again, there is something I want to clarify. There is nothing wrong with two things. One, there is nothing wrong with debt ceiling. Debt ceiling is a provision or an indicator that we should borrow up to this much. You can even put it at Kshs20 trillion. There is nothing wrong with that. Who says you have to borrow up to Kshs20 trillion if you put the ceiling at Kshs20 trillion? Every financial year, this Parliament approves debts for the country. That is where we should focus on. We should be asking ourselves, every financial year, why we are approving Kshs800 billion, for example. To do what? To go to which project? That is what we should ask. But remember the Member standing here, John Mbadi, is on record as from 2015. You can go to the Hansard. If there is one Member who has consistently warned this country that we are mismanaging our debts, it is myself. I am repeating it: Where did the rain start beating us? The rain started beating us when we started so many projects. You know we did that. I can see my friend, the former Leader of the Majority Party, Hon. Duale, has just walked in.

One, Jubilee wanted to be re-elected into office. They wanted to get public support in 2017. Therefore, they started so many projects across the country. It was to show people that they were working. They started so many roads. They started geothermal projects. They started to give power everywhere. Remember them saying “*even nyumba ya nyasi utaswitch on stima. Stima kila mahali*”. You listen to those speeches. There were so many projects. The SGR was started at an inflated cost. We started projects that could not be sustained. We did not have resources to implement them. What did we do? We went on a borrowing spree. When we were borrowing, we committed another crime of borrowing expensive loans; commercial loans. A country borrowing at seven or nine per cent interest rate like an individual going to a bank to borrow! It is unheard of. We should have borrowed at concessional rates of 2 per cent. They are available. Because we did not want to be transparent, we went on to borrow money. Remember, we were holding what we called bus shows across the world to advertise that we were ready to take loans. So, people came and gave us the Eurobond and syndicated loans. All these commercial loans are what have put this country to where it is, that is near financial distress that we are discussing today.

*(Applause)*

When we got the money, did we know how to apply it? If you can remember, we investigated the Eurobond money. What were we told? A huge chunk of that money was given to National Youth Service (NYS) to clean streets in Kibra to portray the former MP for Lang’ata, Raila Odinga, as having not done much for Kibra and he left Kibra dirty. The new Jubilee regime was cleaning Kibra to show that they were working. They cleaned Mathari and also went to Kondele in Kisumu to clean. When you need clean streets, do you go to the bank to borrow money to clean it? Who goes to the bank to borrow money to clean his compound? Tell me one Member here who would go to Diamond Trust Bank (DTB), Kenya Commercial Bank or Cooperative Bank to borrow

money and give it to people to slash grass in his home? You cannot do that. You must apply borrowed money to productive sectors of the economy. We did not do that. The two things that we did were, one: Applying the money to the wrong sectors and two: We applied money to projects that were implemented at exaggerated costs. So, we cannot pay back and that is why the country is in distress. We applied money that cannot give us the returns to repay those loans at high interest rate.

Right now, I hear people saying that we should not borrow anymore. They are cheating themselves. Any Government that comes into power today must borrow for two reasons. One, the COVID-19 pandemic has hit the whole world. If the whole world is borrowing, including America, what of Kenya? You cannot cheat the public that we will not borrow. Where will we get money from? Right now the development budget is only Ksh370 billion. Two, you cannot, for example, start a road in my place of 70kms and after 20kms has been done, you tell me you cannot borrow money to complete it. Why did you start that road? How will you pay back the money you borrowed to do the 20kms? We must borrow as a country. We must raise the debt ceiling as a country. Let us not cheat ourselves. We must borrow more money. All the things we say out there is pure politics wasting Kenyans' time.

*(Applause)*

Kenya must borrow. The only thing we must ask ourselves is where are we borrowing? At what rate and to do what? Those are the questions we need to ask ourselves. We have made mistakes before. We should not make them again. Let us borrow money from where it should be borrowed at concessionary rates. We should borrow reasonably and apply it prudently. These are the things we need to ask and not to stand before cameras, as economists, cheating Kenyans out there that we should not borrow. Who are these fools we are cheating? We cannot cheat Kenyans. Kenyans must borrow. The only thing we need to ask is how much, for what and at what rate?

I am not going to be in Parliament from August this year, but those MPs who will be here will bear witness of what I say today. That should be on record. Kenya is going to borrow. Whether we bring an angel to be the President of this country or not, the President must borrow. We need a responsible leader who will borrow prudently, apply those funds prudently and stop theft in this country. That is why we are dying. Theft is killing us. A lot of money that we borrow is stolen. The stealing has permeated all facets of our economy and sectors of the Government.

The Executive people are stealing and the theft is not stopping. We thought it would stop but it has not stopped. We still hear KEMSA scandal billionaires and you wonder why these people cannot be arrested. Thieves must be arrested. Yesterday's, today's and tomorrow's thieves must be arrested. The DCI and the EACC should do their work by arresting people who are stealing public funds. These are the people who are putting us into problems. Anybody stealing should be arrested.

We need a leader who is committed to fighting corruption. One cannot campaign throughout for five years, fail to mention corruption in their speech and expect to lead us yet we know that our biggest problem as a nation has been caused by corruption. Then, they want to convince me to vote for them? I am afraid, I do not want such a President. Please God, save Kenya not to have a President who does not care about corruption. We need a President who will say corruption is bad and we must stop it. I would have said so much, but I want to stop there because I know my colleagues also want to talk, including those who have caused this problem.

Thank you.

*(Laughter)*

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Mbadi, today you have spoken to my heart. We need to say these things. We must manage our debt in an orderly way.

*(Hon. Opiyo Wandayi spoke off-record)*

No, Hon. Wandayi. You have just walked in. Relax. The Hon. Mbadi has spoken. We need to manage our debt well in this country. That is the message that I have got from what he has spoken.

The Hon. Wakhungu Wamalwa.

**Hon. (Dr.) Chris Wamalwa** (Kiminini, FORD-K): Thank you, Hon. Temporary Deputy Speaker. First I want to congratulate Hon. Sakwa Bunyasi for coming up with this Bill. One of the rules of this House is that before a Bill comes for the Second Reading, we must have a Committee Report. There is no Committee Report up to now. The Committee Report was supposed to have been done by the Departmental Committee on Finance and National Planning. So, we cannot put rules in place and brake them.

This Bill has overstayed in the shelves. The reason why we have this Bill is because we did not have full disclosure as far as loans are concerned. That is why we are supporting this Bill. There must be an establishment ---

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): The Hon. Chris Wamalwa, you need to correct the record. The Report was shared. There is a Report on this Bill.

**Hon. (Dr.) Chris Wamalwa** (Kiminini, FORD-K): When was it shared? Today, Hon. Temporary Deputy Speaker, when I was in the Table Office, I was told the Report was not yet there. I have been looking for it. If it is there, it is good. It was important for me to point that out. This Bill was last moved before its Report was shared. Next time, the relevant office in this Parliament must share reports timely. As I move forward---

*(Loud consultations)*

Please protect me from the loud consultations. They should be at a low level so that people can be allowed to debate.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Members, Hon. Wakhungu desires to be heard as he should be. Kindly, let us lower our consultations.

**Hon. (Dr.) Chris Wamalwa** (Kiminini, FORD-K): Thank you, Hon. Temporary Deputy Speaker. Moving forward, I want to refer to two professors from Harvard School, Prof. Kaplan and Prof. Norton who developed the Balanced Scorecard model. They said you cannot Manage what you cannot measure. Today, in this country, we do not have accurate records showing how much the country has borrowed up to date.

In 2019, there was a Motion on the floor of this House and Members were convinced to increase the debt ceiling to Ksh9 trillion. The reason was that we will get concessional loans because they are repaid in a longer period and their interest rates are minimal. The objective of the concessional loans was to restructure the commercial loans that the Government had borrowed. Up to now, we have never been told whether rescheduling of these loans was done or not. From the performance it shows clearly ---

*(Loud consultations)*

There are loud consultations. I can hardly speak. I need your protection.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Members. The elder of the House, Hon. Chris cannot breathe.

**Hon. (Dr.) Chris Wamalwa** (Kimini, FORD-K): The Chair of PAC should listen to this. When we increase the ceiling to Kshs9 trillion, the critic objective was to borrow, get the concessional loans which are paid back at a longer period at a lower rate, so that they restructure the commercial expensive loans.

The question we are asking, and Hon. Mbadi should be answering this, because he is part of the Budget and Appropriations Committee, is whether the restructuring of these commercial loans was done or not, because we never got any report at that time.

Hon. Temporary Deputy Speaker, we need a thorough follow up, because that was the critical objective why we increased the ceiling to Kshs9 trillion.

Secondly, on the issue of this body, Hon. Sakwa is trying to put across, one of the critical function we have had is - supposed to maintain a register of all loans that are advised with the National Government, county governments and their entities including, the ones guaranteed by the National Government.

Sometimes back, I had raised a Question on the Floor of this House, to be told how much loans we owe because we have not given the correct figure. We have heard people talk of Kshs8.2, Kshs9 and Kshs11 trillion. It will add value if this Bill passes because it will be a one stop shop whereby, anybody will know.

Article 35 of the Constitution says that Kenyans have a right to information. Members of Parliament, even the ones in the Budget and Appropriations Committee up to now, do not know which figure is correct. However, if we go by Kshs8.2 trillion of what the Budget and Appropriations Committee has put in place. Is it good enough?

When we increased the ceiling in 2019 to Kshs9 trillion, it is supposed to have gone up to June 2024. However, if by 2021 we had gone 95 per cent on a pro-rata basis, it shows we are not doing pretty, well.

Governments must borrow, but they should do it wisely. You must bring programs that will add a developmental value. If we borrow; as Hon. Mbadi puts it, and you are going to hire people from NYS to go and clean Kibera streets is wrong. The money we borrow should focus on infrastructure and development.

The rule of thumb is used internationally, when you want to look at the borrowing and GDP.

When the late President Moi left power, Kenya had borrowed around Kshs650 billion or so; when the former, Mwai Kibaki left power, we had borrowed up to around Kshs1.8 trillion; but now, the Jubilee Government has borrowed and has gone on a spending spree. The rule of thumb says: The ratio of borrowing should be equal to the GDP. When the former President Mwai Kibaki left Government, the ratio of borrowing to the GDP was 47 to 50 percent.

In the international standard, the developing economies, the rule of thumb should be around 50 percent. We cannot compare ourselves to the United States of America or Japan, where borrowing is in excess of 100 per cent. We are a developing economy. The ratio of public debt and the GDP under the Jubilee Government is 100 per cent, already. This must be examined so that when we borrow, it must be focused towards programs of development in nature.



Hon. Makali mentioned it. How has distribution been done in terms of these programs? They are eschewed; and when we borrow, the burden goes to the common *Mwananchi*. The slogan during Mwai Kibaki's time was "Kulipa Ushuru ni kujitegemea". As we borrow, it is the common *mwananchi* who is going to pay in terms of taxes and levies. The cost of fuel now; 60 percent of it is attributed to tax and levies. Why has this been increased? It is because of the obligation that the country has to meet when it comes to the issues of paying debt.

As we move forward, we are not saying borrowing should not be done. However, let us do so, based on our capacity. Let us not do so as if we are in USA or Japan. It is wrong. As we move forward, Reports tabled in this Parliament have showed that 30 per cent of the GDP goes to waste through corruption. We have agencies that fight corruption. The level of wastages particularly, post handshake; when Hon. Mbadi talks about the issue of KEMSA billionaires, it is coming as a result of the post handshake; and the people who have been mentioned widely, on this are affiliated to the handshake. The truth of the matter is, let us look at this matter and handle it, objectively. This is a matter that must be looked into, effectively.

My friend here was talking "Luo land" the other side; and now, he has just jumped here. He does not even know what I said. Maybe, he is one of the beneficiaries. A person who is corrupt is corrupt.

*(Hon. Opiyo Wandayi rose on a point of order)*

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Chris Wamalwa, you have attracted the point of order that Hon. Wandayi wishes. It is now a proper, one.

Hon. Wandayi.

**Hon. Opiyo Wandayi** (Ugunja, ODM): Hon. Deputy Speaker, is it in order for Hon. Chris Wamalwa to derogatively, refer to the Luo nation in the manner he has done, on the Floor of the National Assembly? Can he withdraw and apologise to the great Luo community?

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Wamalwa, please, withdraw that.

**Hon. (Dr.) Chris Wamalwa** (Kiminini, FORD-K): Hon. Temporary Deputy Speaker, I apologise; but, I never said that. He was speaking to my friend, Hon. Member for Bondo in Luo. I never said the Luo nation. Every language is allowed in this House.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): You have apologised and you cannot ---

**Hon. (Dr.) Chris Wamalwa** (Kiminini, FORD-K): I have withdrawn the Statement.

It is only God who knows who will form the next Government in 2022. The Budget Policy Statement (BPS) is supposed to give priority to areas as far as expenditure is concerned; that is why for us to increase the bracket of paying taxes, we are focusing on the bottom up economic model.

We support what Hon. Musalia Mudavadi mentioned. As an economist, it was important for us to put in place, because this BPS up to now, was withdrawn from the Order Paper and we do not know why.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Ndindi Nyoro. Member for Kiharu.

**Hon. Ndindi Nyoro** (Kiharu, JP): Thank you very much, Hon. Temporary Deputy Speaker for this opportunity.

I want to support Hon. Sakwa Bunyasi on the transparency in as far as borrowing and public debt is concerned.

My thought is that we should elevate the Authority into a commission because we need a stand-alone institution that is totally, independent.

Our country is currently indebted in a way that is unsustainable. Comparatively, our nation, African peers and even beyond, our economy and country is in red. We have also seen commentaries across the world in terms of the indebtedness of our nation. This therefore, is a matter that is out there. It pinches more to Kenyans.

We have borrowed beyond the legal limit as a country. This House has set a limit of Kshs9 trillion in so far as the domestic and foreign debt combined is concerned.

It was very embarrassing sitting here, and listening to pedestrian arguments from some of the people who even hold positions of leadership in this House; who clearly, do not know the condition of the debt in this country, have no correct figures and therefore, do not even understand the role on which they hold, in terms of leading this House.

The current debt in this country is a whopping Kshs11.7 trillion. That is beyond what we have set in Parliament. When you look at the data as reported by the Central Bank of Kenya, it is in excess of Kshs8.4 trillion, but the guaranteed debt to State Owned Enterprises (SOEs), Parastatals and other Government agencies exceed, Kshs3.4 trillion. In economic terms and angle, there is no other way to treat those debts other than loading them over to be part of the national public debt.

Hon. Temporary Deputy Speaker, last year, our country was forced by the International Monetary Fund (IMF) to be clear of the actual debt in this country. That is when we realised that our debt does not include a very serious component, that is the guarantee by the Government of Kenya to State-Owned Enterprises (SOEs) and other parastatals. For example, how do you treat a debt that is owed by a water company in Luanda Constituency, Busia County, Murang'a County and Mombasa County? These water companies are Government entities. Any day they borrow, the guarantor is the Government of Kenya. In the event or many events that they are unable to pay, that debt is loaded over to be part of the national debt. Therefore, our current debt is over 110 per cent debt to Gross Domestic Product (GDP) ratio. That is in excess massively of the over 70 per cent that is reported here by the National Treasury which is an actual lie.

A Kenyan citizen and even a child who is born today is indebted to a tune of Ksh255,000 which is debt per capita. When President Kibaki retired, the debt per capita was around Ksh48,000. Therefore, we can see the trajectory. Let me give the actual statistics because I heard some other pedestrian ones. Anyone can go to the Central Bank of Kenya (CBK) website. You will find out that when President Kibaki retired, the combined debt portfolio (domestic and foreign) was around Ksh1.8 trillion. By the time we were wrapping up 2017 calendar year, it was Ksh4.5 trillion. Therefore, the net borrowing in the first year of this regime was Ksh2.7 trillion. From the *Handshake* time which is from 2018 to date, that debt has accumulated to Ksh11.7 trillion. These are facts. Therefore, the net debt in the *Handshake* era is Ksh7.2 trillion. Where is this money? We cannot see or trace it.

Some Members in this House reference other economies like Japan. I want to respond with the real Japan. I agree with those who bring or entertain the arguments that countries borrow like Japan. The actual Japan debt to GDP ratio is around 237 per cent which I agree that it is beyond the 100 per cent of Kenya. However, that is pedestrian. There are issues that we must look at very closely when we are talking about the public debt. One, it is cost. Japanese Government is paid to borrow. What do I mean? The

10-year yield of a Japanese Government Bond is negative earning. Therefore, the Government of Japan is paid to borrow. The equivalent which is the 10-year bond of the Government of Kenya is in excess of 13 per cent. Therefore, there is nothing to compare.

Two, there is something called forex. Most of our foreign debts are dollar-denominated. Our country has over Ksh5 trillion of foreign debt. Any time there is a variation of only 1 per cent of dollar to Kenya shilling, our debt portfolio increases by over Ksh50 billion. Therefore, we cannot compare Kenya and Japan or even with the United States of America (USA). There is something called net borrowing which is important. When we talk about national public debt, we take the figure of the monies that the Government has borrowed. In retrospect, our country, Kenya, does not lend to anyone. We only borrow money. I will cite the Japanese Government which has borrowed in excess of 237 per cent. However, they have lent more money outside than they have borrowed. Japan is the highest net lender to the USA. Therefore, the Japanese Government makes money in borrowing to lend. Therefore, there is no comparison there.

Let me give you a citation of how much our country has borrowed and what a proportion can actually do to the livelihoods of the Kenyans. Ksh7.2 trillion was borrowed by this regime from the *Handshake* era. Half of that which is around Ksh3.56 trillion can do the following. I want the Kenyans to listen carefully. The President always talks about 10,000 kilometres of road which were tarmacked by this regime. If we double them to 20,000 kilometres at a rate of Ksh60 million per kilometre, when we have even put in a cut for the brokers, that is around Ksh1.2 trillion.

The Kenya Bureau of Statistics (KEBS) gives us the data that says that Kenya has 12 million households. When President Kibaki retired, 2 million of those households were connected electricity. Connecting the 10 million remaining households to electricity, without even the Government subsidy, we put it at Ksh35,000. That is Ksh350 billion. If you connect 10 million households to safe drinking water at Ksh50,000 per household, that is around Ksh500 billion.

*(Applause)*

If we build a Level 5 Hospital in every constituency in Kenya, that is Ksh290 billion. Forget about the Technical and Vocational Education and Training (TVET) institutions. If we build a university of Ksh1 billion.... If we add the Standard Gauge Railway (SGR) which cost Ksh350 billion, that comes to below Ksh3.5 trillion. Therefore, this borrowing perpetuates development corruption. This Government which is led by those people in the highest offices has captured our economy. For example, let me cite this Nairobi Expressway which is here. During President Kibaki's era, it was to cost Ksh25 billion. Currently, it costs in excess of Ksh80 billion. Where is this money going? It is going to pockets of some people. Let me also cite the SGR. We spent over Ksh400 billion taxpayers' money....

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Osotsi.

**Hon. Godfrey Osotsi** (Nominated, ANC): Thank you, Hon. Temporary Deputy Speaker for giving me the opportunity to raise my voice on this very important Bill. First of all, I start by thanking Hon. Bunyasi for bringing this very timely and important Bill to this House.

Most of the Members who have spoken here have digressed into political issues. I want to go to the substance of the Bill. I read the Report. We have adequate legal safeguards in debt management in this country. There are some functions that are performed by the CBK. There is also a Debt Management Department in the National Treasury. However, this Bill will basically enhance the level of debt management in this country. It contains very useful provisions, but there are some gaps. The stakeholders did justice to this Bill. When you go through the Report, you see

that various stakeholders, including the National Treasury, CBK and Capital Market Authority (CMA), presented very useful suggestions which the Committee adopted. That will improve the Bill.

There are a few contradictions in the Bill which may interfere with the roles of CBK, the National Treasury and other institutions like Unclaimed Financial Assets Authority. Those issues are raised in the Report. The Committee will do panel beating, to ensure that the functions of the Authority do not interfere with the constitutional functions of those offices.

Hon. Temporary Deputy Speaker, there is only one thing that I thought the Bill did not focus on. That is the issue of public debt in relation to the fiscal policy. This is because you cannot talk about the public debt without talking about the fiscal processes and how that is going to be done. One of the solutions to the issue of public debt is to put more sustained action around fiscal policy so that you generate more revenue and hence there is no need to borrow. I have heard so many Members raise the issue of borrowing. Borrowing is a good thing and no one in this world, whether you are successful businessman or a private individual, can succeed without borrowing. You will have to borrow so that you can grow. That includes my friend, Hon. Sankok. He has to borrow to survive. So borrowing is good, but how you utilise the funds is very important. This is the gist of the matter here and this is why this Bill is focussed on how the money borrowed will be utilised.

If you look at the statistics of other countries, you realise that their debt to GDP ratio is higher than Kenya. For example, if you look at the African context, Kenya is at about 65.6 per cent. Seychelles is at 94 per cent, Ghana is at 78 per cent, Morocco is at 76 per cent, and Tunisia is at 87 per cent...

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Osotsi, just hold on. Hon. Sankok, I heard you say that you have never borrowed. If you have never borrowed, I want to let you know that you are one of the lucky few in the world who have no debt. We wish you well and we wish you to continue that way. You are fortunate. Proceed, Hon. Osotsi.

**Hon. Godfrey Osotsi** (Nominated, ANC): Hon. Temporary Deputy Speaker, he is trying to eat into my time. What I am trying to say is other countries have higher debt to GDP ratios. South Africa, which is a bigger economy, is doing 80 per cent debt to GDP. As has been said, even US is at 128 per cent. Venezuela is at 350 per cent and Brazil is at 89 per cent. So what is important here is not the borrowing. It is how you utilise the money you borrow. That is where our focus should be. We need to ensure prudent borrowing and prudent utilisation of the funds borrowed.

I will go to the issues Members have raised. One issue is where the rain started beating us. I am happy that those who have caused this problem are the ones who are talking louder on the issue of public debt. We know when this side led by our leader was talking about Euro Bond, they were quiet. When this side, through our leader, was talking about SGR... The amount of money spent on SGR could build this country 17 similar SGRs. It could build 154 super highways. The Jubilee Government especially in the first term should tell us how this money was utilised. The country borrowed up to Ksh780 billion on Eurobond. When we raised this matter, our colleagues on the other side who are now preachers of the debt problem were quiet. Again we must ask ourselves where the rain started beating us.

In the 1990s, there is something that the World Bank and IMF introduced in this country called the structural adjustment programmes which led to conditional loaning by IMF. This is where the problem started. We know who were in the Ministry of Finance at that time. We know the people who introduced this are the ones who are talking loud about public debt. The structural adjustment programmes led to layoffs in civil service. It led to removal of subsidies.

We are talking about high fertiliser prices. Where did it start? It also led to lack of independence in the management of the economic policy in this country because the economic policy in this country is dollar driven. So when you talk about the debt problem and you want to make it a handshake problem, we are telling you, please do not open a can of worms. This is because we have enough information to throw it back at you that the problems of this country started with the structural adjustment programmes with the people who are in the other side trying to become preachers of good economic practices.

We have seen scandals. Some of the money that has been borrowed has been used badly through scandals like Goldenberg, Kimwarer Dam, Eurobond and many others. We would like to have an explanation. Before you start talking about public debt and how you want to lower food prices, we ask you to address these issues of where the rain started beating us. It started beating us through corruption. We know the corruption that is there. It started beating us with the structural adjustment programmes that were punitive to the people of Kenya.

All that said and done, this is a good Bill. The amendments are good and will add a lot of value to this country in terms of public debt management.

With those few remarks, I support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): The next on the list is Hon. Nyikal Wambura, Member for Seme.

**Hon. (Dr.) James Nyikal** (Seme, ODM): Thank you, Hon. Temporary Deputy Speaker, for giving me this opportunity. Debt management is a serious issue in the financial and economic management of a country. As everybody has said, no country or company will grow without taking debts. But the issue is, how the debt is managed. Right from time of borrowing, you should know for what the debt is being borrowed; how it will be used and what risks are associated with that particular debt. That is where we have a problem. We are mentioning many instances in this country like the SGR, the Eurobond and the dams. All these are actually just showing that we need a way of managing our debt. An example is the SGR. Leave alone the high cost of it. First of all, the feasibility study that was done indicated that it was going to run all the way from Mombasa to Uganda passing through Kisumu and Eldoret. If you have feasibility study and then you actually do not implement the project according to the feasibility study, but you do it halfway, you do not expect it to give returns because the facts have not been properly used.

I said here earlier that when we have an issue of national importance on which we all agree it should be addressed, every time we try to bring in politics... We know when politics come, logic flies out of the window. We should train ourselves to leave out politics because in this situation, nobody will say we are actually free from it. I remember when the Eurobond came, we were actually in very serious opposition. I was on record as talking against the Eurobond and how the money was to be used. There was no handshake then. So my point is do not bring politics when we are discussing a national issue where there is actually an agreement that we need to save our country. Right now the country is in crisis in relation to debts. It is again the same issue. How have we used the debts? How have we looked at the debts in context of our own economy? We are quoting different countries on the ratio of debt to GDP, but we know that for a country like ours, the ratio should be 55 per cent.

We do not have to compare it with other countries because their level of growth and their ratios are different. So, we are obviously above what would be expected for us. I remember, I was in this Parliament when we were doing the ceiling, we brought it to Kshs9 trillion. There were a lot of issues that were raised, what should be done and the measures that should be taken to ensure that the debt is properly managed. That is when we actually raised the ceiling. Now our debt is

about Kshs 8.2 trillion. People are using different definitions. That then calls for a proper system of managing it so that our data and definition of debt is agreed on. You do not bring in guaranteed debts. That is not in the definition. I, therefore, think that this Bill has come at a very appropriate time. The concern is so much that for the first time for as long as I can remember, the Budget and Appropriations Committee has brought in a separate Report on debt management, something that has never happened before. As a country, we are now realising that this is something we need to manage.

Therefore, I support this Bill. It has come at the right time and it has the structures that we need. The Bill has created the structure and functions of the authority. I have gone through it. It actually has a broad function. It is a service authority and to some extent, a management authority and a regulating authority. It has all these functions. I am sure, as we implement it, over a period of time, if you apply logic and leave out politics, we will find out how to harmonise all these so that it does what we all want.

If we continue with this kind of blame game in politics, all these structures we are putting in place in this House will not serve this country. They will be badly structured; they will not be properly implemented because politics will even interfere with implementation. When we are out there campaigning for a position, that is okay, we can say anything, but when we come to this House, we should confine ourselves to the facts, figures and the data that will bring good results to the people of this country. Structures like this are not discriminatory as to your political persuasion. If they affect the cost of living, everybody suffers. This is a Bill that has come at the right time and I congratulate Hon. Bunyasi for bringing it.

I like the structure that he has put in place. The membership is appropriate. The people or the offices that we need are all there. The only thing I have noted is, the Bill also affects the counties, yet in the membership we have not included representation from the counties. I have discussed that with the Mover and that is something we can bring an amendment on so that we get somebody representing the Council of Governors.

If you look at Clause 12, you will find that this Bill gives the authority for the counties to seek and get support for managing their debts. They can have debts, but we know that a lot of problems that we blame the governors on, are actually structural problems that the counties need support for, not blame. Therefore, if this Bill comes in with that recognition then counties will need that support so that they can manage their debts. Therefore, this is a good start.

In Clause 18, this Bill creates the position of a registrar of loans. We are arguing on what are the loans we have in the country. When this House and people who are able to search have different sources of information and therefore, are not clear on the amount of loans, who has them and what they have done, that is exactly when we need to have a registrar so that it is authoritative. It is the only source we quote so that people do not quote Google. That may not be relevant for our situation.

I also support this Bill because it gives a very clear relationship between the national and county government. It brought out something that was here yesterday when we were discussing another Bill. It is very clear when it is talking about the national Government and the Cabinet Secretaries. That is in Part V, Clause 9 where it is talking about the role of the Cabinet Secretaries as representatives of the national Government. When dealing with the county government, it is very clear, they are talking of the County Executive Committee (CEC) at the county level who is responsible for finance at the county. That is in Part IV, Clause 44.

Therefore, this is a Bill that will help us. However, I have realised that the powers and the control it will have to put over us – powerful managers in Treasury and even in Central Bank – are

such that if it is not protected, the authority may be fought a lot. However, we need it, if need be. We will look at the amendments and see where we can give it the support so that it has the authority and the security it needs to implement what we need. We must borrow, but we must manage the debt to give us the results we need instead of burdening our children and grandchildren with loans that did not serve and will not serve them.

Thank you, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Thank you, Hon. Nyikal. We are the people on the stage now, the world gives you only 15 minutes to dance. This is the time for this Parliament to dance. So, it is our duty to do what we must do rightly for our country. Well spoken. Hon. Duale, Member for Garissa Township.

**Hon. Aden Duale** (Garissa Township, JP): Thank you, Hon. Temporary Deputy Speaker. Today I am a happy man because Hon. Bunyasi's Bill has been on the Floor since last week. For those who do not know, Hon. Bunyasi the author of this Bill, worked with the World Bank at a very senior level before joining politics. So, he knows what he is doing. He knows what public debt is.

We must debate on the public debt, irrespective of the side of the political divide we are in. It is the right time. This baby will be discussed in the next six months. For those who are on the wrong side of history because of the handshake and they want to defend it, I want to tell them that President Uhuru Kenyatta is not a candidate. Hon. Raila Odinga is a candidate, so you must choose. It is going to be a very integral part of the discourse to the general election. Public debt affects each and every Kenyan in the villages who we represent in this House.

I want to go on record, I want to challenge our friends, let us not discuss this thing in a very pedestrian way. Let us discuss this with facts and figures. The Cabinet Secretary in Charge of National Treasury currently has violated Article 211 of the Constitution and the PFM Act 2012 Section 50(2) (A). The Budget and Appropriations Committee tabled the Budget Policy Statement (BPS) which is the fiscal framework in preparing the national budget. The national Government has been given Kshs2.2 trillion, counties have been Kshs390 billion; Parliament has been given Kshs38 billion and Judiciary has been given 18.8 billion. This House must also be cognisant of the much that was allocated to the Consolidated Fund Services in servicing debts. They have allocated, Kshs967 billion to the Consolidate Funds Services. That is close to Kshs1trillion.

In a budget of Kshs3trillion, about Kshs1trillion is going to service debts. Let me be on record, if whoever will form the Government will not fix this economy within the first 18 months, this economy will collapse and we will go the Greece way, whether it is the Azimio team which is very unlikely or the Kenya Kwanza team, or the OKA which is far unlikely. We must discuss it whether one is in Azimio or in Kenya Kwanza, whether you are not one of the two horses and you are a donkey, because in six months, President Uhuru Kenyatta will hand over an economy that will not last for 12 to 18 months. It will not be so because Aden Duale was the Leader of the Majority Party or Ichung'wah was the Chair of the Budget and Appropriations Committee. I want Members to read the *Hansard*. The Budget and Appropriations Committee of this House, since 2013, had been recommending to the National Treasury that the debt level in our country was untenable and we must restructure it.

There are four categories of debt or where we borrow from. There is the multilateral, the World Bank and the IMF; ADB and AfDB. There is the bilateral led by China. We have domestic commercial banks and we have the international sovereign bond. These are the four, but today, 77 per cent of our debt from the bilateral is from China. Why did this administration particularly in its second term from 2018 borrow more from China? It is because of corruption. The Chinese were

giving 10 per cent and China in Africa gives and takes back the money. They bring their parastatals and companies to do the roads.

Hon. Ndindi Nyoro said that during Kibaki's time, the World Bank refused to fund the Express Highway because in its estimates, they said that the Express Highway could be built within the framework financial resource of Kshs15 billion. Kibaki's Government and those who sat in that Cabinet, including Raila Odinga, approved and signed a contract for Kshs23 billion. The Jubilee Administration in its second term raised it to Kshs63 billion. Today, as we sit here, it is going to cost Kenyans Kshs84 billion. More fundamentally, we are told that it is a Public Private Partnership, but if we look at the Budget and Appropriations Committee reports of the House, the Ministry of Transport receives from the Petroleum Fuel Levy a certain amount from this road. I want to tell Kenyans that when the Express Highway is built, like it happened in Nigeria, one morning they should refuse the toll stations and use the Express Highway for free. It happened in Nigeria. How do we pay through the Petroleum Levy and appropriation of this House and then we are told we pay for it in toll stations? This Express Highway is a manifestation of what we call dynasties versus hustlers. We are telling the dynasties to use it because they can pay and want the millions of Kenyan hustlers who bought their cars through hire purchase to live in the traffic jams to reach home. This is a clear manifestation of dynasty versus hustler.

Let me come to this debt issue. I want my colleagues to challenge me on records. Kenya borrowed Kshs7 trillion during the period of the handshake, between 2018 to 2019, when there was no Cabinet meeting that took place because the presence of William Ruto was making some people have constipation. The Cabinet did not approve. Let me challenge this House – I am the former Leader of the Majority Party - that all those Bills that were brought to this House without a Cabinet memo within the reading of the Constitution are illegal. There was no Cabinet that sat for one year and half, but we were told that we were discussing Government Bills including the Budget Policy Statement. President Moi left a debt of Kshs650 billion and people should not glorify Moi. People borrow in tandem with the growth of the economy. So Moi could not borrow more than the Kshs650 billion. In fact, it is good he left in 2002. If Kibaki had not come in, if Moi's preferred candidate would have come in and extension of Moi regime would have continued, Kenya would have collapsed. President Kibaki took over and fixed the economy. The leaders who will come after 9<sup>th</sup> August 2022 must know that whether it is William Ruto, Musalia Mudavadi, Raila Odinga, Kalonzo Musyoka, they would be handed over an economy that would be bleeding and it would be better for them to have serious advisors and economists to sit behind in the next six months to give focus on how to fix this economy. That is the reality. I am a Kenyan.

President Kibaki left by June 2013 at Kshs2.1 trillion. President Uhuru borrowed close to Kshs2.7 trillion in his first term. That was feasible. We built many roads including in my own constituency, Garissa-Modogashe, 140 kilometres. We improved the infrastructure of the Kenya Ports Authority, and the Kenya Airports Authority. We invested in geothermal energy, but finally, the Cabinet Secretary is not telling us how much commitment of Kshs3.7 trillion loans - Hon. Bunyasi will tell us - we are paying for. We are at Kshs11.7 trillion, but the Cabinet Secretary did not come to this House for approval. We are saying that Ukur Yatani, not today but after this Government leaves, will... *(off record)*

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Duale, it is good that that last comment is not on record and the Temporary Deputy Speaker did not hear it. But it leaves me wondering why everyone is fighting to take over this poisoned chalice.

I will give the next chance to Hon. Nyenze Edith, Member for Kitui West.



**Hon. (Ms.) Edith Nyenze** (Kitui West, WDM-K): Thank you, Hon. Temporary Deputy Speaker for giving me this opportunity to contribute to the Bill. I note that the main objective of the Public Debt Management Bill, 2020 is to establish the Public Debt Management Authority as an independent body to manage public debt in the country at both levels of the Government; the national Government and county Governments. The country's debt is rising at an alarming rate. Therefore, there is need to manage it to protect the current and future generations. That is why the Authority is proposed to manage, control and administer public debt.

Debt is not bad because for there to be growth, one has to take a loan. Therefore, one must incur some debts. But the question is how to manage that debt. The debt level in our country is quite alarming at 70 per cent of the GDP. The question is how the debt is being used. It is good to have a register of a record of all the debts showing where the money goes. It should be used in projects which give value to the county and which can repay the loans. If we just take loans without putting the money into proper use, we are likely to misuse the money through other ways such as corruption, mismanagement, and misappropriation. Therefore, when it comes to repayment, it becomes a problem. So, it is good to have a register of where the money will be used. That would be the work of the Authority.

The other thing is that we incur debts when the ratio between revenue and expenditure does not balance. We incur debts when expenditure is high. The CBK has been in charge of managing our debts. We have a department at the National Treasury which deals with debts. Up to now, there is need to have an independent Authority whose core mandate will be to manage and control debts. If the Authority is not given independence, we will just be creating it in futility. It will not do the work if it is not given independence. It should also be given enough funding to ensure that it carries out its work appropriately. This is to try to reduce wastage through management and reduction of corruption. It should ensure that the country only borrows what it can pay back.

So, I support that the Authority be put in place to ensure that there is proper management of our public debt. The country should also look at other expenses, especially those that go to some parastatals which are always funded and they do not seem to give back to the community through the services they are meant to give. It is good for the country to ensure that enterprises which depend on the Exchequer for survival and are not productive are done away with. Also, the Government should live within its means. If it lives within its means, we will not have many debts. We will control the debts. So, we should only borrow if we have a proper plan on how to repay the debt.

We should also enhance revenue collection, so that the ratio between revenue and expenditure is reduced. I congratulate the Kenya Revenue Authority (KRA) because it is doing very well in revenue collection. I hope it is not killing new start-ups and small businesses. I congratulate them since this time, their revenue collection is very good. We should keep on enhancing revenue collection to ensure that the balance between revenue and expenditure is reduced. This will mean not taking too much loan.

With those few remarks, I support the creation of the Authority. Thank you.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Very well. Hon. Jungle, Member for Thika Town Constituency.

**Hon. Wainaina Jungle** (Thika Town, Independent): Thank you, Hon. Temporary Deputy Speaker. I rise to support the creation of this Authority. I think there are three things that we need to look into in this country. Just like any other enterprise, we are doomed to fail if we do not run a country like an enterprise or if we do not plan ourselves to run in a way of creating money for our country.

There are only two or three things that I really want to say. If you are taking a debt, you must plan for it. You cannot take debt to use it in consumer goods and importations. If you take a debt, part of that debt must be planned for development. If debt does not produce, it means you cannot pay it. Two, when you plan for the debt, you must make sure that leakages are minimal. By leakages, I mean we have seen a lot of impunity in this country. We have seen a lot of stealing of public funds. You have seen a lot of people and leaders who get into offices not to build the country. They get there to start milking the country. As a country, it is high time we decide where we want to be, the kind of a country we want to have and the kind of an economy we want to have. I can tell you that this country will be different in a very short time if we address only the issue of corruption.

Even today, as you have seen, campaigns and politics are at the highest gear. The heat is on. I have been looking at the parties that want to take executive power in this country. None of these parties or coalitions are anywhere saying zero tolerance to corruption. Nowhere anyone says they are going to protect public funds. Basically, I find it very odd that everybody is going out there saying how they are going to develop this country. How do you develop the country if you do not address corruption? It is a mirage. It is not going to happen.

I see it as a positive step the fact that we want to have an Authority that oversees public debt. Look at a situation where you have a dominant party taking executive power in this country. What is happening in this Parliament today? We have parties or coalitions of parties that have majority power or majority membership, but whenever the Government or the Executive wants to borrow, they just wait to whip their Members. The Member has no leeway even of any argument. That is why you see us raising debt levels arbitrarily. There are no figures. There is not enough information, but nobody asks questions especially people who belong to those dominant parties. Why? They have been whipped. If you move the wrong way, of course, there are consequences in the party. But the Authority will not be aligned to any party. So, I really welcome the Authority because it can make independent decisions. It can ask questions. We can even call it to this august House to answer our questions when we have some. We are moving in the right direction.

Finally, when you take debt and you use it in the correct manner, you are likely to go very far. In fact, private companies that are doing well are into many debts. They go far because of their debt management. Yes, we cannot get away from public debt. We are going to incur public debt. But the most important part is whether we can use that public debt efficiently and in a way that works.

I also want to encourage the current Government that we have a lot of projects out there that are not finished. Finish them up, so that you have whichever advantage you wanted to get, especially from road infrastructure. Those roads will only start bringing money when they are finished and completed. Please, make sure that all those roads are completed. On this, I want to put up one in my constituency, in Thika East, a place called Muguga. It goes all the way to Githima. That road has a lot of benefits to the people of Thika. I ask the current Government and the relevant ministry to, please, put money in that road. Let it get finished because we need to start using it.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Well-spoken, Hon. Jungle. I wish you well in your pursuits in the greater Kiambu area.

Hon. Kimani Kuria, Member for Molo.

**Hon. Kuria Kimani** (Molo, JP): Thank you, Hon. Temporary Deputy Speaker. From the outset, I want to congratulate Hon. Sakwa Bunyasi for coming up with this timely Bill on debt management. I would like to quote President Herbert Hoover, the 31<sup>st</sup> President of United States of America (USA) who said that: "Blessed are the young, for they shall inherit the national debt."

That is the sad reality that we are talking about now. Every person, born now and in the future, inherits a debt that will be his responsibility to pay. Many people will ask: How can we do development without borrowing? Ronald Reagan, the 40<sup>th</sup> President of the USA said: “We do not have a trillion-dollar debt because we have not taxed enough; we have a trillion-dollar debt because we spend too much.” The biggest problem we have as a country is managing our expenditure. As long as we continue to make road side declarations on projects that we are going to do without due diligence on the cost, the value and the returns from that project, we will continue to have this problem. In economic terms, we call it “fiscal discipline.”

In adherence to the Constitution, most members of the Executive have resigned from their offices to go and seek political offices. We have seen several cabinet and principal secretaries, and heads of parastatals resign. I am almost certain that it is going to take a few months before their positions are filled. What does that mean? Does it mean that with the resignation of the Minister for Agriculture, Madam Cecily Kariuki, there are no programs running at the Ministry of Agriculture? Does it mean that with the resignation of the Principal Secretary for Water to go and vie for a political seat, there are no operations in his department? No, there is. Therefore, some of the current expenditures that we have from the Executive are not necessary. We had appointments of cabinet administrative secretaries (CAS) that came with a lot of staffing budget for their offices. Those offices are not legal according to the Constitution. They did not exist before. Can the roles that the offices play and the expenses they incur be avoided? The solution to our debt problem is fiscal discipline. We must be disciplined in how we spend our taxpayers’ money.

Hon. Jaguar has made good contribution on the role of political parties. When you listen to this debate, you can tell which political inclination one is associated with from how they support or oppose the issue of debt and how they approve the Government to borrow more or not. The scenario has changed. The political inclinations were different one or two years ago. Article 211 of the Constitution has bestowed on us the role of debt management. We should take responsibility, as a Parliament, and have a bipartisan approach to this matter. We should forget whether we are “Kenya Kwanza” or “Azimio” and tackle this issue of debt as the Parliament of the Republic of Kenya and not because of our political inclinations. The debts that are accumulating will be paid by our children irrespective of whether they are “Kenya Kwanza” or “Azimio” children.

Two weeks ago, I rose on the Floor of this House, according to our Standing Orders, seeking a Statement from the Departmental Committee on Agriculture and Livestock about the prices of fertiliser. Despite being such a priority area and Kenyans being tired about food prices, that Question has not been prioritised up to now. I have not received an answer from the Committee on the solution to fertiliser prices. At the end of the year, we will cry again that food prices have gone up. In my constituency, it is planting season. So, if the Ministry of Agriculture has to provide a solution on fertiliser prices, it has to be now when we are planting. If the price is lowered in August or September, it will not be helpful to us. By that time, it will be too late. We will not have planted enough to feed this country. Some of my constituents are feeding their cows with cabbages and sukuma wiki. We are great farmers in Molo and carrots are being eaten by cows and goats. My farmers cannot understand the issue about food prices because they are growing food and the cost of growing food is too high, especially because of fertiliser prices. If we are going to address the issue of food prices, we must address the issue of farm inputs.

Politicians have spoken about the issue of debt. They have spoken depending on their political inclinations. However, I choose to take a slightly different approach. We have an institution called the Kenya Institute for Public Policy Research and Analysis (KIPPR) in this country that is funded to do research on matters of public policy. In their report last year, they said

that our debt sustainability is wanting. They pointed out the key indicators on our debt sustainability that need to be looked into. The solvency indicators such as the present value of public debt as a percentage of the GDP should be at 70 per cent. The present value of our external debt as a percentage of the GDP should be at 55 per cent. As we speak, the current debt sustainability of these two ratios that measure debt and sustainability are way below the threshold. So, forget the politicians. Our policy makers are saying that our debt sustainability is wanting. We really need to relook at the issue of this debt by looking at these indicators and provide a solution. When I hear the leadership of this House saying that we need to raise the debt ceiling, I wonder if they are talking as politicians or they have listened to policy makers. As I submit, my request to this 12<sup>th</sup> Parliament is that, please, let us look at this issue of debt in a bipartisan manner. Let us forget the political inclinations that we follow and make a decision that is good for our great country, Kenya. Let us manage and reduce public debt. Let us reduce our spending. The only solution to debt is fiscal discipline. With that, I submit.

Thank you.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Thank you, Hon. Kimani Kuria. Hon. Tandaza Sawa, Member for Matuga.

**Hon. Kassim Tandaza** (Matuga, ANC): Shukurani, Mhe. Naibu Spika wa Muda kwa kunipa fursa hii niweze kuzungumza juu ya jambo hili muhimu ambalo linawauma wananchi katika pembe zote za Jamhuri ya Kenya. Nachukua fursa hii pia kumshukuru Mhe. Sakwa Bunyasi ambaye ni mtaalamu wa mambo ya madeni na ni mwanachama wetu wa chama cha Amani National Congress (ANC), kwa kufikiria kitaalamu na kuona kwamba imefika wakati ambapo bila ya watu kama yeye kuleta Mswada kama huu, Kenya itaangamia. Itaangamia kwa sababu imechukua madeni ambayo si sisi tutakaolipa. Ni madeni ambayo yatalipwa baada ya miaka 10, 20 au 30 na wengine wetu hatutakuwepo. Inamaanisha kwamba, wale watakaolipa madeni haya ni vizazi vinanavyokuja ambavyo tayari vina chamngamoto ya ajira na kutokuwa na pesa mfukoni ilihali tunatarajia viweze kulipa madeni haya.

Mswada huu ni muhimu kwa kuweka kiwango maalumu kwamba, licha ya yule atakaye kuwa kiongozi atataka kula pesa hizi... Ukiangalia, pesa nyingi ambazo zimechukuliwa kwa madeni, fungu kubwa ni lile ambalo limeingia kwa mifuko ya watu. Huo ndio ukweli. Kwa hivyo, licha ya kuwa kiongozi atakayekuwepo na aliyepo watakuwa na hamu kuona vipi wataongeza mapato yao au mapato ya wachache, watajua moja kwa moja hawawezi kuenda zaidi ya kiwango fulani. Hiki kiwango ambacho tunatarajia kukiweka, tayari hakinufaishi na hakitawezekana. Nilifanya hesabu ya haraka haraka na kuona kuwa, kwa mfano, kama tulikuwa na deni ya trilioni moja mwaka wa 2018, hata bila kuomba fedha zingine... Sisi tunaomba kwa pesa za kigeni kama dola, na tunatarajia kulipa deni hili kwa pesa hiyo ilhali uchumi wetu unategemea rasmali ambazo si za lazima kwa wale tunao uzia kwa pesa za kigeni. Kwa mfano, bidhaa inayotuletea hela nyingi zaidi ni maua tunayoyapeleka nchi za ugaibuni. Wanaonunua maua nao sio lazima wafanye hivo kila wakati. Hili, ni jambo la kustarehesha. Wakati wowote wanapoamua kufanya mambo mengine, zile hela tunazozitarajia hatutaweza kuzipata. Zile vitu tunavyoagiza kutoka nchi za nje ni vya muhimu kama madawa, mafuta tunayohitaji katika uzalishaji na tunaagiza maligavi. Kwa hivyo, tunalazimika kuagiza vitu kwa ile bei wao wanataka ilhali vitu ambavyo vingeweza kutupatia hizi hela, kwao, sio lazima.

Hata tusipo omba pesa zaidi, dhamani ya dola inaendelea kupanda na moja kwa moja, ule mkakato ambao tutakuwa tumeeka kuwa hatuwezi kuzidi, lazima tujue itazidi kwa sababu deni linaongezeka na zile pesa ambazo tumeomba zinaendelea kupanda na shilingi yetu inazidi kurudi chini.

Kuna njia moja itakayotusaidia kwa wale watakuwa wanahusika na mambo ya uchumi. Iwapo tungeweza kuimarisha uzalishaji wa zile vitu tungezipeleka nje, kwa bahati mbaya, ijapokuwa tunasema kuwa nchi yetu ni ya ukulima, chakula chenyewe hatuna kwa sasa. Tunachojivunia kwamba uti wa mgongo wa nchi hii ni ukulima, hatuna chakula chenyewe. Mbali na kuleta kutoka nchi za nje, zile vitu ambazo sisizo za lazima kama chakula, inabidi bado tuchukua vitu kama hivi ambavyo tungeweza kuvizalisha na ilhali tungeweza kuzalisha, ingeweza kuweka ile dhamani ya shilingi yetu kidogo ikawa inaweza kuwa na kiwango ambacho itapunguza deni ambazo ziko katika nchi za nje.

La muhimu zaidi na linalonihuzunisha kwa upande wangu, nikija upande wa Pwani kwa ujumla, ni tumezungumzia deni kubwa la SGR. Hili ndilo deni moja kubwa ambalo lilikuja kwa mpigo. Tukiangalia deni hili, ijapokuwa sisi wapwani, na tumezungumzia swala hili, hatujakataa SGR, lakini ilichukuliwa deni kumuumiza yule mtu anayetarajiwa kulipa deni hili.

Uchumi wa Pwani na adhari ambazo zimeletwa na SGR kwa wakati huu, zile biashara zilikuwa katika upande wa wanabiashara wa clearing and forwarding, waliokuwa na magari ya kubeba zile mizigo, waliokuwa wanabiashara wa kuuza maligavi, (*spare parts*), hizo biashara zimekufa. Ni biashara zilizokuwa zikiwasaidia wale wakaazi wa Pwani. Zilikuwa zinaajiri watu wengi sana. Kwa sasa, hizo biashara zimechukuliwa na watu wamerudi manyumbani maana hawana ajira. Ule mradi uliofanywa, mtu wa Pwani inabidi alipe hilo deni. Itafika wakati tutaonelea deni limechukuliwa na linawafaidi watu wengine, na wengine haliwafaidi. Wale wanaofaidika wanafaa walipe hilo deni na walioumia kupitia hilo deni, wasamehewe maanake ndio wameadhirika.

Mademi ambayo tumechukua ni kwa upande wa mabarabara. Tangu dunia ianze, tuko na kilomita kumi na sita za lami katika eneo Bunge langu. Ilhali, tumechukua madeni kwa sababu ya barabara. Kuna wakati kuliwekwa kuwa kila mwaka kutafanywa kilomita elfu kumi za lami. Lakini, kwa upande wetu, watu wa Matuga, kilomita kumi na sita zilijengwa mwaka wa themanini na tano. Kwa hivyo, madeni yanachukuliwa, yanafaidi wengine sehemu zingine. Kuna watu mahali wanajua kuwa deni hili litakapokuja litawafaidi wao. Kwa upande wetu, watu wa Matuga, ikiwa ni barabara, hatujafaidika. La kusurudhisha ni kuwa, tutahitajika kulipa madeni hayo na ndio maana nikasema, labda, itafika wakati wanaofaidika nao deni wailipe. Sio kwamba wengine wale, nasi tunawe mkono tuambiwe tuondoke maana karamu imeisha. Hapo, kutakuwa na tatizo kubwa.

Uganga wake ni kulipa. Tunapoomba, tunatarajia tulipe na nini? Hili ndilo swala ambalo kwa hali yoyote, litamdhuru kila mwananchi hata yule amenufaika na mikopo haya. Ukweli ni kwamba, itafika wakati naye atalilia kwenye kingo.

Vile tumeomba mpaka sasa, na uchumi wetu vile ulivyo, mashirika yanafungwa, hakuna namna ya watu kupata ajira, hatutaweza kulipa madeni.

Kuna tetezi kwamba, kuna mashirika maalum ambayo yalitumiwa kuhakikisha kuwa huu mkopo umepatikana. Na ikiwa mashirika haya yataweza kuchukuliwa, itakuwa ni fedheha kwetu, aibu, tutaumia na bado tutakuwa tunadaiwa.

La kumalizia, tunapochukua deni, tujue tatalipa kupitia wapi. Asante sana, Mhe. Naibu Spika wa Muda. Ninaunga mkono Mswada huu kwa kuhakikisha kuwa kuna shirika maalum ya kuangalia maswala ya madeni.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Okelo Odoyo, Member for Nyando.

**Hon. Jared Okelo** (Nyando, ODM): Thank you, Hon. Temporary Deputy Speaker for granting me this opportunity, and on the same breath, share my approval to this Bill by Hon. Bunyasi.

I congratulate him for coming up with this. This discussion could not have come at a better time. As we approach elections, it has become a major discussion point by various political parties, presidential candidates and their ilk.

Debts, indeed, have brought us down as a nation. The only hypocrisy and epitome of it all, which has been exhibited by people who have put us into this ditch, and how I wish they understand that this debt that has become part of their campaign manifesto, emanate from their own misgivings. We hope that going forward, more realities will be coming out and whoever has to be blamed, will be apportioned at his doorstep.

There is nothing wrong with taking a debt. When we joined this House, some of us had been living in the villages for way too long, and when we came here, the only re-course was to apply for mortgage so that we could have a place to stay within Nairobi.

Mortgage has constantly been misunderstood even by an organisation such as the Salaries and Remuneration Commission (SRC), which think that this is a grant extended to Members of Parliament. Far from it, this is a debt that we have an obligation as Members of Parliament, to service, and in any case, you dishonour, there are repercussions which are quite grave. Therefore, a loan gives anybody an opportunity to expand their economic wellbeing. The only disconnect is when the loans are not plugged into projects that change the lifestyle of Kenyans. That is where we are today.

Hon. Temporary Deputy Speaker, I was talking about hypocrisy that is being exhibited by our competitors. I am not afraid to say that a classical example is the Eurobond which this country got Kshs100 billion. The record says that that money did not get into this country. Probably, it is what is now causing all the furore that we see in the nation. People are moving in choppers and buying loyalty of various politicians and supporters across the nation.

If we will not be told unequivocally what happened to the Eurobond and many others that have been in place like the Anglo-leasing scandal, then we, as a nation, are lying to ourselves when we have to put this as an integral part of our manifestos and policies going forward towards the next elections. Our taxes are not enough. That is why we have to go to the International Monetary Fund and other institutions to cushion ourselves against what may in essence become a poverty line for the entire nation.

The COVID-19 disease has also played its fair share in bringing us to where we are today and the need now to go and borrow money outside there. However, this has already been spoken to by the previous speakers. When a nation goes for commercial loans as opposed to concessionary loans where you pay within a very short period of time and at the same time there are high interest rates, then it does not make sense. Concessionary loans always have a long payment period of up to 20 years. Besides that, the interests that are charged and accrue on those loans are less. This is the direction that we, as a nation, need to take, so that we do not overburden the Kenyan taxpayer.

We have been pushed to the limit. The country was debating about the fuel prices a while back. We came to the realisation that we had reached a point where we could not add anything extra to fuel prices. Those are the areas where we derive our taxes that run our economy. We, as a nation, must diversify our sources of revenue. We can consider agriculture and give farmers inputs that are manageable in terms of pricing. We can give fertilisers that are affordable to the farmer, so that we expand our horizon in that field.

If one visits the Arab world, for example Dubai, flying between here and there using the Emirates Airline or any other airline within the Gulf is so cheap. You wonder why Kenya Airways wants to cash in and make so much money. At the end of the day, they do not get enough clients to fly in their planes. To begin with, those planes are not even beautiful. Tourism has become our

number two revenue earner. That is known by all and sundry. We should make the travels and hotels affordable. For instance, what you pay here for a two-star hotel is much more than what you pay for a five-star hotel in Dubai. We should diversify various fields, including what has made Singapore what it is, which is ICT. This will enable us to make more money, reduce our debt portfolio and move this nation to the next level.

We will go into elections in a few months to come. I know this idea of discussing debts in public fora will not last more than a week. People will get into other things. I wish much attention will be put into public debt inside this House. I am glad because this is a House of records and figures. Members debate soberly as opposed to the insults and tantrums that we throw out there in the political field. We gained from the former President Kibaki a debt of Kshs1.8 trillion that has since moved to about Kshs8.2 trillion. Give and take another Kshs800 or Kshs600 billion from parastatals where the Government acts as the collateral, we are still below the Kshs9 trillion which is the ceiling that was passed by this House. However, there is potential danger. If we engage in more borrowing, then we may surpass the ceiling which will be unconstitutional. Somebody has to account on this matter.

I support Hon. Bunyasi's Bill, so that we can know where money will come from, whether it will be from a commercial loan or concessionary loan, what it will do and the benefits that will accrue to Kenyans.

With those remarks, I thank you, Hon. Temporary Deputy Speaker for giving me the opportunity to contribute.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Obo Mohamed, Member for Lamu.

**Hon. (Ms). Ruweida Obo** (Lamu (CWR), JP): Asante, Mhe. Naibu Spika wa Muda kwa kunipatia nafasi ninene. Naunga mkono kuwekwa Mamlaka ambayo itasimamia madeni. Tukipitisha Mamlaka hii, naomba tulete suluhu, lakini sio matatizo zaidi.

Tusipange mambo ya madeni ambayo itafaidi watu fulani. Tukipanga hii Mamlaka, tuhakikishe ya kwamba watu waliotengwa kama sisi, watu wa Lamu, wako ndani. Watu wa Lamu wanashukuru sasa. Nataka madeni ichukuliwe zaidi ili ipite Ksh9 triloni kwa sababu tunaanza kulipa kwa haki na halali. Kutoka Uhuru uanze, hatukuwa tumepata barabara ya lami. Chini ya uongozi wa Rais Uhuru, tumepata kilomita 120. Tunataka zaidi. Tunataka madeni ichukuliwe zaidi ndio watengeneze barabara ingine kuanza Dargoni mpaka Kiungo Moni. Tuna barabara tatu Lamu. Ingingenezewe kutoka Mtangawano mpaka Kizingitini. Watu wengine wakilipa madeni Kenya, walipe ile ya Lamu pia. Sisi tumekuwa tukilipa siku zote, lakini wengine wanafaidi.

Huu ni mpango mzuri lakini uwe una haki. Watu wasianze kukasirika kwa sababu hawajapata maendeleo sasa na wanataka madeni yasiwe mengi. Madeni ni mengi lakini tunaangalia ile miradi mingi ambayo tuko nayo. Mwingine hapa amelalamika ya kwamba ana kilomita 16 ya barabara ya lami. Hizo kilomita 120 za barabara ya lami tumepata sasa. Tunataka maendeleo. Tunataka kufungua Lamu East ambayo imeachwa nyuma. Maendeleo mengi yamefanywa Lamu West. Sasa wahalifu wanajificha kule kwa sababu hawaoni kama wao ni Wakenya. Tunataka Serikali ichukue madeni ijenge bwawa ili watu wafanye *irrigation*. Walete maendeleo eneo la Basuba ambapo hakuna maendeleo yoyote. Kwa hivyo, hii isiwe ni sababu ya kukanyanga ili wengine ambao hawajapata maendeleo wakose.

Wacha madeni ichukuliwe ndio Wakenya wengine wawe sawa na wengine. Tupate maendeleo. Tukipata shida kule Lamu East, inamaanisha Kenya nzima inapata shida. Ikitokea shambulizi la *Al-Shabaab* Kenya, mtu ambaye ako sehemu zingine anahebiwa ako Kenya lakini sio Lamu. Kwa hivyo, hiyo ni shida ya watu wote.

Mhe. Naibu Spika wa Muda, nataka tuwe na mpangilio. Kama itabidi Bunge iongeze ukomo wa deni, iongeze ili Lamu ipate maendeleo. Asante.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Very well. Hon. Members, this Bill had been allocated three hours and 30 minutes. We have now expended three hours and 20 minutes. The remaining time is 10 minutes. Therefore, I give directions that when this business will be set down, it will be for the purpose of the Mover to reply. So far, 21 Members have contributed to it. The contributions were very enriching. This is the kind of debate that one wishes to see going on the Floor of this House. So, I congratulate all the Members who have had opportunity to contribute and even those who have not had opportunity to, I am sure they are in support of what has gone on, on this Floor.

### ADJOURNMENT

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Members, the time being 1.00 p.m., this House stands adjourned until today, Wednesday, 23<sup>rd</sup> February 2022, at 2.30 p.m.

The House rose at 2.30 pm.