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Wednesday, 9th April 2025

The House met at 9.30 a.m.

[The Temporary Speaker (Hon. David Ochieng') in the Chair]

PRAYERS

QUORUM

The Temporary Speaker (Hon. David Ochieng'): I order the Quorum Bell to run for 10 minutes.

(The Quorum Bell was rung)

I order that the Quorum Bell be stopped.

Hon. Members, for the convenience of the House, I wish to re-organise the Order Paper.

(Hon. Mugambi Rindikiri consulted loudly)

Order, Hon. Rindikiri, Member for Buuri. We will deal with Order No.8, whichever way it goes. We will then deal with Orders Nos.9 and 10 and return to Order No.5.

Next Order.

PROCEDURAL MOTION

The Temporary Speaker (Hon. David Ochieng'): Hon. Waqo, are you dealing with this one?

(Hon. Silvanus Osoro remained upstanding in his place)

Hon. Osoro, take your seat.

EXEMPTION OF BUSINESS FROM THE PROVISIONS OF STANDING ORDER 40(3)

Hon. Silvanus Osoro (South Mugirango, UDA): Thank you very much, Hon. Temporary Speaker.

I beg to move:

THAT, this House resolves to exempt the Business appearing as Order Nos. 9, 11 and 12 in today's Order Paper from the provisions of Standing Order 40(3), being a Wednesday Morning, a day allocated for Business not sponsored by the Majority or Minority Party or Business sponsored by a committee.

I beg to move, and I request Hon. Atandi to second.

The Temporary Speaker (Hon. David Ochieng'): Hon. Atandi, you must get used to this now.

Hon. Samuel Atandi (Alego Usonga, ODM): Hon. Temporary Speaker, I second.

(Question proposed)

Hon. Members: Put the Question.

The Temporary Speaker (Hon. David Ochieng’): Is it the mood of the House that I put the Question?

Hon. Members: Yes.

(Question put and agreed to)

The Temporary Speaker (Hon. David Ochieng’): Next Order.

MOTION

CONSIDERATION OF REPORT ON THE DIVISION OF REVENUE BILL

THAT, this House do agree with the Report of the Committee of the Whole House on its consideration of the Division of Revenue Bill (National Assembly Bill No. 10 of 2025)

(Moved by Hon. Samuel Atandi on 8.4.2025)

(Resumption of consideration interrupted on 8.4.2025)

Hon. Members, remember we finished this process last evening, and I will, therefore, put the question.

(Question put and agreed to)

BILLS

Third Reading

THE DIVISION OF REVENUE BILL (National Assembly Bill No. 10 of 2025)

The mover of this Bill is Hon. Atandi. Move the Bill for Third Reading.

Hon. Samuel Atandi (Alego Usonga, ODM): Thank you, Hon. Temporary Speaker. I beg to move that the Division of Revenue Bill (National Assembly Bill No. 10 of 2025) be now read a Third Time.

I also would like to request Dr Pukose, the Member of Parliament for Endebess and the Vice Chairman of the Budget and Appropriations Committee, to second.

The Temporary Speaker (Hon. David Ochieng’): Hon. Pukose.

Hon. (Dr) Robert Pukose (Endebess, UDA): Hon. Temporary Speaker, I second the Third Reading of the Division of Revenue Bill. This is a very important Bill that looks into the division of resources between the National Government and the county government.

I second.

(Question proposed)

Hon. Members: Put the Question.

The Temporary Speaker (Hon. David Ochieng’): Is that the mood of the House?

Hon. Members: Yes.

The Temporary Speaker (Hon. David Ochieng’): Okay. Hon Members, having confirmed that we have the requisite quorum, I now put the Question.

(Question put and agreed to)

(The Bill was accordingly read a Third Time and passed)

Thank you.

Next Order.

Second Reading

THE BASIC EDUCATION (AMENDMENT) BILL
(National Assembly Bill No. 59 of 2023)

(Moved by Hon. Mary Njoroge on 5.3.2025 – Morning Sitting)

(Debate concluded on 2.4.2025 – Morning Sitting)

Hon.Members, as you are aware, debate on this Bill was completed.

(Question put and agreed to)

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

Hon. Members, remember we skipped Orders Nos. 5 to 7. So, we go back to Order No.5.

PAPERS

The Leader of the Majority Party, Hon. Waqo.

Hon. Naomi Waqo (Marsabit County, UDA): Hon. Temporary Speaker, I beg to lay the following papers on the Table:

1. Legal Notice No. 71 of 2025 relating to the Environmental Management and Co-ordination (Strategic and Integrated Environmental Assessments and Environmental Audits) (No.2) Regulations, 2025 from the Ministry of Environment, Climate Change and Forestry.
2. Legal Notice No. 18 of 2025 relating to the Energy (Energy Management) Regulations, 2025, from the Ministry of Energy and Petroleum and the following accompanying documents:
 - (a) The Explanatory Memorandum;
 - (b) The Public Participation Report;
 - (c) The Salient changes and feature of the Draft Regulations;
 - (d) The Regulatory Impact Statement by EPPRA; and
 - (e) The Impact Study of the Energy (Energy Management) Regulations 2012.

3. Reports of the Auditor-General and Financial Statements for the year ended 30th June 2024 and the certificates therein in respect of:
- (a) Auctioneers Licensing Board;
 - (b) Coast Water Works Development Agency;
 - (c) Commodities Fund;
 - (d) Communication Authority of Kenya Universal Service Fund;
 - (e) Energy and Petroleum Regulatory Authority Staff Mortgage and Car Loan Scheme;
 - (f) Federal Party of Kenya;
 - (g) Fish Levy Trust Fund;
 - (h) Geothermal Development Company Limited;
 - (i) Information and Communication Technology Authority;
 - (j) Kenya Advanced Institute of Science and Technology;
 - (k) Kenya Broadcasting Corporation;
 - (l) Kenya Electricity Transmission Company (KETRACO) Limited;
 - (m) Kenya Engineering Technology Registration Board;
 - (n) Kenya Fish Marketing Authority;
 - (o) Kenya Fishing Industries Corporation;
 - (p) Kenya Institute for Public Policy Research and Analysis (KIPPR);
 - (q) Kenya Institute for The Blind;
 - (r) Kenya Institute of Mass Communication;
 - (s) Kenya Literature Bureau;
 - (t) Kenya Maritime Authority;
 - (u) Kenya National Examination Council;
 - (v) Kenya National Highways Authority;
 - (w) Kenya Social Congress;
 - (x) Kenya Universities and Colleges Central Placement Service;
 - (y) Kenya Veterinary Vaccines Production Institute;
 - (z) Kenya Year Book Editorial;
 - (aa) Lake Basin Development Authority;
 - (bb) Lake Victoria North Water Works Development Agency;
 - (cc) Land Settlement Fund-State Department for Lands and Physical Planning;
 - (dd) Lands Limited;
 - (ee) Mechanical and Transport Fund-State Department for Roads;
 - (ff) Muhoroni Sugar Company Limited (In Receivership);
 - (gg) National Authority for the Campaign Against Alcohol and Drug Abuse Car Loan and Mortgage Fund;
 - (hh) National Cereals and Produce Board;
 - (ii) National Environment Management Authority;
 - (jj) National Environmental Tribunal;
 - (kk) National Water Harvesting and Storage Authority;
 - (ll) National Youth Service Mechanical and Transport Fund; and
 - (mm) North Rift Valley Water Works Agency;

Thank you, Hon. Temporary Speaker, and I beg to lay.

The Temporary Speaker (Hon. David Ochieng'): Is that it? Do you have another Paper to lay? Go ahead.

Hon. Naomi Waqo (Marsabit County, UDA): Thank you, Hon. Temporary Speaker. There is an additional part of that.

- 1) Nursing Council of Kenya;

- 2) Public Service Commission Mortgage Scheme Fund;
- 3) Regional Centre on Ground Water Resource Education, Training and Research in East Africa (RCGWRET and REA);
- 4) Revenue Statements-State Department for the Blue Economy and Fisheries;
- 5) Rural Electrification and Renewable Energy Corporation;
- 6) Sports, Arts and Social Development Fund;
- 7) State Department for Blue Economy and Fisheries;
- 8) The Judiciary;
- 9) The Service Party;
- 10) The Tea Board of Kenya;
- 11) Tujibebe Wakenya Party;
- 12) Veterinary Medicine Directorate;
- 13) Water Sector Trust Fund; and
- 14) Women Enterprise Fund;

Thank you.

The Temporary Speaker (Hon. David Ochieng’): Thank you.

Next Order.

NOTICES OF MOTIONS

The Member for Aldai is not in the House. She has two notices of Motions to give. Did she assign anyone to do this? She is not in. Let us go to the next Order.

QUESTIONS AND STATEMENTS

Hon. Members, we have two requests for Statements. The first is by the Member for Eldas, whom I could not see in the House this morning, and the other is by the Member for Msambweni, Hon. Feisal Bedar. Give the microphone to the Member for Msambweni.

REQUEST FOR STATEMENTS

HIGH FREQUENCY OF ACCIDENTS ALONG THE LIKONI-LUNGA-LUNGA HIGHWAY.

Hon. Feisal Bedar (Msambweni, UDA): Thank you, Hon. Temporary Speaker. Pursuant to the provisions of Standing Order 44 (2) (C), I rise to request a Statement from the Chairperson of the Departmental Committee and infrastructure regarding the high frequency of accidents along the Likoni-Lunga-Lunga Highway.

In recent months, there has been a surge of road accidents along the busy Likoni-Lunga-Lunga Highway, particularly along the Nyumba Mbovu and Ganja La Simba Area in Msambweni Constituency. This highway, which falls under the Kenya National Highways Authority (KeNHA) jurisdiction, is a major trunk road facilitating heavy traffic between Kenya and Tanzania. The high volume of vehicles coupled with human activity in the mini towns along the Road has made these sections particularly dangerous for pedestrians and motorists alike.

The presence of vibrant trading centres along the highway has led to frequent pedestrian crossings, increasing the risk of accidents in the last two months alone. At least two lives have been lost due to hit-and-run incidents at these black spots. In addition, many other individuals have sustained severe injuries, further highlighting the urgent need for intervention.

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Despite raising these concerns, the relevant authorities have taken little to no action to curb these strategies.

Hon. Temporary Speaker, it is against this background that I request a Statement from the Chairperson of the Departmental Committee on Transport and Infrastructure on the following:

1. The immediate and long-term measures taken by the Ministry of Transport and Infrastructure to mitigate the frequent road accidents along the Likoni-Lunga-Lunga Highway.
2. The steps made by the Ministry to erect speed bumps, pedestrian crossings and other preventive measures in these accident-prone areas as interventions to reduce the frequency of accidents.
3. The plans in place to improve road signage, lighting and enforcement of traffic regulations along the Highway to enhance road safety for both motorists and pedestrians.

Thank you.

The Temporary Speaker (Hon. David Ochieng’): I saw the Chairperson of the Departmental Committee on Transport and Infrastructure in the House this morning. Is the Vice-Chairperson in? Hon. Osoro, this will be under your charge. How long do you think the Committee will take to respond to this request for a Statement by the Member for Msambweni?

Hon. Silvanus Osoro (South Mugirango, UDA): Hon. Temporary Speaker, the committees have a set standard of two weeks to respond. I will submit this request to the relevant Committee. I commit to doing it, and the answer will be given in two weeks.

The Temporary Speaker (Hon. David Ochieng’): Please proceed as you suggested. The answer should be given in two weeks.

The Member for Eldas is in the House. Please proceed with your request for a Statement.

KALA-AZAR VIRUS OUTBREAK IN WAJIR COUNTY

Hon. Adan Keynan (Eldas, JP): Thank you, Hon. Temporary Speaker. I apologise for coming in late.

I rise to request a Statement regarding the Kala-azar Virus Outbreak in Wajir County, particularly in my Constituency, Eldas and Wajir West.

Pursuant to the provisions of Standing Order 44(2) (c), I wish to request a Statement from the Chairperson of the Departmental Committee on Health regarding the Kala-azar virus outbreak in Wajir County.

(Hon. (Dr) James Nyikal consulted with another Member)

The Temporary Speaker (Hon. David Ochieng’): Order, I see the Member for Seme is in the House. Hon. (Dr) Nyikal, I hope you realise that you are now the Chairperson of the Departmental Committee on Health. The Member for Endebess is no longer the Chairperson. The request for a Statement being sought now is to your Committee. Proceed, Hon. Keynan. Hon. (Dr) Nyikal, you need to be all ears now.

Hon. Adan Keynan (Eldas, JP): On a light touch, in addition to being the Chairperson of this Committee, Hon. (Dr) Nyikal has been the Permanent Secretary in that Ministry and a Professor in that key department. By the grace of God, he is now a Member of Parliament and the Chairperson of that Committee. Therefore, we hope the answer we are going to receive is...

The Temporary Speaker (Hon. David Ochieng’): Proceed with the request; do not lecture him yet.

Hon. Adan Keynan (Eldas, JP): I am just riding on what you have said.

The Temporary Speaker (Hon. David Ochieng’): No. Proceed with the Statement.

Hon. Adan Keynan (Eldas, JP): I stand guided. Allow me to start afresh.

I rise to request a Statement regarding the Kala-azar Virus Outbreak in Wajir County, particularly in my Constituency, Eldas and the larger Wajir West—which I had the privilege of representing. Pursuant to the provisions of Standing Order 44(2) (c), I wish to request a Statement from the Chairperson of the Departmental Committee on Health regarding the Kala-azar virus outbreak in Wajir County.

The Kala-azar virus outbreak in Wajir County, which is transmitted by sand flies, has escalated into a major public health crisis posing a significant threat to lives, livelihoods and healthcare infrastructure in the region. The outbreak has exposed the vulnerability of the healthcare system, including shortage of beds, testing kits, and medical supplies in areas largely affected by this outbreak, in particular Eldas, which I represent, and Wajir West Constituencies. I also had the privilege of being a Member of Parliament for Wajir West. This has caused distress to the residents. Some of them have lost their dear ones, while others grapple with the financial burden of treatment. This virus has disrupted the daily lives of many people. They are forced to travel long distances to seek medical care.

It is against this background that I request a Statement from the Chairperson of the Departmental Committee on Health on the following—

1. A detailed report on the Kala-azar Virus outbreak in Wajir County, in particular Eldas Constituency, Wajir West Constituency and the larger Wajir County, including the number of confirmed cases, fatalities and the rate of transmission.
2. Provide a report on the emergency response measures being implemented to contain the spread of the virus, provide adequate medical treatment and prevent further infections.
3. Short-term and long-term plans the Government of Kenya is taking, in particular the National Government in coordination with the county government, because this is a disaster. This includes providing adequate financial, medical, and logistical resources and collaborations with other agencies to ensure rapid response interventions to contain the virus and prevent further transmission.

Hon. Temporary Speaker, as you are aware, health is a devolved function.

The Temporary Speaker (Hon. David Ochieng’): You cannot go beyond that, Hon. Member. You know this very well. I have allowed you to read beyond what you gave to the Table Office, so I request that you read it the way it is.

Hon. Adan Keynan (Eldas, JP): Okay. Thank you, Hon. Temporary Speaker. I wish to request a Statement.

The Temporary Speaker (Hon. David Ochieng’): Thank you. Before I ask the Member for Seme to say something on this Statement, the Member for Marsabit, Hon. Waqo, has something to add.

Hon. Naomi Waqo (Marsabit County, UDA): Thank you, Hon. Temporary Speaker. I agree with the Statement that Hon. Keynan has requested on behalf of many of us. We lost nine lives in Marsabit last week. It affects the different communities that live around there. We cannot afford to continue losing lives because the virus has been in Marsabit for almost one year. The earlier we take action, the better we do not lose more lives.

Thank you, Hon. Temporary Speaker and Hon. Keynan, for bringing the Statement.

The Temporary Speaker (Hon. David Ochieng’): Thank you.

The Chairman of the Departmental Committee on Health.

Hon. (Dr) James Nyikal (Seme, ODM): Thank you, Hon. Temporary Speaker. I am sorry for being distracted at the beginning of the Statement. This is an important matter. We

will make an effort to get an answer within two weeks because I know it is urgent. I have followed what has been going on in the press. We take it seriously.

The Temporary Speaker (Hon. David Ochieng’): Hon. Nyikal, why will you take two weeks?

Hon. (Dr) James Nyikal (Seme, ODM): I will bring the response within two weeks.

The Temporary Speaker (Hon. David Ochieng’): Within two weeks.

Hon. (Dr) James Nyikal (Seme, ODM): Yes.

The Temporary Speaker (Hon. David Ochieng’): This can be tomorrow or next Tuesday.

Hon. (Dr) James Nyikal (Seme, ODM): I will bring the response within two weeks.

The Temporary Speaker (Hon. David Ochieng’): From what you have heard, this is an emergency. You are probably aware that there is already a testing machine as you enter Isiolo County. I have been told there is a testing place where people are being tested for this Kala-azar Virus. This is an emergency that should not go into the normal process of processing our Statements. Can you provide a response sooner than this?

Hon. (Dr) James Nyikal (Seme, ODM): Yes. We will try to bring it within two weeks. We will push the Ministry to give us the information - which they should have at their fingertips - if they are handling the Kala-azar Virus outbreak.

The Temporary Speaker (Hon. David Ochieng’): That is why I am asking why you are pushing it to two weeks if you can get it in three days.

Hon. (Dr) James Nyikal (Seme, ODM): I will bring the response within two weeks.

The Temporary Speaker (Hon. David Ochieng’): No.

Hon. (Dr) James Nyikal (Seme, ODM): Okay. I will bring it next week.

The Temporary Speaker (Hon. David Ochieng’): Between you and me, I am the lawyer.

Hon. (Dr) James Nyikal (Seme, ODM): Next week.

The Temporary Speaker (Hon. David Ochieng’): When?

Hon. (Dr) James Nyikal (Seme, ODM): By Thursday next week. I may be out of the country, but a Report will be given.

The Temporary Speaker (Hon. David Ochieng’): Okay. Member for Eldas.

Hon. Adan Keynan (Eldas, JP): Hon. Temporary Speaker, I expected a bit of empathy and appreciation from this able Professor. As we speak, I do not want to sound like an alarmist, but we have lost over 30 people whom we can confirm.

I plead with the Professor through you. You can even respond to this tomorrow afternoon. I plead with you to bring the answer in whatever form you can by tomorrow afternoon.

The Temporary Speaker (Hon. David Ochieng’): Okay, fair enough. Member for Endebess.

Hon. (Dr) Robert Pukose (Endebess, UDA): Hon. Temporary Speaker, I have listened to the Member for Eldas referring to the Kala-azar Virus outbreak. He kept on emphasising that point. He has said it is a viral infection. I do not know. I need to be educated because many Kenyans are listening outside there. When you hear that there is a viral outbreak, viruses have no treatment. When I was in medical school, I learnt that Kala-azar is caused by a protozoan, which has medication. It is transmitted by sandflies. Maybe Dr Nyikal, as the Chairperson of the Departmental Committee on Health, can educate us on whether it is a viral infection or what it is. Hon. Keynan has said that it is a viral infection.

(Hon. Adan Keynan spoke off the record)

The Temporary Speaker (Hon. David Ochieng’): Member for Eldas, this is not a matter of argument.

Hon. Adan Keynan (Eldas, JP): But it is good to set the record straight because, with a lot of respect, the Member was not listening. I said there is a Kala-azar Virus outbreak in Wajir County, which is transmitted by sandflies.

(Hon. (Dr) Robert Pukose spoke off the record)

Let us not go into the semantics. The message is clear. Do not trivialise it, please.

The Temporary Speaker (Hon. David Ochieng’): Order, Member for Seme.

(Hon. Adan Keynan spoke off the record)

Order, Member for Eldas. It will not be trivialised. Take your seat.

Hon. Adan Keynan (Eldas, JP): I hope the record is straight.

The Temporary Speaker (Hon. David Ochieng’): The record is quite straight because I listened to you. Member for Seme, the response to this Statement will be brought up on Tuesday afternoon. Even as you stand to give the clarification, ensure that it is brought on Tuesday. Today is Wednesday. This is an outbreak. We want the report back to this House next Tuesday in the afternoon. Go ahead now.

Hon. (Dr) James Nyikal (Seme, ODM): Hon. Temporary Speaker, the point is made. It is an emergency. I appreciate. As soon as we leave this place, I will try to put the process of the matters into action. I wish we can give the response tomorrow. I will try to see what the Ministry has. If we have to wait, we can get an urgent response on what is happening now. I can do it in two bits so that the long-term processes that may take some time can come later. This will help us appreciate the urgency of the matter and its long-term need.

On this technical matter, the Kala-azar Virus is a protozoan infection that is spread by sandflies. We will not go into the technical names. Sandflies live in anthills and crevices. I know the terrain is opportune for that. If things are not taken seriously, it can spread very widely. It is something that has been in the country. In my mind, I did not want to go into this; I wonder why it even broke out because this is something we know. We should have surveillance for it. Even without it, there are other places like parts of Turkana and Pokot which have it, and it is a problem. We even started treatment centres. It has treatment. We will try to get the answer as soon as possible. If possible, we will bring it even tomorrow if we can because it is an emergency.

Thank you, Hon. Temporary Speaker.

The Temporary Speaker (Hon. David Ochieng’): That is good progress and fair enough. We look forward to getting this response as soon as possible, but not later than Tuesday next week.

Members, for the convenience of the House and following consultations with the leadership, we will dispense with Order No. 13 first, and then we will go back to Orders No. 11 and 12.

MOTION

SUPPORTING AND PROMOTING LOCAL FERTILISER MANUFACTURING INDUSTRIES

THAT, aware that the Fertiliser and Animal Foodstuff Act, 2015, provides for the regulation of fertiliser importation in the country; further aware that the

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Fertiliser and Animal Foodstuffs Board regulates the fertiliser and animal foodstuffs industry including the manufacture and production of fertilisers; noting that the country currently relies heavily on imported fertiliser due to inadequate local production capacity; further noting that the low local production leads to high costs for farmers, reducing their profits and resulting in an unhealthy reliance on imported fertiliser; concerned that this scenario threatens the country's food security in case of supply disruptions and discourages local production; recognising that local fertiliser production could lead to improved fertiliser quality, increased crop yields and a reduction in environmental harm caused by the use of substandard fertilisers; recalling that the country has the potential to produce fertiliser that could meet the country's domestic demand and also supply the regional market; further recognising that there is need for the Government to work with local producers to develop high quality fertiliser tailored to the needs of Kenyan farmers and crops; now, therefore, this House resolves that the national Government, through the Ministry of Agriculture and Livestock Development, supports and promotes local fertiliser manufacturing industries by investing in research and development to bolster the domestic fertiliser manufacturing sector.

(Moved by Hon. Samuel Atandi on 2.4.2025- Morning Sitting)

(Resumption of debate interrupted on 2.4.2025- Morning Sitting)

The debate on this Motion has been ongoing. If you want to contribute to it, please press the intervention button. Hon. Member for Kirinyaga Central, what is out of order? Do you want to contribute to this?

Hon. Joseph Gitari (Kirinyaga Central, UDA): Yes.

The Temporary Speaker (Hon. David Ochieng'): What is out of order? Give the microphone to the Member for Kirinyaga Central.

Hon. Joseph Gitari (Kirinyaga Central, UDA): Thank you, Temporary Speaker. I raised five requests for Statements on various dates but have not yet received answers. The first one was to the Departmental Committee on Administration and Internal Security. This was with regard to the insecurity in Kirinyaga County. I raised it on 27th February 2025.

The Temporary Speaker (Hon. David Ochieng'): Order. We just called a new Order, and I do not see how what you are asking relates to the Order we just called.

Hon. Joseph Gitari (Kirinyaga Central, UDA): I had called for a write-up before then, Hon. Temporary Speaker.

The Temporary Speaker (Hon. David Ochieng'): Would you approach the Temporary Speaker? Hon. Mutunga. Are you contributing to this?

Hon. (Dr) John Mutunga Kanyuithia (Tigania West, UDA) Yes.

The Temporary Speaker (Hon. David Ochieng'): Go ahead.

Hon. (Dr) John Mutunga Kanyuithia (Tigania West, UDA) Thank you, Hon. Temporary Speaker. I rise to support the Motion on the local manufacture of fertiliser. Fertiliser and Animal Food Act 2015 governs fertiliser importation. The Act is basically about fertiliser importation and regulations. It also basically focuses on having fertiliser brought in from without. Fertiliser importation has serious implications. First, we may not get the very specific quality we want for our soils. Soils are different in all parts of this country. We have the capacity to analyse ourselves and to know exactly what each and every type of soil needs.

Soil health is important for us to be able to plan to utilise the soil optimally. Soil health has various facets. One of them is giving deficient minerals. For us to get enough of the minerals that we need, and instead of having many formulas being used to correct the situation,

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it is important for us to focus on manufacturing fertiliser in this country. If we are able to manufacture fertiliser, we can manufacture fertiliser for different types of soils that we have. There is no time in the foreseeable future when we will not use fertiliser in this country. Kenya will need fertiliser as long as we are probably engaged in agricultural production just as much as the other countries.

In that case, we need to focus on doing exploration on the ingredients of fertiliser or the supply of ingredients of fertiliser in this country. I know there is this belief that this country does not have sufficient rock phosphate deposits. The fact that we may not have enough does not bar us from manufacturing. It may be cheaper to import some of the ingredients we may not be having to enable us to manufacture the type and quality of fertiliser we need. If we look back about one year ago, we had many issues with fertiliser in this country. Many people were sold low-quality fertiliser because of the lack of appropriate fertiliser supply in this country.

Sometimes, we have issues that bar us from getting fertiliser in good time. Our farmers have had to plant without the quality and type of fertiliser they need because it is not available. Last year, we also experienced delays in fertiliser transportation from the source country to Kenya because we had to go through South Africa. The luggage was hauled through South Africa because the war in the Middle East affected the Suez Canal. This is an issue that can occur at any time. The war between Russia and Ukraine has also been an issue. These externalities have been affecting us in one way or another. One of the ways of surely curbing it and ensuring that we can supply the type of fertiliser in the correct period that is required and at the point of use is by manufacturing fertiliser in this country.

So, I would like to support this Motion to the extent that we need to explore exactly what we have and do not have in this country to focus on how we can organise ourselves to manufacture fertiliser. There have been efforts to blend in various parts of this country. The blending effort can inform the next step, which is manufacturing fertiliser in this country.

Hon. Temporary Speaker, I support.

Hon. (Dr) Robert Pukose (Endebess, UDA): On a point of order, Hon. Temporary Speaker.

The Temporary Speaker (Hon. David Ochieng'): Hon. Member for Endebess Constituency.

Hon. (Dr) Robert Pukose (Endebess, UDA): Thank you, Hon. Temporary Speaker. We have listened to a lot of debate supporting this Motion. This is a very important Motion that has received wide support from most Members.

Hon. Temporary Speaker, I now request that the Mover be now called upon to reply.

The Temporary Speaker (Hon. David Ochieng'): Is it the mood of the House that we ask the Mover to reply to this Motion?

Hon. Members: Yes.

The Temporary Speaker (Hon. David Ochieng'): Hon. Member for Alego Usonga Constituency.

Hon. Samuel Atandi (Alego Usonga, ODM): Thank you, Hon. Temporary Speaker.

The Temporary Speaker (Hon. David Ochieng'): Order. Take your seat.

(Question, that the Mover be now called to reply, put and agreed to)

Hon. Member for Alego Usonga Constituency, you can now reply.

Hon. Samuel Atandi (Alego Usonga, ODM): Hon. Temporary Speaker, let me take this opportunity to thank the House for the vigorous debate that occurred on this Motion. The House is unanimous that Kenya can no longer rely on imported solutions for our agricultural

sector. Fertiliser is very important. In the Budget Policy Statement (BPS), which we passed, agriculture is regarded as the cornerstone of our economic growth projection. Therefore, we must do everything possible as a country to ensure that we have home-grown solutions for our fertiliser needs.

I want to thank the Chairman of the Departmental Committee on Agriculture and Livestock Development, Dr Mutunga, for his input. I emphasise that going forward, we have to do research in agriculture. The research will have to involve understanding the different types of soils in each region and seeing which type of fertiliser is suitable for the region to maximise agricultural production.

The economy is expected to grow by about 5.3 per cent this coming financial year, and agriculture will form the cornerstone of that growth. Therefore, we cannot take chances. So, the Ministry of Agriculture and Livestock Development should do everything possible within their means and ability to ensure that we have resources and provide the legislative environment for investors who are interested in the fertiliser sector to come on board.

Hon. Temporary Speaker, I beg to reply.

The Temporary Speaker (Hon. David Ochieng’):

(Question put and agreed to)

Next Order.

BILL

Second Reading

THE EXCISE DUTY (AMENDMENT) BILL (National Assembly Bill No.7 of 2025)

Leader of the Majority Party.

Hon. Kimani Ichung’wah (Kikuyu, UDA); Hon. Temporary Speaker, I beg to move that the Excise Duty (Amendment) Bill (National Assembly Bill No.7 of 2025) be now read a Second Time.

Hon. Temporary Speaker, Members will note that this is a very brief Bill. It only contains about four clauses. The Bill seeks to correct the unintended purpose that came out of the Tax Laws (Amendment) Act of 2024, which has already been assented to as an Act of Parliament. The Act had imposed a 25 per cent duty on imported, fully assembled electric transformers classified under the following tariff codes: 8504.10.00, 8504.21.00, 8504.22.00, 8504.23.00, 8504.31.00, 8504.32.00 and 8504.34.00. The rationale for this fiscal measure was to afford protection to our domestic assemblers or manufacturers of transformers from undue competition from those importing fully assembled transformers into the country.

Additionally, this was also intended to ensure that the Government of Kenya, specifically the Ministry of Energy, can assure Kenyans of the quality of locally assembled transformers, and that they will comply with the standards set by the Kenya Bureau of Standards and also international standards. Concurrently, it was also intended to foster job creation in the country and advancement of technology transfer, as we would now be able to assemble and manufacture these transformers locally, therefore creating local jobs. The intended imposition of this duty was to protect our local manufacturers and industry.

During the detailed consideration of the Tax Laws (Amendment) Act of 2024, the House excluded tariff code 8504.90.00, which pertains to parts of electrical transformers and static converters, such as rectifiers and inductors, from excise duty. This deliberate exclusion

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was undertaken with the express aim of facilitating the local assembly of transformers to reduce the overall cost of electricity supply to the people of Kenya. The implication of this decision is that imported parts of electrical transformers, which fall under this classification of tariff code 8504.90.00, are not subject to excise duty. This was a commendable measure under the Tax Laws.

However, during the implementation of the Tax Laws (Amendment) Act of 2024, an issue has now emerged regarding the application of the new excise duty on transformers. As currently structured, the tax applies to all imported transformers, regardless of their assembly status upon arrival. This blanket application undermines the intended protection of local transformer assemblers. Therefore, local transformer assemblers have been left in a quagmire as the classification of this tariff applies a blanket application across all imported parts, regardless of their assembly status. For instance, the tank that carries oil in a transformer is a component that looks complete but is, in fact, just part of the whole transformer. When transformers are transported for assembly, in many instances, they are transported unassembled and then assembly takes place when fixing them. This has created a problem for people importing unassembled parts. In consultation with the National Treasury, we have proposed a small amendment to correct the unintended purpose of the Tax Laws (Amendment) Act of 2024.

Hon. Temporary Speaker, importers of components intended for local assembly are the ones facing the unintended consequences of this law. These components are classified as complete transformers despite arriving in a disassembled state. I have given an example of a tank carrying oil, which appears as a complete transformer but is just a component. Under the World Customs Tariff Classifications and the East African Common External Tariff, there is no specific tariff for assembled and unassembled transformers. This absence of differentiation reflects the widely accepted practice that transformers are typically transported in disassembled parts due to their nature and logistical requirements.

The current application of the Tax Laws (Amendment) Act of 2024, in conjunction with the existing interpretation rules, presents an unintended consequence that warrants urgent consideration. The excise duty on transformers will increase the cost of supplying electricity to Kenyans, thereby negatively impacting the Government's agenda on the Last Mile Electricity Connectivity. This unintended consequence would mean that the cost of transformers increases by at least 25 per cent of that excise duty imposed under the Tax Laws. This will mean that the Last Mile Connectivity programme, partially funded by the donor community, will become more expensive for the Government. Many Members have seen officials from the Ministry of Energy and even His Excellency the President commissioning projects across the country on Last Mile Connectivity to ensure we connect as many Kenyans as possible to electricity. This will eat up the small resources that have been appropriated towards the Last Mile Connectivity Project and even the funds that are coming from the donors.

The Excise Duty (Amendment) Bill of 2025 seeks to address this problem by amending the First Schedule to remove the excise duty on imported, fully assembled electric transformers and parts under the following tariff codes: 8504.10.00, 8504.21.00, 8504.22.00, 8504.23.00, 8504.31.00, 8504.32.00 and 8504.34.00 at the rate of 25 per cent that was introduced last year, as mentioned.

In conclusion, I urge Members to support this crucial amendment. It is intended to benefit the end consumer of electricity, which includes all Kenyans. If the Kenya Power, the Kenya Electricity Transmission Company (KETRACO), and the Rural Electrification and Renewable Energy Corporation (REREC) are buying transformers expensively, that cost will be offloaded to consumers in the tariffs they pay for their electricity consumption. Therefore, it is only right that we support this Bill to achieve the intended goals: protect the local manufacturers or local assemblers of transformers, spur job creation as people manufacture and

assemble those transformers locally, and ensure technology transfer into the country. We should not just rely on importing fully assembled transformer components.

This policy direction started with the Finance Bill last year. It was noted that many fully assembled or completed goods were being imported into the country, and there was a need for a policy shift to discourage that. We need to encourage people to manufacture or assemble such things locally here in Kenya to create jobs, make the products cheaper, and assure Kenyans that those products meet national and international standards. While we cannot control the manufacturing level in other countries, we can control the standards of goods manufactured within our country. We must assure Kenyans of the quality of transformers and other goods manufactured locally. However, we may not be able to give that very high assurance as to the standards and quality of such imported products.

With those remarks, I beg to move and urge Members to support. I request the Chairman of the Departmental Committee on Finance and National Planning and the Member for Molo, Hon. Kimani Kuria, to second this Bill.

The Temporary Speaker (Hon. David Ochieng'): Hon. Kimani Kuria.

Hon. Kimani Ichung'wah (Kikuyu, UDA): Hon. Kuria Kimani. Where we come from...

The Temporary Speaker (Hon. David Ochieng'): I would like to know whether you come from the same place as Hon. Kuria Kimani. Give the Leader of the Majority Party 30 seconds to tell me where he comes from. I thought it was Kikuyu.

Hon. Kimani Ichung'wah (Kikuyu, UDA): Hon. Temporary Speaker, I beg to move and request the Member for Molo to second. I was saying where we come from: Kuria Kimani refers to Kimani's son; Kimani Kuria refers to Kuria's son.

The Temporary Speaker (Hon. David Ochieng'): So, whose son is the Chairman of the Departmental Committee on Finance and National Planning?

Hon. Kimani Ichung'wah (Kikuyu, UDA): The Chairman of the Departmental Committee on Finance and National Planning, Hon. Kuria Kimani, is the son of Kimani. But not this Kimani.

The Temporary Speaker (Hon. David Ochieng'): Hon. Kuria Kimani, you can speak for yourself on this matter.

Hon. Kuria Kimani (Molo, UDA): Thank you, Hon. Temporary Speaker. Thank you, our very able Leader of the Majority Party, for moving the Excise Duty (Amendment) Bill. My name has an interesting story. Kimani is not my father. I am a child of a single mother called Lucy Nduta. But I was named after my grandfather, Francis Kuria Kimani. I used to call myself Francis Kuria Nduta. I was the only pupil in the school with a female surname. So, when it came to registering for my KCPE, I used the name of my grandfather, for whom I was named. So, whether you call me Kimani Kuria or Kuria Kimani, it does not really matter because I am not a son of Kimani anyway.

The Temporary Speaker (Hon. David Ochieng'): Maybe Hon. Kimani wanted to claim some credit. So, your Christian name is Francis?

Hon. Kuria Kimani (Molo, UDA): My Christian name is Francis.

The Temporary Speaker (Hon. David Ochieng'): Okay. Go ahead.

Hon. Kuria Kimani (Molo, UDA): My name is Francis Kuria Kimani. So, you can call me Kuria Kimani or wa Nduta. I want to take this chance to pay tribute to that great man, my grandfather, who brought me up and educated me. He sold everything he had to make sure I had the best education he could afford. Unfortunately, he died during COVID-19. May his soul rest in eternal peace.

In December 2024, this House processed the Tax Laws (Amendment) Act 2024, which introduced a 25 per cent excise duty on imported, fully assembled electric transformers while exempting locally assembled and manufactured transformers from excise duty, with the

intention of protecting and promoting local manufacturing. However, it was later observed that the intended objective of the amendment was not achieved as the local industry still does not possess enough capacity to manufacture enough transformers to meet the country's demand. Secondly, the entities classified as local manufacturers are, in reality, more of assemblers than manufacturers of all the units of a transformer.

Kenya operates under the East African Common Custom External Tariff Regime as a member State of the East African Community (EAC). Under this regime, fully assembled transformers and their parts fall under the same tariff code. Consequently, the imported parts required for local assembly are also subjected to 25 per cent excise duty. This has led to a general increase in the cost of transformers across the board rather than reducing the cost of locally assembled units as originally intended.

To explain in simple language, EAC tariffs, the ones we call harmonised system (HS) codes, whether for transformers or single units, are the same. By subjecting imported transformers to a 25 per cent Excise Duty meant even transformers assembled in Kenya were subject to the same excise duty. As a result, whether you manufacture transformers locally or import them, the unintended consequence of the amendment is that both would attract 25 per cent excise duty. This is the anomaly we seek to correct.

Electricity penetration in Kenya is reported to be at around 78 per cent. This reflects both grid and off-grid solutions such as solar home systems. However, despite this impressive penetration rate, a substantial population is still not connected to the national grid. That is why government initiatives such as the Last Mile Connectivity and investments in renewable energy sources such as geothermal, hydro and solar are very crucial. For the Last Mile Connectivity to succeed, the cost of connection must be reduced. The cost of a transformer is therefore very key and essential.

Transformers are essential components in the transmission and distribution of electricity. Every customer connected to a national grid relies on a transformer to receive the correct voltage and frequency of power. When a customer applies for electricity, they are either connected to an existing transformer or must fund the installation of a new one. The introduction of 25 per cent excise duty on transformers, as per the Tax Laws (Amendment) Act, 2024, has led to a direct impact of a 25 per cent increase in the cost of electricity. Many people in this House have witnessed two things. You may have a project somewhere, apply for power connectivity, and are given an invoice by Kenya Power for over Ksh1 million for a transformer.

The other greater problem we have, even in our constituencies, is that transformers are connected to constituents only for them to be recalled for being faulty. You launch an electricity project and assure the people that they will have electricity. But a few days later, the transformer is faulty, and it takes so long to replace it. This amendment will make replacement easier. There is a probability that all transformers built in the country, just like any other product, could be faulty. When a fault occurs and the transformer was imported from China or India, it will probably have to be shipped back to that country. Alternatively, the particular faulty component will need to be imported again. When a transformer is locally assembled, it will be quicker to replace any faulty part.

Second is the impact on electricity tariffs. Electricity pricing is regulated by the Energy and Petroleum Regulatory Authority (EPRA). It includes costs associated with generation, transmission, distribution and maintenance. As vital assets in the electricity network, transformers require regular replacement due to faults, wear and tear or vandalism. By increasing the cost of transformers, the 25 per cent excise duty raises the overall maintenance costs, which are ultimately transferred to consumers through higher tariffs.

Third is the availability of transformers for use across the country. Kenya Power typically procures about 4,000 transformers annually, of which 3,200 are for replacing worn-

out units, while 1,000 are for expanding the grid and connecting new customers. With the increased cost burden brought about by the amendment, fewer transformers can be procured within the current budgetary and cash flow constraints. This will likely result in delays in replacing faulty transformers, extended outages, increased insecurity, reduced economic activity and slower customer connections, especially in areas where a new transformer is a prerequisite.

It is, therefore, evident that while the amendments introduced in the Tax Laws (Amendment) Act 2024 were well-intentioned and aimed at promoting local manufacturing, they have unfortunately resulted in unintended adverse outcomes. These include increased costs, operational challenges for utility providers and a negative impact on service delivery. It is imperative that we reconsider the application of excise duty on transformers to strike a balanced and effective approach. Such a review is critical in aligning the Government's broader development agenda, particularly the Last Mile Connectivity. This flagship initiative seeks to expand electricity access to low-income households and rural communities by connecting those located within 600 meters of existing transformers. The success of this programme hinges on the availability and affordability of transformers. Therefore, the current taxation framework needs to be re-evaluated to ensure that it supports, rather than hinders, the realisation of this important national objective.

Further, the Committee proposed an amendment to the First Schedule of the Excise Duty Act to correct an error in the classification of glass tariffs, especially float and safety glass. The current Act incorrectly references tariff code 7007 for imported float glass, whereas the correct classification under the Harmonized System is 7005. This miscalculation has led to confusion and unintended consequences, particularly affecting the transportation sector, which depends on accurately classified safety glass for compliance and public safety. Again, on this particular matter of float glass, the intended code was supposed to be 7007 for imported float glass. However, this House erroneously classified that code as 7005. Therefore, one of the additional amendments we will seek to do during the Committee of the whole House is to correct that unintended anomaly.

The types of glass that you see around are of different kinds. The glass that is used in banks has safety features. We have glass used in motor vehicles and glass used in houses. They are all different kinds of glass. This classification will ensure that this House and the country prioritise support for local manufacturing rather than importation. No country has grown by being a supermarket; that is the unfortunate truth. We must all agree that as a country, we cannot grow if we become a supermarket of importation. The way to grow is to ensure that we support our local manufacturing by being very deliberate in promoting local manufacturing and making imported products that can be manufactured locally more expensive thus spurring economic growth.

We have seen President Trump's administration slap tariffs on imported products. It is because they want to build America and ensure American companies succeed. We must do the same as a country. We must be selfish as a country and say, "Kenya first". The only way to achieve that is through the imposition of tariffs on imported finished products, making importation of raw materials easy, manufacturing here, and making sure that we buy Kenya and build Kenya. President Ruto once said during the launch of a factory in West Pokot that a locally made Datsun is better than an imported Rolls-Royce, and I share that view. Our locally manufactured products may not be the best, but if we support them, we shall get there.

In the Finance Act of 2022, this honourable House introduced excise duty on imported furniture. There was much debate, and some people said a lot of furniture cannot be produced locally. However, what have we achieved as a result? If you go to Ngong Road, Kiambu Road, the bypass, and my constituency, Molo, many people make furniture locally. We only imagine that expensive "recliner seats" can only be imported from China and Turkey. We now have

fundis in Roysambu who are making recliner seats because this House deliberately decided to support local furniture manufacturing. When President Ruto said, "*Hii kitu inaitwa furniture ni mbao, msumari na nyundo*," people thought it was a joke. We now see people like the activist and great businessman, Morara, excelling in the furniture business courtesy of policy interventions passed by this House.

As I wind up, I want to reiterate that, as a country, we must be selfish. We must ensure that we support local manufacturing of our products by having tariffs that make it more expensive to import products and by growing our own manufacturing. We can start slowly and grow. We can be a hub of manufacturing around the region and in Africa. I beg to second.

Thank you.

The Temporary Speaker (Hon. David Ochieng'): Thank you.

Hon. Members, before I propose the Question for the Bill to be debated, join me in welcoming students from Jabali Primary and Junior Secondary School, Kiambaa Constituency, Kiambu County, and students from Save Our Souls Junior Secondary School, Nyali, Mombasa County. They are welcome to follow the proceedings of this House this morning. Members, you can see them sitting in the Public Gallery. We said that we would all welcome them through a foot thump.

(Applause)

Thank you.

(Question proposed)

The Temporary Speaker (Hon. David Ochieng'): Hon. Gikaria.

Hon. David Gikaria (Nakuru Town East, UDA): Thank you, Hon. Temporary Speaker. I want to re-emphasise what the Leader of the Majority Party has just moved and seconded by the Chairman of the Departmental Committee on Finance and National Planning. If there is something that will spur economic growth in this country, it is transformers. Sometimes, people take it lightly when they see the President launching a Last Mile Connectivity Project somewhere. Others criticise it but do not know the importance of what the President is doing by launching them. Energy is an enabler that spurs the economic growth of our country. I cannot over-emphasise that. The biggest debate in the country is about the cost of electricity. As we talk in our Committee, we are looking at independent power producers and how much we can contribute towards lowering the cost of electricity.

I stand to support what has been moved today. It will go a long way in enabling us to do the critical things over and above the three things the Majority Leader has indicated. Most importantly, it will lower the cost of electricity. If you look at transformers, as indicated, we want to encourage local producers to continue manufacturing. They were not considered in terms of the 25 per cent tax imposed on completed transformers. The local manufacturers will benefit and compete in the market. The most important thing is the cost that will be lowered by allowing that tax so that the local manufacturers can compete and by selling transformers at a cheaper price that will escalate to the consumer.

This country, particularly the security team, must relook at the laws and penalties for people who steal transformers and oil from transformers. As I have indicated, energy is an infrastructure that is key to the transformation of the economic development of this country. People, mostly scrap metal dealers and other criminals, have been stealing our transformers, which has affected the economic activity of the affected areas for over one week. It is important for us to address the issue of criminals who steal transformers and oil from transformers to do welding business. That is important for this country.

As it has been said, we need to support the proposed amendment so that it can attain its intended purpose. I support.

Thank you.

The Temporary Speaker (Hon. David Ochieng'): Thank you.

The Member for Buuri.

Hon. Mugambi Rindikiri (Buuri, UDA): I stand to support this amendment. One of our Government's programmes is to enhance manufacturing. We have to look at the various inputs a manufacturer requires to achieve this. Of course, electricity is one of them, requiring various components. The requirement for firewood is dwindling. Our youth want to start businesses in rural areas, and we need to create self-employment opportunities in the country. We need to enhance research and connect many people with electricity because they deserve to see power in their homes.

The cost of importing transformers is draining our foreign exchange, yet we have many electrical engineering graduates who need to be seen to be employed somewhere. They need to be encouraged. We need to reduce the cost of production of goods and services because it will have a multiplier effect. We need new high-capacity transformers to enhance the capacity to maximise power in our rural areas. We should encourage the Last Mile Connectivity Project. Therefore, anything that would reduce the cost of manufacturing and transformers should be supported.

I thank the Leader of the Majority Party and the Chairman of the Departmental Committee on Finance and National Planning for finding it proper and appropriate to do away with excise duty when the Government wants to connect as many people as possible to electricity. Other than the excise duty on transformers, the excise duty on so many other items should be removed to enhance local production capacity. This is sector-specific because it addresses manufacturing transformers.

We will enhance productivity once this cost is reduced. We will also encourage manufacturers not to be confined to Nairobi only. We would like to invest where we come from because we also have the capacity to produce transformers. If we remove the excise duty, we will import important items of manufacturing transformers.

I support and tell this House that it is high time we supported the Government in delivering its mandate of encouraging local production.

Thank you, Hon. Temporary Speaker.

The Temporary Speaker (Hon. David Ochieng'): Member for Kitui Rural, I want to deny you this chance because you do not trust the system. You should trust the system next time and stay in your seat. I would have skipped you if I were not having a good morning. I would like Members to trust the system and that Speakers will call you when it is your chance to speak.

Go ahead.

Hon. David Mwalika (Kitui Rural, WDM): Thank you for that advice and for giving me the opportunity to support this amendment.

The policy of governments all over the world is to protect and promote local manufacturers. It is for two or three reasons. One is to create employment. The second is to generate income for households. The third is to reduce foreign exchange use.

[The Temporary Speaker (Hon. David Ochieng') left the Chair]

[The Temporary Speaker (Hon. (Dr) Rachael Nyamai) took the Chair]

I was reading *The Nation* newspaper today. There is a big writing on trade wars between China and the USA. The USA feels that Chinese products are affecting their industries back home and wants to increase their tariffs by 100 per cent to protect local industries.

Hon. Temporary Speaker, the 25 per cent excise duty intended to protect local manufacturers of transformers from complete importation of transformers into the country. However, we need to note two things. First, the harmonised System (HS) codes for complete imported transformers and imported parts for assembling transformers are the same. The 25 per cent excise duty also affected imported parts used to assemble transformers in this country.

Secondly, there are no transformer manufacturers in this country and East Africa. Therefore, excise duty affected the cost of transformers assembled in this country. We cannot import from East Africa by using common external tariffs because we do not have transformer manufacturers in East Africa. This made the whole exercise expensive for the country.

The 25 per cent duty increase on the prices of transformers affected rural electrification. The prices of transformers went up by 25 per cent, affecting the Last Mile Connectivity Project from which every Member of Parliament yearns to deliver electricity to our people. It also affected the cost of manufacturing. The end products of power go up if the cost of transformers is raised. It also affected our competitiveness in the region because most manufacturers use electricity for manufacturing. It is an input in infrastructure and manufacturing.

Reducing the cost will actually increase our competitiveness. Listening to Kenya Power and the Rural Electrification and Renewable Energy Corporation (REREC), this was affecting their existing budgets because they had already budgeted for the number of transformers they were going to buy. Increasing the cost of a transformer by 25 per cent means that they could not buy the number of transformers they budgeted for in this financial year. Kenya Power buys about 4,000 transformers to replace spoiled ones in the country.

Therefore, I beg this House to support this amendment so that our Last Mile Connectivity Project is back on track. Thank you, Hon. Temporary Speaker.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Thank you very much. Next is the Member of Tharaka, Hon. Gitonga Murugara.

Hon. George Murugara (Tharaka, UDA): Thank you, Hon. Temporary Speaker. I also rise to support this important Bill, especially now that the country is talking about taxation.

The Excise Duty is one form of taxation in the country where the Government has to raise revenue through taxing imported goods. Such a reduction finds favour with Kenyans, considering that we are constantly thinking about ways and means of reducing taxes to do several things in the country. That includes local production and lowering prices of imported goods for use by Kenyans.

This Bill seeks to delete the tariffs described under the Act with a 25 per cent excise duty rate on all imported fully assembled electronic transformers and parts. The current situation is that if you import a transformer, you will pay 25 per cent of its value as Excise Duty. If you import any part of a transformer, you will also have to pay the same percentage as Excise Duty. Therefore, removing this particular rate means that transformers and their spare parts will come into the country free of Excise Duty. The rationale we have been given is to encourage local production and assembly of transformers in Kenya. We know very well that we may not be able to manufacture the parts locally, but we can assemble them.

Once we begin to assemble, certain benefits will accrue. First, we will encourage manufacturing, thus creating employment in those industries. Secondly, without these taxes, the prices would come down, and we would be able to have more transformers in the country, hence widening the scope of electricity supply, especially in rural areas. As we speak, the country is not particularly well-lit. Rural constituencies, including my own Tharaka Constituency, are under-connected to electricity. Such provisions shed some light on us – that things will soon turn around. We will have rural constituencies connected to the national grid

and do away with the usual excuse of funds not being available. We will be able to use less funds to connect wider areas.

This is a very important Bill. That is why we have been called upon to support it. I fully agree that we should support the Bill. Once we reduce the cost of transformers, we will also address other components of electricity supply in the country. I encourage the Departmental Committee on Finance and National Planning, including the Chairman, to look into the cost of imported electricity posts to see whether they also have Excise Duty. We are told that sometimes we have to get posts from Tanzania and elsewhere. We have to look at cables because we have to cable the lines. If we have to import wires, whether made of copper or of whatever nature, we need to look at the duties we have to pay.

As we proceed with this, we say that the cost of connecting Kenyans to electricity continues to come down. We must also look at local production, including the availability of copper in the country. We have been told by the State Department for Mining that certain areas in Tharaka Nithi County, including Tharaka Constituency and Kitui County, are replete with copper. It is high time we looked at how we can exploit this natural resource to enable us to manufacture more electricity cables, which we need for electricity supply. Again, the cost will come down as we will have more production locally. More jobs will be created as people are supplied with electricity at very cheap rates.

We also have to look at the cost of electricity itself. We are told that the reason the cost of electricity in the country is so high...

(Hon. Charles Nguna spoke off the record)

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Order, Hon. Murugara. Something is really exciting, Hon. Nguna. Is anything out of order, Hon. Nguna? Why are you shouting and throwing your hands in the air?

Hon. Charles Nguna (Mwingi West, WDM): Hon. Temporary Speaker, it is just a point of information about Kitui County.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): So, you have a point of information?

Hon. Charles Nguna (Mwingi West, WDM): Yes.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Whom would you like to inform?

Hon. Charles Nguna (Kitui West, WDM): My good friend and brother, Hon. Murugara.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): I have to find out from Hon. Murugara whether he would like to be informed.

Hon. George Murugara (Tharaka, UDA): It is okay, he may inform me.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): You may proceed. Please inform him.

Hon. Charles Nguna (Mwingi West, WDM): I would like to inform him that Kitui is one of the richest counties in terms of minerals, especially copper and gemstones. Therefore, I was very happy and excited when he mentioned Kitui County.

Thank you.

(Laughter)

Hon. George Murugara (Tharaka, UDA): Hon. Temporary Speaker, that is a little bit hilarious. He makes me laugh now because I am very familiar with the topography of Kitui County, which is similar to that of my county of Tharaka Nithi, especially Tharaka

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Constituency. I know where copper is in both counties. I can mention the names of those places. I am urging the Ministry of Mining, Blue Economy and Maritime Affairs to get to where copper is in the country, mine it and start turning it into light. That is what Zambia did. That is why electricity connectivity in Zambia is much better than in Kenya.

It does not matter how people live. It matters not whether people live in grass-thatched houses or not. In a modern country like Kenya, everybody should be connected to electricity. I have called upon the Ministry of Energy to ensure that not just Tharaka Constituency but all the constituencies in Kenya move towards 100 per cent electricity connectivity. That is what this Bill aims to do. I have just spoken to the management of Kenya Power and Lighting Company (KPLC) regarding a transformer which blew up about two months ago at Ruungu in Tharaka Constituency. It has not been repaired because the parts are not available. They have to be imported. I know for sure that once they are imported, they will be subjected to taxation. They become expensive, and sometimes, KPLC is not able to procure those parts as quickly as it should. This Bill seeks to aid KPLC and all the companies licensed to assemble transformers locally to ensure we start producing accessories locally. Once enacted, the Bill will enable KPLC and other companies to repair transformers and accessories at minimal costs to benefit all Kenyans. This is a Bill we should support.

I beg to support too.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Thank you. Next is the Member for Endebess, Hon. (Dr) Pukose.

Hon. (Dr) Robert Pukose (Endebess, UDA): Thank you, Hon. Temporary Speaker, for allowing me to contribute to this debate.

I support the Bill because the Excise Duty of 25 per cent being removed on assembled transformers is a great improvement. This was in the Finance Bill of 2024 that was rejected. If you look back, you will realise that some of the things that were rejected would have positively impacted the economy. If this amendment had been carried a year ago, we would be steps ahead by now. At times, we are so impatient as a country. We do not take time to study some important amendments, this being one of them. Our country is going through a lot of change right now.

One of the biggest challenges in rural areas is the lack of electricity supply in almost all villages. As we speak, the KPLC, in collaboration with the Rural Electrification and Renewable Energy Corporation (REREC), is continuously connecting houses, schools and public facilities to electricity in the villages. Everybody is rushing to say they need electricity in their homes. Therefore, this is a very critical service because electricity improves security. It also provides electric power so that children can study at night. That way, a child in a rural place will have equal opportunities with a child in urban areas. Rural populations will be able to access amenities like people in urban areas. When we remove Excise Duty, we will encourage local manufacturing thus creating jobs and benefit from technology transfer. There will be a lot of multiplier effects that will arise from the passage of this Bill. This is, therefore, a very important Amendment Bill.

With those few remarks, I support.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Thank you very much.

Next is Hon. Osoro, the Member for South Mugirango and the Majority Whip.

Hon. Silvanus Osoro (South Mugirango, UDA): Thank you very much, Hon. Temporary Speaker. I also rise to support this very important Bill that seeks to remove the 25 per cent Excise Duty on imported transformer spare parts. That should be very clear. This confirms that the Bill rejected last year was not as bad as people wanted to make it look. They went to the streets without understanding some of the proposals being pushed through.

Each Member in this House has an issue or two regarding electricity connectivity in their constituencies. Due to the growing population, there is a challenge of overloading

transformers. About 11 villages in my constituency are experiencing a blackout because of a worn-out transformer. Any time you visit the Kenya Power offices, they tell you they are waiting for a specific part from Nairobi or have sent for a part somewhere overseas. They are waiting for it to arrive in two to three weeks so that they can fix the transformer. That puts us in a very awkward situation.

This Bill seeks to encourage people within the electricity industry. Removing Excise Duty will substantially reduce the cost of locally assembling transformers. That is what we proposed last year. If we remove the 25 per cent Excise Duty, dealers in the electricity sector, including KPLC and transformer suppliers, can import transformers in parts and assemble them in the country. That will help create jobs because our country's assembly industry will grow. Currently, many transformers we import into the country are fully assembled elsewhere, meaning that jobs have been created elsewhere. Removing Excise Duty on imported transformer parts will encourage foreign investors to establish assembly plants in the country, thus creating jobs for our youths as we mitigate the challenge of not having enough transformers. I wish this Bill could have come to the House as early as 2023. We could have solved this problem.

If we allow each Member to speak, they will say that one or two transformers in their constituencies are missing. Some are even missing up to 10 or 15 transformers. I got a message from one of my constituents yesterday telling me I lied to them that I would fix a transformer about four months ago. I hope that the people in that constituency are following these proceedings. The problem with that transformer is that the part needed for it to be repaired is missing because of the 25 per cent Excise Duty. So, we have to wait a little bit longer. We are now in the Second Reading of the Bill. Once we pass it, the 25 per cent Excise Duty on that spare part will be removed. The transformer will then be fixed.

I urge all Members to support the Bill. In addition to the transformers, we should think about other parts, especially motor vehicle parts, like tyres. All these things were in last year's Finance Bill. We have talked about them. We should assemble those parts in the country so that we do not rely on finished products from other countries. We should be self-reliant. We can assemble transformers in the country. The challenge was that Excise Duty on specific parts was higher than on fully assembled transformers from other parts of the world. This is a step in the right direction.

With those remarks, I fully support the Bill.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Hon. Wangwe.

Hon. Emmanuel Wangwe (Navakholo, ODM): Thank you, Hon. Temporary Speaker. I rise to support the Amendment Bill, which seeks to remove the 25 per cent Excise Duty on electric transformer parts.

I come from a constituency with very low electricity connectivity. Many times, the KPLC says that there are no transformers or that they are faulty. Whenever you approach REREC, they say that the transformers are being imported and are in transit. That puts you in an awkward position. You have to relay that bad news to your constituents, yet all they care about is electricity. Electricity connectivity in my constituency is about 34 per cent, which is very low. I hope that once this Bill is enacted, transformers and transformer parts will be available, and the whole country, including my constituents of Navakholo, will benefit.

What is the import of the Bill? It is to ease the importation of transformer parts. We should now caution the Kenya Revenue Authority (KRA) not to shift the goalposts. We often pass Bills, but when they get to the KRA, they change the coding system. We then find that the code for an assembled transformer and individual transformer parts are separate. The KRA should implement the law as soon as possible. Once the Bill is passed and assented into law, the waivers should be put in place to get the transformers as quickly as possible.

We have heard people say that the President is moving around in villages and commissioning electricity connectivity projects in various homesteads. What separates electricity connectivity in an upmarket estate from connectivity in the village? Electricity connectivity is required more in the village than in the upmarket estates because we also have streetlights. We need electricity in the villages for our sons and daughters to use for their studies. We used *koroboi* growing up, and it affected our eyes. We want our children to have better lives than we had.

With those remarks, I support the Bill.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Hon. Rutto, Member for Kesses.

Hon. Julius Rutto (Kesses, UDA): Thank you very much, Hon. Temporary Speaker, for giving me an opportunity to quickly add my voice to this amendment Bill.

I support the amendment on the Excise Duty charged on imported transformers. Whereas the purpose of imposing Excise Duty on imported products is to enable domestic production, create employment and encourage consumption of local products, our situation is very critical because we have a challenge with the Excisable Goods Management System (EGMS) codes that have been provided by the Common External Tariff – that is EGMS Code No.8504. Whereas this amendment intends to reduce the importation of fully finished transformers, it challenges the KRA because there is no EGMS code supporting the assembly of imported parts in the Republic of Kenya. That is why we are here today.

I want to speak about the country's energy and electricity connectivity demand. In my constituency, Kesses, where I was given an opportunity to lead, we had a 29 per cent household connectivity rate. Despite deliberate efforts to expand access, we continue to face challenges across the region and the country. In this regard, this amendment will help reduce the cost of connecting people to electricity.

I wish to give a classic example of the ongoing FDB4 connectivity initiative undertaken by KPLC, which is a donor-funded programme. It had reached a stalemate due to a Court case. However, once the case was resolved and the contractors resumed their work, it became evident that the required materials must be imported from overseas. In this case, the cost of Excise Duty on the imported materials has become an impediment to the implementation of the project. This has taken time, causing a delay that denies Kenyans the opportunity to access electricity. Therefore, this amendment will help reduce the cost of imported materials for these contractors, thereby facilitating the expedition of projects.

Lastly, we are facing a big artificial challenge caused by the vandalism of transformers. The relevant Committee should review the existing legislation to enhance the penalties for vandalism so that the culprits, including staff perceived to be colluding with criminals, can be appropriately punished. This is an economic crime that needs to be punished. As we work to create employment opportunities and promote local manufacturing, we also need to protect infrastructure by introducing severe penalties to deter vandalism and ensure that our limited national resources are safeguarded.

We must also promote local assembly in Kenya. I realise that demand is not only in Kenya. It extends to other East African countries that are showing interest in local assembly within the region. If Kenya moves swiftly, we will create employment opportunities for our youths.

With those remarks, I support the Amendment Bill.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Thank you.

Next is Hon. Mwashako, Member for Wundanyi.

Hon. Danson Mwashako (Wundanyi, WDM): Thank you very much, Hon. Temporary Speaker, for granting me the opportunity to support the Excise Duty (Amendment) Bill, which seeks to reduce Excise Duty on imported parts used to assemble transformers in this country

from 25 per cent to 0 per cent. This Bill has come at the right time, as the country aims to connect every household to electricity by 2027.

Transformers play a central role in power connectivity, especially in last-mile connectivity. We have been pushing hard to ensure that all households across our constituencies are connected to electricity. However, the greatest challenge has been the high cost of connections. The largest costs are for transformers and cables. Connecting households across a span of approximately 600 metres requires one or two transformers, and this cost has been an impediment.

It is against this backdrop that we must also reflect, as a country, on the tax policy adopted in 2023. The Medium-Term Policy Framework for 2023–2027 calls for tax laws that are predictable, consistent and stable at levels that can inspire investor confidence. Investors need to make investment decisions knowing that the tax laws will not change unpredictably, yet every year, Finance Bills brought to this House seek to amend various tax provisions. As we pass this important amendment to support electricity connectivity, we must stamp our authority over the frequency and pace of tax law changes.

Hon. Temporary Speaker, investors have consistently expressed outcry regarding the instability of our tax system. They require confidence in the tax policies that will remain steady for at least three to five years while making investment decisions.

I must also mention that KPLC and REREC, who have been in charge of power connectivity, need to fast-track the implementation of their projects. Whenever a project is pursued at the constituency level, one hears excuses about delayed material imports, missing poles, missing metres, or missing transformers. I urge the Chairperson of the Departmental Committee on Energy to call these parastatals to order so that we do not continue to experience delays in project implementation due to avoidable shortages.

If the cost of producing transformers locally is reduced, we can meet the demand for electricity connectivity. Replacing transformers should not be delayed by lengthy importation processes. That is why I support this Amendment Bill. Once transformers are assembled locally at affordable prices, we can achieve the connectivity goals that we have set.

In my constituency, there are areas such as Kishushe, Bong'orua area, Mwakilemba, and Ngongodini where residents have been waiting for electricity connectivity. Every time I follow up, I am told there are no poles or transformers, yet people genuinely need electricity. Furthermore, we must acknowledge that in some parts of this country, populations are sparsely distributed. One transformer might serve only a few households. The KPLC and REREC often find that connecting such areas requires multiple transformers to serve a limited number of homesteads – between five or ten households per transformer. Therefore, in such regions, affirmative action must be employed. In rural constituencies like mine, many households are not connected to electricity.

As I support this Amendment Bill, I urge the Chairperson of the Departmental Committee on Energy to advocate for prioritising connecting rural constituencies. Allocating the same number of transformers to urban and rural constituencies when the needs and settlement patterns differ significantly is unfair.

Moreover, this House must take stock of the current status of electricity connectivity nationwide to ensure equitable development across the country.

Hon. Lillian Siyoi (Trans Nzoia County, UDA): On a point of order, Hon. Temporary Speaker.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Order, Hon. Mwashako. Before you conclude, do I see a point of order from Hon. Siyoi?

Hon. Lillian Siyoi (Trans Nzoia County, UDA): Thank you, Hon. Temporary Speaker. I request that we agree on a time limit for each speaker. This is a crucial Bill, and many Members wish to contribute. It would be helpful to limit the speaking time for each Member.

(Loud consultations)

This is because everyone wishes to speak. We all want to contribute. Kindly, let us vote on this so we allow as many Members as possible to speak on this matter.

(An Hon. Member walked out of the House)

You see, one Member has already walked out of the House.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): That is all right. You may take your seat, Hon. Siyoi.

Hon. Members, there is nothing out of order in that request. However, since no reduction of time has been agreed on, each Member has been speaking for ten minutes. However, I observed that there is a long list of Members who wish to contribute to this debate. I, therefore, ask whether we can now limit the time so that as many Members as possible can participate in the debate.

(Hon. Peter Kaluma spoke off the record)

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Hon. Kaluma.

Hon. Peter Kaluma (Homa Bay Town, ODM): Hon. Temporary Speaker, you ruled correctly that if a Motion on reduction of the speaking time for each Member is to be moved, it must be done at the beginning. It cannot be introduced midway. We request that Members speak for the shortest time they can since we cannot move the Motion midway. We have had so many Motions that Members have never been interested in. When we have a matter that the House is interested in, like this one, allow Members to speak.

(Applause)

This hurry on Motions or Bills when we have all the time to deal with others is not good. Allow us to contribute.

Hon. Danson Mwashako (Wundanyi, WDM): Hon. Temporary Speaker, can I continue with what I was saying?

Hon. Dorice Donya (Kisii County, WDM): Hon. Temporary Speaker, Hon. Kaluma has just entered the Chamber.

(Loud consultations)

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Hon. Kaluma, I take note of your contribution. You are right. However, some Members have been seated here for a long time and would like to contribute to this debate. We can only do this by agreeing. It was a kind request by Hon. Siyoi. I want to ask Hon. Members to try to summarise their points.

(Hon. Dorice Donya spoke off the record)

From where I sit, I am not able to give you the time. Let us summarise so that as many Members as possible can contribute to this Bill.

Hon. Dorice Donya (Kisii County, WDM): They should not summarise but avoid repetition. We are hearing the same thing all the time.

Hon. Danson Mwashako (Wundanyi, WDM): Can I conclude?

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The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Before you conclude, I would like to hear what Hon. Murugara would like to say.

Hon. George Murugara (Tharaka, UDA): Thank you, Hon. Temporary Speaker. The decisions of the House are taken by the House. We are properly constituted. Therefore, we can decide on the issue and agree on it.

Hon. Peter Kaluma (Homa Bay Town, ODM): You cannot.

Hon. George Murugara (Tharaka, UDA): Hold on. All right. Hon. Kaluma is saying we cannot agree on it.

(Hon. Peter Kaluma spoke off the record)

Hon. George Murugara (Tharaka, UDA): Where do you get that from? What is the authority for that? Which Standing Order? We have done it before. It is a tradition of this House. Nothing stops us from taking a vote.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Nothing stops us.

Hon. George Murugara (Tharaka, UDA): Absolutely. Let us vote now to allocate as many Members as possible to contribute to the matter. In fact, a Member will have said something about their constituency in three minutes, and we move on. He is saying we cannot do it. We can. Nothing stops us from doing that.

(Loud consultations)

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Order, Hon. Members. I fully understand where we are coming from. There is a lot of pressure for people to speak. When we talk about reducing the cost of transformers, you know what it means. Each one of us has a transformer that requires replacement. However, Hon. Members, I will refer to our rules. Standing Order 97 provides as follows –

- (1) The House may, on a Motion made by any Member in accordance with this Standing Order, impose a limit in respect of debate on any particular Motion or Bill by allotting a limited period of time for such debate or by limiting the time during which Members may speak in such debate or by imposing such limitations.
- (2) A Motion for limitation of debate under this Standing Order may be made without notice.
- (3) A Motion under paragraph (2) shall not be made in the course of the debate to which it refers, unless it is moved after the adjournment of such debate and before the debate is resumed.

(Applause)

Hon. Members, with regard to our rules, I am not in a position to limit the time during which Members may speak. Our rules do not allow us to do so. However, I would like you, out of your own volition, to summarise so that you give chance to other Members to speak.

I will give Hon. Mwashako a chance to conclude. You have one minute.

Hon. Danson Mwashako (Wundanyi, WDM): One minute is quite short, but I agree with you.

As we assemble transformers locally, we must also ensure that the quality meets our expected standards. So many transformers have been blown off, and we have many issues with them in the constituencies. We need to check the quality of transformers, and we also need to check the quality at the substation level.

I will give an example. I have a substation in Wundanyi that the President launched three or four months ago. Since then, the stability and reliability of electricity in that area have not improved. Therefore, as we look at reducing the cost of transformers, we must also consider the cost of substations that do not add value to power stability and the cost of transformers that keep blowing off.

(Hon. Ferdinand Wanyonyi spoke off the record)

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Hon. Ferdinand Wanyonyi, Member for Kwanza.

Hon. Ferdinand Wanyonyi (Kwanza, FORD-K): Thank you very much, Hon. Temporary Speaker. I am one man who has been here the whole day. I take this opportunity to support this particular Bill.

As far as I am concerned, Kenya is one of the most developed areas in the region. Therefore, we should be impressed by that fact. The Mover of the Bill said that over 4000 units of transformers are imported every year. If assembling is done locally, you can imagine how much less each unit would cost. It will also promote local manufacturing skills and job creation. I support this particular Bill because it is very important. I wish it had come here much earlier. You can blame me or any other Member for not coming up with it much earlier.

Secondly, our country today is like a supermarket, where things are brought in, and they charge you anything for them. The cost of imported transformers is very high. If they are assembled locally, they will be cheaper. All the parts are not locally available. If we import and assemble them locally, Kenya will not be a supermarket like it is today.

A Member mentioned that when you walk out there, as a Member of Parliament, you are told there is no electricity. This is not because they are unable to pay for it, but it is not there. There is also a shortage of supply of transformers. Therefore, this particular Bill is very important. It has come at the right time. Let us pass it so that transformers can be locally manufactured and assembled. This will create more jobs for the technical people we are training today in the Technical and Vocational Education and Training (TVET) institutions, polytechnics and universities with very good electrical knowledge. We have talked about this matter over and over again. Let us not waste any more time. Let us remove the 25 per cent Excise Duty and assemble transformers locally rather than continue making Kenya a supermarket.

With those few remarks, I support the particular Bill.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Next is Hon. Kawanjiku, the Member for Kiambaa. If we go at that speed, many Members will speak on this Bill.

Please proceed.

Hon. Njuguna Kawanjiku (Kiambaa, UDA): Thank you, Hon. Temporary Speaker, for giving me an opportunity to contribute to this important Bill. The issue of transformers and electricity connection is very emotive. We should support anything that will help us increase the capacity of connecting our people to the national grid and lowering the cost of manufacturing. Anything that supports local manufacturing is very important. When we support local manufacturing, we ensure they can employ more people. Therefore, I support it 100 per cent.

We must also deal with the people who steal these important components of electricity. We normally connect 10 or 100 transformers per month. However, within the same month, we lose 20 or 30 of them to scrap metal dealers. We must be deliberate in curbing and dealing categorically with people who steal transformers. They are known in this Republic. We saw a case where the Directorate of Criminal Investigations (DCI) was able to arrest people who had been stealing transformers. In Kiambu, we realised that the same person who had been stealing

transformers was released by a Court on bond. Now, the same problem has begun to recur. We call out the National Police Service (NPS) to make sure that the people who vandalise transformers are dealt with in totality.

We ought to support local manufacturers in one way or another and ensure that they do not compete with international manufacturers. We must protect them because transformers have become expensive for the Government. Therefore, we should support local manufacturers to ensure they are well-equipped so that any international occurrence may not affect their manufacturing. We should support them by all means possible to ensure we have connected our people to the electricity grid and enhance local manufacturers.

I support, Hon. Temporary Speaker.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Hon. Dorothy Ikiara, Nominated Member.

Hon. Dorothy Muthoni (Nominated, UDA): Thank you, Hon. Temporary Speaker. I also want to weigh in on this important debate and thank the Chairman of the Departmental Committee on Finance and National Planning, Hon. Kimani Francis Kuria, for bringing this important Bill to this House, the Excise Duty (Amendment) Bill.

It goes without saying that if we support our local manufacturers, it will go a long way in ensuring that our transformative agenda for the youth is completely settled. We should encourage local assembly of transformers. This is very important because we have issues across the country where about a quarter or even one-half of this country is not connected to the grid. If the electricity supply is consistent in the entire country, the youth will have the opportunity to work in the villages doing welding and operating hair salons. That will support them in their daily endeavours because we cannot employ everyone in urban areas.

Besides manufacturing the transformers locally, we need to go a step further and ensure that we reduce duty on cables, wires, and stay wires accompanying connectivity. We also have the opportunity to reduce excise duty on cross-arms and stay rods that help in electricity connectivity.

However, much as we talk about assembling transformers, what we should currently fight more is economic crimes because we have transformers across the country. However, every now and then, we hear they have been vandalised. Unless we deal with this crime, we will only be fighting to increase the number of transformers. However, there will be other people behind us vandalising and sabotaging the economy of this country. For any progressive country to grow successfully, we must support local manufacturing. I laud this very important move. We should have done it a year or even 10 years ago so that this country could grow and spur its economic growth.

Quality assurance is equally very key. We might start manufacturing transformers but end up doing substandard ones if we do not apply quality assurance. I am sure this matter will arise when we pass this important Bill.

Hon. Temporary Speaker, I support this Bill. This is the way to go as a country. Thank you.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Hon. Thuku Kwenya, Member for Kinangop.

Hon. Thuku Kwenya (Kinangop, JP): Thank you, Hon. Temporary Speaker, for giving me this opportunity. In a very special way, I want to support this Bill. However, even as we support, it is both a win and a loss in the sense that once we amend this law as it is... We passed it last year in the Tax Laws (Amendment) Act, 2024. I realise that transformers, whether fully assembled or their parts, share the same Harmonised System (HS) code. Therefore, it means that as much as we want to protect local manufacturing, we are giving them an unequal opportunity with importers. That being the case, I thought that the Departmental Committee on Finance and National Planning would have done a better job by separating the two codes: one

for fully assembled transformers and the other for parts. This is so that we are exempt from duty on imported parts but still impose a duty on fully assembled transformers. By so doing, we will be promoting local manufacturing. That component of the assembly would mean some jobs for some young people in this country.

Although this is a misstep we made when we passed the same in the Tax Laws (Amendment) Bill, 2024, we should go further by introducing a new HS code for imported parts so that we cure this Bill and still win in terms of raising revenue and discouraging importation of fully assembled transformers.

The issue of electricity in this country is quite a big one, especially in Kinangop Constituency, which I represent. The level of connectivity is slightly above 50 per cent. If we want to achieve 100 per cent connectivity, a lot needs to be done by this House. We should especially call out Kenya Power and Rural Electrification and Renewable Energy Corporation (REREC) so that we do not have slacks and delays where once a project is done, by the time one agency is transferring it to the next, there are long and many delays. The delays are either because Kenya Power has an issue with how the design was done or because they do not have connecting meters. Sometimes, it is because Kenya Power Company or REREC did not submit wayleave certificates.

We need to have some harmony so that even as we look at costing, we do not lose money in a situation where the Government invests its money in a project which is not commissioned and, therefore, returns delay. Kenya Power Company and REREC should work like businesspeople where, once you invest, you follow through to see that you start earning from your investment. These are the delays that we are experiencing. Going forward, as Members of Parliament, we need not just to pass good laws here but also call out the implementing agencies so that they do what they are supposed to do within the stipulated time.

With that, I have passed my point across and want to be generous with my time. Thank you, Hon. Temporary Speaker.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Thank you very much. Hon. Peter Kaluma, Member for Homa Bay Town.

Hon. Peter Kaluma (Homa Bay Town, ODM): Thank you, Hon. Temporary Speaker, for giving me a chance to contribute to this particular Bill as a member of the Departmental Committee on Finance and National Planning.

Hon. Temporary Speaker, up to this morning, many of our media houses have been making publications about the Government's intention to increase taxes. I want to confirm that we are grateful to get the chance to confirm to the nation that that is not the intent. I sit in the Committee that deals with taxation, and the Bill the media is discussing is not known to us. Let me confirm to the nation that it is Parliament that taxes. In fact, the main reason for the existence of Parliament is the principle that there can be no taxation without representation. Therefore, the appearance that President William Ruto, or anyone outside this House, is imposing taxes is very wrong. It is inciteful. We are thankful when we have the opportunity to demonstrate that Parliament's intent is to the contrary.

Through the Tax Laws (Amendment) Act of 2024, we imposed a 25 per cent excise duty on fully assembled transformers. Members should understand this clearly, as I hear contributions confusing the distinction between assembled and unassembled parts. The tax was imposed on fully assembled transformers. It was hoped that the imposition would help lower the cost of transformer parts or locally manufactured transformers, thus spurring new industries to come to assemble and make them more available while also creating employment opportunities for our people.

Contrary to that intent, it is important to note that Kenya is a member of the East African Community (EAC) Common Customs External Tariff. Under that external tariff arrangement, all member States of the EAC impose this tax under the same tariff code for both imported

parts and fully assembled transformers. Therefore, although we do not have companies that can manufacture transformers, the local assemblers would get parts at a lower excise duty because we impose the same 25 per cent duty. Both fully assembled transformers and the parts to be assembled locally under the EAC Common Customs External Tariff arrangement attract the same 25 per cent. In effect, we have not achieved the economic outcome we intended with this amendment. That is why I agree with the Committee and everyone else that if we are to spur economic growth and industry, then this intervention from Parliament, on behalf of the Government, is necessary.

I also confirm that we have seen reports where some people say that a whole President was seen launching a transformer somewhere. The reality is that electricity penetration in the country is still very low. My constituency, Homa Bay Town, has less than 30 per cent electricity penetration. While some people may laugh at this fact, for others, getting a transformer is a celebration worth launching. Therefore, any measure that improves power distribution in the country has a domino effect in terms of lighting up the nation. Lowering the cost of transformers will ultimately lower the cost of energy production by lowering the cost of components.

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

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Order, Hon. Peter Kaluma. There is a point of order by Hon. Elisha Odhiambo. What is out of order?

Hon. Elisha Odhiambo (Gem, ODM): Thank you, Hon. Temporary Speaker. Hon. Peter Kaluma has made a statement that the distribution of electricity in respective areas in the country is still very low. However, he contradicted the very fact that power distribution in Central Kenya is at 89 per cent. That is a fact.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): What is out of order, Hon. Elisha Odhiambo?

Hon. Elisha Odhiambo (Gem, ODM): The statement was out of context, and I was just trying to help him to state a fact. In terms of coverage, Homa Bay...

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Are you assisting Hon. Peter Kaluma to debate?

Hon. Elisha Odhiambo (Gem, ODM): I am assisting him. In terms of coverage, Homa Bay...

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): You are out of order.

Hon. Elisha Odhiambo (Gem, ODM): Hon. Temporary Speaker...

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): You are out of order.

Hon. Peter Kaluma (Homa Bay Town, ODM): Thank you, Hon. Temporary Speaker, for reminding me of the...

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): I would have assisted if you sought to inform Hon. Kaluma. I want to be generous. Would you like to inform Hon. Kaluma?

Hon. Peter Kaluma (Homa Bay Town, ODM): I do not want information, Hon. Temporary Speaker.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Okay. Hon. Peter Kaluma does not want to be informed. Hon. Kaluma, please proceed and conclude.

Hon. Peter Kaluma (Homa Bay Town, ODM): Yes. Hon. Temporary Speaker. The Member for Gem cannot purport to inform me about a constituency I represent. He cannot competently inform me. The point I was making is that when some people joke or chide, saying that a whole President is launching a transformer, the fact is that in some areas, seeing a transformer is a huge experience. It makes lighting of those rural communities much easier. Everywhere we go, people are now asking, especially women - they are the backbone of the rural economy - "Is there a time I will come back home, press the switch and have light in the home?" For us, this is a huge thing. When we reduce the cost of transformers as a component

for electricity distribution, the impact is that all our schools and learning institutions struggling with electrification will be electrified, and progress in the education sector will be achieved.

Parts of our economy, particularly the digital economy, depend on electricity. We are starting ICT hubs in every ward in the country, and you cannot run them without an electric power supply. Our young people can even apply for jobs externally or offsite.

The cost of energy is a big issue when dealing with the state of our economy. I applaud this intervention by the Departmental Committee on Finance and National Planning on behalf of Parliament. However, I want to conclude by suggesting that after reducing the cost of excise duty, there should be a meeting between the Departmental Committee on Finance and National Planning and the Departmental Committee on Energy. This will allow us to rationalise the other interventions affecting the cost of electricity, such as the cost of petroleum. That way, we can support local industries.

Currently, due to high energy costs, many of our companies are moving to neighbouring countries where production is cheaper. They are now bringing goods back here under the East African Common Tariff. A meeting between the Committees is necessary. We thank the Committee and Parliament for this intervention and fully support it. This is a matter that will improve livelihoods, including in the health sector. Many of our health institutions do not have electric power, which affects the storage of specimens and drugs that need refrigeration, ultimately hurting the country's Universal Health Coverage (UHC) initiative. This is a positive intervention. We are confirming to the country that where we need to be reasonable and reduce costs, we are doing so. The other issues will be considered as we go along.

I support this critical amendment and urge Members of this House to join the Committee in supporting it. Thank you.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Hon. Eckomas Mutuse, Member for Kibwezi West.

Hon. Mwengi Mutuse (Kibwezi West, MCCP): Thank you, Hon. Temporary Speaker. From the outset, I rise to support this Bill by drawing an important parallel. Twenty years ago, it was not feasible for an ordinary Kenyan to own a motorcycle. However, we have seen many local assemblies of motorcycles through progressive tax interventions and reforms by previous regimes, beginning with President Kibaki's administration, which culminated in Legal Notice No. 112 of 2020. As a result, ordinary Kenyans are now able to afford motorcycles. I draw this parallel to suggest that if this amendment intends to spur the local assembly of transformers, then the motorcycle industry is a relevant model. However, as we do so, I have also looked at the Memorandum of Objects and Reasons, which reads as follows:

"The principal object of this Bill is to amend the Excise Duty Act to remove excise duty on imported, fully assembled electric transformers."

Therefore, I request my very good friend, Hon. Kimani, as he replies, to also clarify whether the object includes 'parts' because that is not listed in the Bill as part of the reasons.

I support the Bill to the extent that we want to spur local manufacturing. I request the Committee move further and develop regulations akin to those on motorcycles. If you are removing duty on transformer parts, it is because you do not have local capacity, but that cannot be perpetual. You have to provide a certain period. As Hon. Murugara said, if we have copper in the country yet we are importing parts made of copper from China, we need to exploit our copper so that in five years, we can make those parts and not need to import them anymore. That way, we will be looking at the economy holistically. We should not ever import parts; we should explore our minerals and make our own parts to retire some of the tariffs as we build local capacity. Most importantly, I want to understand whether the principal object of this amendment includes 'parts' or whether it is just about imported full transformers.

Secondly, as a lawyer, I am interested in the effective date of this amendment. Is it immediately after Parliament passes the Bill and the President assents to it? Is it being

backdated, or is it on a future date? As we make decisions, we need to know what we are getting into.

Thank you, Hon. Temporary Speaker, for the opportunity.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Thank you very much. Hon. Agnes Pareyio, Member for Narok North.

Hon. Agnes Mantaine (Narok North, JP): Thank you, Hon. Temporary Speaker, for this opportunity. This Bill will remove the 20 per cent excise duty on imported transformers and transformer parts and facilitate the assembling of transformers in Kenya. Electricity is very important, especially in rural areas. Young men are moving to towns in search of jobs. The moment they have electricity in their villages, they can create jobs for themselves.

In a constituency like the one I represent, secondary schools and learning institutions are not connected to electricity. The other day, a woman was delivering in a maternity ward, and the matron had to use her phone to assist the woman because some health centres do not have electricity. This Bill is important because it will ensure that all villages get connected. Electricity connectivity in my constituency is less than 10 per cent. I support this Bill to ensure that all villages have electricity. We need electricity. When a Member of Parliament is in their constituency, everybody approaches them because they need electricity.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Order, Hon. Pareyio. There is a point of order by Hon. Mwirigi, Member for Igembe South. What is out of order, Hon. Mwirigi?

Hon. John Paul Mwirigi (Igembe South, UDA): Thank you, Hon. Temporary Speaker. It is not my intention to cut short my colleague. I rise under Standing Order 95. Reading the mood of the House, it seems all Members support the Bill. I request that the mover be called upon to reply.

Thank you.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): I will give Hon. Pareyio a chance to conclude, and then I will find out whether the mood of the House is that we close the debate on this Motion.

Hon. Agnes Mantaine (Narok North, JP): Thank you, Hon. Temporary Speaker, for the opportunity to end by saying we need electricity. People seriously need electricity because it helps to reduce poverty. Young people can create jobs for themselves. Women can use electricity at night to do their work. Our women long for electricity. I support the 20 per cent reduction of excise duty to allow local assembly of transformers. When we have locally assembled transformers, we will reduce their theft because there will be no market. Transformers will be very cheap and the Government will afford to connect all villages to electricity.

Hon. Temporary Speaker (Hon. (Dr) Rachael Nyamai): Hon. Mwirigi rose on a point of order and referred to Standing Order 95. He requested that the mover be now called upon to reply. I would like to find out whether that is the mood of the House.

(Question, that the mover be now called upon to reply, put and agreed to)

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Mover.

Hon. Kuria Kimani (Molo, UDA): Hon. Temporary Speaker, because I have 10 minutes, I beg to donate some.

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Hon. Members, referring to our rules, when we call upon the mover to reply based on Standing Order 95, there is no opportunity for donation. So, proceed, mover.

Hon. Kuria Kimani (Molo, UDA): Thank you, Hon. Speaker. Dr Nyikal, I tried, but we are bound by the same rules made by this House. I appreciate the concerns that Members of the National Assembly have had on this particular matter. I appreciate the quality of the debate that has been made by all of you. I also appreciate the work the Committee is doing to ensure that we enhance local manufacturing.

I take note of one of the comments made by Hon. Mutuse. One of the questions we asked ourselves during consideration of this amendment was: do we really have local transformer assemblers and manufacturers in this country? We visited some of the firms and established that there are investors in this country who have invested heavily in assembly and are willing to move into manufacturing parts once this Bill is passed. As I said in my moving remarks, we must become selfish and support our own rather than become a supermarket of imported products from across the globe. We must learn from what global leaders like Americans have done, be selfish, and support local manufacturing.

I like the cue made by Hon. Mutuse. I urge the national Treasury and the Ministry of Industry, Trade and Investments to gazette regulations on the dates by which parts will be manufactured locally. It is possible. When this House passed the law exempting imported motorcycle parts from excise duty, regulations followed. Dates were set by which parts would have to be manufactured locally. I urge the national Treasury to collaborate with the Ministry of Investments, Trade and Industry, which our very good Cabinet Secretary and former Governor for Nakuru, Hon. Lee Kinyanjui, leads. They ought to gazette regulations with specifications even on imported parts that will start to be manufactured locally.

I got reports from many of you asking about the Finance Bill 2025. Seeing that we are back to where we were last year is disheartening. I see people's analyses of the Finance Bill 2025 on social media, and I wonder because the Bill has not had a chance to be in this House. It has not even been tabled. It must be somewhere in the drafting of the Budget Office under the national Treasury. It is really sad that people are starting to debate. Painfully, I say they are deliberately misinforming and disinforming this country.

Let us be patient and see the proposals the national Treasury will come up with. As I said, this House is committed to ensuring that the views of the public are heard: it is not just for the sake of it, but to matter in the decision that the people's representatives will pass in this House.

With those many remarks, I beg to reply.

(Applause)

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Thank you very much, Chairman. Hon. Members, I defer putting of the Question to another time as it will be scheduled by the House Business Committee.

(Putting of the Question deferred)

Next Order by the Whip of the Majority Party.

BILL

Second Reading

THE ANTI-MONEY LAUNDERING AND COMBATING
OF TERRORISM FINANCING LAWS (AMENDMENT) BILL
(National Assembly Bill No. 5 of 2025)

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Hon. Silvanus Osoro (South Mugirango, UDA): Sorry, Hon. Temporary Speaker. Somebody who was asking for the transformer carried me away.

(Laughter)

The Temporary Speaker (Hon. (Dr) Rachael Nyamai): Are you prepared for this? You may proceed on behalf of the Leader of the Majority Party.

Hon. Silvanus Osoro (South Mugirango, UDA): Yes, I am. Thank you very much.

I beg to move that the Anti-Money Laundering and Combating of Terrorism Financing Laws (Amendment) Bill (National Assembly Bill No. 5 of 2025) be now read a Second Time.

I commend the Departmental Committee on Justice and Legal Affairs for its diligent work in reviewing and strengthening this vital legislation. The Bill is a comprehensive review of various laws to address technical compliance deficiencies identified by the Eastern and Southern Africa Anti-Money Laundering Group. It also reviews other remaining issues in the country's law regimes on anti-money laundering, combating of terrorism financing, and combating the financing of proliferation. The last of such reforms was undertaken in 2023 through the Anti-Money Laundering and Combating of Terrorism Financing Laws (Amendment) Act of 2023. Such amendments are also being proposed two years down the line.

In February 2024, Kenya was placed on the Financial Action Task Force's (FATF) grey list due to deficiencies in combating money laundering, terrorism financing, and proliferation financing. The FATF identified critical gaps in Kenya's regulatory framework, enforcing mechanisms, and inter-agency coordination. That necessitated urgent reforms to ensure compliance with international financial integrity standards that formed the basis of our being placed on the grey list. The FATF has provided Kenya with a compliance action plan that must be implemented to address the deficiencies and facilitate Kenya's removal from the grey list.

The Anti-Money Laundering and Combating of Terrorism Financing Laws (Amendment) Bill of 2025 is a critical step in fulfilling the requirements, hence demonstrating Kenya's commitment to global financial integrity. We do not live in space but amongst others. We live in the world. We must demonstrate our financial integrity to other global players. This is the Bill that is going to get us out of such a grey list.

The Bill seeks to close existing legal and institutional gaps and align Kenya's financial regulations with international best practices by amending several Acts. These include:

1. The Proceeds of Crime and Anti-Money Laundering Act (CAP 59A).
2. The Prevention of Terrorism Act (CAP 59B).
3. The Betting, Lotteries and Gaming Act (CAP 131).
4. The Retirement Benefits Act (CAP 196).
5. The Mining Act (CAP 306).
6. The Sacco Societies Act (CAP 490B).
7. The Accountants Act (CAP 531).
8. The Estate Agents Act (CAP 533).
9. The Certified Public Secretaries of Kenya Act (CAP 534).
10. The Public Benefits Organisations Act of 2013 (No. 18 of 2013).

Kenya could face harsher economic consequences if we fail to act swiftly, including the withdrawal of correspondent banking relationships. That makes it difficult for businesses and individuals to transact internationally. We will face serious and harsher economic consequences if these laws are not reviewed to meet global financial integrity.

As I have said, it will be very difficult for people to transact between this country and any other, especially international business people living in countries that do business. If you live in the United Arab Emirates (UAE), it will be very difficult for one to transact with this

country because Kenya is still on the grey list. Therefore, the Bill strengthens the regulatory framework, inter-agency collaboration, and compliance obligations. That ensures Kenya meets its international commitments and restores confidence in its financial system.

Having given such a serious preamble, it is important to demystify certain items and make Members understand the content of the Bill. What exactly is the content of the Bill? Besides the title, you hear Members speaking many things about the Bill when you move around the corridors of Parliament, yet some will not have gone through it. Therefore, it is important for us to try simplifying the Bill to help Members understand it.

With respect to the Proceeds of Crime and Anti-Money Laundering Act (CAP 58), the Bill proposes renaming the position of the Director of the Assets Recovery Agency to Agency Director-General. That ensures consistency with other investigative bodies in the country. You will realise that we have renamed most investigative agencies. When you talk about the Directorate of Criminal Investigations (DCI), we have the Director of DCI. On the Proceeds of Crime and Anti-Money Laundering Act, the Bill proposes renaming the position of the Director of the Assets Recovery Agency to Agency Director-General to equate or go in line with other investigative bodies in the country.

Additionally, the Bill seeks to include dealers in precious metals as Anti-Money Laundering (AML) reporting institutions. It requires them to report any cash transactions of US\$15,000 or more conducted with a customer. In particular, the AML reporting institutions require dealers to report any cash transactions with regard to precious metals.

The proposed amendment introduces prescribed penalties for non-compliance with any regulations made under the Act to reinforce compliance. If this Bill is enacted, a natural person could face imprisonment for up to seven years, a fine not exceeding Ksh10 million, or even both. Non-compliance could attract a fine of up to Ksh20 million for corporate entities. The Bill also seeks to remove non-profit organisations from AML or Combating the Financing of Terrorism (CFT) reporting obligations to align with FATF standards. In line with this, it proposes to remove the Public Benefit Organisations Regulatory Authority (PBORA), formerly the NGOs Coordination Board (NGOCB), from their supervisory schedule.

With respect to the Prevention of Terrorism Act (Cap 59B), the Bill seeks to introduce a clear definition of "terrorism financing". This is the bone of contention. It seeks to introduce a clear definition appertaining to what terrorism financing is, encompassing the collection or provision of property and service for the Commission of Terrorism Act as well as the financing of travel for terrorism purposes. This clarity will help law enforcement agencies to combat the threat of terrorism effectively. Without a clear definition of what exactly terrorism financing is, one would face a challenge when transacting, especially from investigative agencies.

At face value, one may face the challenge of being accused of terrorism financing because of such uncertainty in the definition of this phrase. The definition encompasses the collection or provision of property and service for the commission of terrorism act. So, to deter such offences, the Bill proposes harsher penalties for financing travel for terrorism purposes. Very harsh! We all know what terrorism has done in this country. We have faced either directly or indirectly the challenges of terrorism. So, this Bill proposes harsher penalties for those who finance the travel for terrorism purposes. If enacted, a convicted natural person would face imprisonment of up to 20 years, while a legal entity could be fined up to Ksh20 million. So, if you are hiding behind a legal entity, say a company or an NGO, and you finance the terrorist travel, then you will face a fine of up to Ksh20 million because you are putting the lives of other Kenyans in danger.

Additionally, Hon. Temporary Speaker, the Bill seeks to grant the Financial Reporting Centre, supervisory bodies, and self-regulatory organisations greater authority to supervise and enforce preventive measures against terrorism financing and the financing of proliferation activities. Even before we talk about what happens when a terrorism act is done, we must have

very serious preventive measures to deter it. We must learn as a country to protect before it happens. That is why this Bill seeks to grant the Financial Reporting Centre, supervisory bodies and regulatory organisations authority to supervise and enforce preventive measures against terrorism. These entities would also be empowered to oversee the implementation of targeted financial transactions by reporting institutions and further strengthening Kenya's Counter-Terrorism Financing Framework.

With respect to the Betting Lotteries and Gaming Act (Cap 131), the Act is set to be amended to enhance the regulatory powers of the Betting Control and Licensing Board (BCLB). The amendments will empower the Board to regulate and supervise entities under the jurisdiction for compliance with anti-money laundering, counter-financing of terrorism and counter-proliferation financing measures. Betting, lotteries and gaming attract a lot of cash-flows within their systems and if not keenly checked, one who has an intent of financing an act of terrorism would hide in such companies or in organisations that do these lotteries in the pretence of saying it is for a winner but in real sense they are financing terrorists. The amendment will empower the Board to regulate and supervise entities within that jurisdiction so that one can trace the funds —where they are coming from and where they are being taken — so that people do not take advantage of the gap in the law as far as Betting, Lotteries and Gaming Act is concerned, to pass some huge amounts of money in the name of betting.

Additionally, the amendments will, of course, introduce penalties for violations related to money laundering and terrorism financing, and a legal entity found in breach may face a fine of up to Ksh5 million, while a natural person may be fined up to Ksh1 million.

Hon. Temporary Speaker, with respect to the Retirement Benefits Act (Cap 197), the Bill provides for the powers of the Retirement Benefits Authority for anti-money laundering and countering the financing of terrorism purposes of the Act. It seeks to provide for the regulations, supervision and compliance for anti-money laundering, combating the financing of terrorism and counter-proliferation financing by all reporting institutions supervised by the Authority. This simply empowers the Retirement Benefits Authority so that it can supervise, manage, and see what happens in any authority supervised by them and also see the movement. We are still talking about terrorism financing, and it is very important that this Act is reviewed so that it can fit within that line. To strengthen the role of the Authority, the Bill provides for vetting, which is very important, inspection, provision of necessary documents, sanctions, supervision of significant shareholders, proposed beneficial owners, directors and senior officers of reporting institutions in helping the Authority to achieve its mandate.

It is vital that it must help the Authority to achieve its mandate by supervising all those steps so that we do not leave a single gap that can lead to a leakage in mass money movement without being revealed. The Bill provides for penalties for violations relating to money laundering and terrorism financing. A legal person who fails to comply is liable to a penalty not exceeding Ksh5 million, and if it is a natural person, a fine not exceeding Ksh1 million. Of course, the other one is a legal person. Further, there is an additional penalty not exceeding Ksh100,000 in each of the above-mentioned cases for each day of non-compliance. If that non-compliance continues, the fine that will be imposed will be almost Ksh100 000 each day that that person does not comply.

[The Temporary Speaker (Hon. (Dr) Rachael Nyamai) left the Chair]

[The Temporary Speaker (Hon. Farah Maalim) took the Chair]

With respect to the Mining Act (Cap 306), Hon. Temporary Speaker, the Bill provides for a new definition by including the “terrorism financing” meaning assigned under the Prevention of Terrorism Act.

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Mining is another industry that has attracted many players and involves a lot of money. A lot of money is transacted within the mining industry. So, without including the definition of terrorism financing, this is another avenue where a person with terrorist intent will seek to use the mining to channel the money because of that gap. It is important that it is reviewed to include the definition in the Mining Act because there are people who will pretend they are doing mining activities using large transactions of money but end up sneaking some amounts of money for purposes of terrorism. So, the Bill seeks to provide for additional powers to the Director of Mines for anti-money laundering and countering the financing of terrorism purposes. The Director of Mines shall undertake the following mandates:

Provide for the regulations, supervise, and be keen on compliance with anti-money laundering, combating the financing of terrorism and counter-proliferation financing by all reporting institutions in line with the Act. Ensure that there is vetting, inspection, provision of necessary documents, sanctions, and supervision of mineral rights holders and dealers of reporting institutions in helping the Authority achieve its mandate.

There are many miners in the country, especially in our region. I must declare interest that I am a member of the industry. Many people in this area call themselves miners. They walk around saying they picked gold from Migori or some other place. However, in the real sense, that person is using that gap in law to convey money from illegal activities such as terrorism.

The Bill seeks to introduce penalties for mineral rights holders, a dealer or their agents who violate or fail to comply with the regulations of anti-money laundering, combating the financing of terrorism or countering proliferation financing purposes. It provides that a legal person who fails to comply is liable to a penalty not exceeding Ksh5 million. You will realise that in this area, it is a legal person who will be a major player. Again, to seal every loophole, the penalty is a fine not exceeding Ksh1 million if it is a natural person. There is an additional penalty not exceeding Ksh100,000 in each of the aforementioned cases for each day that non-compliance continues.

Next is the SACCO Societies Act (Cap. 490B). The Bill provides for a new definition in proper alphabetical sequence, stating that the term "terrorism financing" has the meaning assigned under the Prevention of Terrorism Act. We are adding a new section on the definition of the term "terrorism financing" in areas where large money transactions are involved. The Bill seeks to introduce additional powers of the SACCO Societies Regulatory Authority to counter anti-money laundering and the financing of terrorism. The Authority will regulate, supervise and enforce compliance of anti-money laundering, combating the financing of terrorism and countering proliferation financing purposes by all reporting institutions regulated and supervised by the Authority. That is very important for all SACCOs.

Additionally, the Bill aims to strengthen the Authority by providing for vetting of proposed significant shareholders, proposed beneficial owners, directors and senior officers of a reporting institution, and helping the Authority achieve its mandate. The Bill seeks to amend the Act to introduce penalties for violations related to money laundering and terrorism financing. It also provides that a legal person who fails to comply is liable to a penalty not exceeding Ksh5 million. If it is a natural person, the penalty is a fine not exceeding Ksh1 million. There is an additional penalty not exceeding Ksh100,000 in each of the aforementioned cases for each day that non-compliance continues.

I am left with about three Acts. In the Accountants Act, the Bill proposes changes to strengthen the role of the Institute of Certified Public Accountants of Kenya (ICPAK). I am interested to know why the Member for Molo stood up when I mentioned the word "accountants". I do not know whether he is the only accountant in the House. I have just mentioned accountants and terrorism. I do not know why he is moving around. I know he is not a terrorist, and he cannot finance terrorism, but I know he is an accountant. I do not know

what he is agitated about. He has just told me that he is excited about accounting. I am well guided.

The Bill seeks to empower ICPAK to regulate, supervise and enforce compliance among the members for anti-money laundering, combating the financing of terrorism and countering proliferation financing purposes. To support that mandate, the Bill proposes granting ICPAK various supervisory and enforcement powers, including vetting members of reporting institutions, conducting off-site surveillance, undertaking consolidated supervision of a member of the Institute, and imposing monetary, civil, or administrative sanctions for violations related to anti-money laundering, combating the financing of terrorism or countering proliferation financing purposes. In addition, the Bill introduces penalties for non-compliance with all these regulations. If enacted, a legal entity could face a fine of up to Ksh5,000,000, while a natural person could be fined up to Ksh1,000,000. Further, continued violation may attract additional penalties of Ksh100,000 per day until compliance is achieved. This is as far as the accountant is concerned.

In the second last one, the Bill with respect to the Estate Agents Registration Act, Cap 533, proposes to strengthen the regulatory law of the Estate Agents Registration Board in anti-money laundering, counter-financing of terrorism, and all those facts.

It also seeks to grant the Board the authority to regulate and supervise entities within its jurisdiction to ensure compliance with these measures. To support this mandate, the Bill proposes to grant the Board various supervisory and enforcement powers, including vetting members for reporting institutions, conducting off-site surveillance, undertaking consolidated supervision, and imposing monetary, civil, and administrative sanctions for violations related to Money Laundering (MML), Combating the Financing of Terrorism (CFT), and Countering Proliferation Financing (CPF).

The Bill proposes to strengthen the Institute of Certified Public Accountants of Kenya (ICPAK) by enhancing its role in anti-money laundering, counterfeiting terrorism, and all those other matters. It seeks to empower the Institution to regulate and supervise compliance with the measures among its members. To support this mandate, the Bill proposes to grant the Institute supervisory and enforcement powers, including vetting members of reporting institutions, conducting off-site surveillance, undertaking consolidated supervision, and imposing monetary civil, and administrative sanctions for violations relating to MML, CFT, and CPF.

Additionally, this particular Bill introduces penalties for non-compliance, which Ksh5,000,000 and Ksh1,000,000 for a natural person could be fined up to Ksh1,000,000 and a further Ksh100,000 per day for continued violation and non-compliance.

Finally, we look at the Public Benefits Act of 2013, No.8. The Bill proposes to empower the Public Benefits Organisation Regulatory Authority with enhanced oversight and monitoring responsibility of public benefit organisations at risk of terrorism financing. It grants the Authority the mandate to supervise, monitor, and regulate public benefit organisations (PBOs) identified as vulnerable to terrorism financing. It also enables the Authority to collaborate and share information with the Financial Reporting Centre (FRC) and other relevant law enforcement agencies to strengthen enforcement measures.

Furthermore, the proposed amendment provides the Authority powers to issue regulations, guidelines, directives, and institutions to mitigate risks associated with terrorism financing. These provisions aim to enhance regulatory scrutiny, promote compliance, and safeguard the interest of PBOs operating in the country.

Hon. Temporary Speaker, you will agree that the world is evolving fast. Nowadays, we have another challenge related to terrorism, which is cybercrime. The people engaging in terrorism financing only need a computer, be techno-savvy, have good internet, and they can hack accounts and do everything. This Bill ensures that we cover every loophole that could be

exploited. It seeks to amend numerous Acts to ensure that the clause on terrorism financing is well articulated in all the laws, especially those involving financial transactions. This is largely about terrorism financing. Activities such as lotteries, gaming, accounting, SACCOs, and mining present potential loopholes in the law that someone could use to sneak in funds for terrorist activities.

In conclusion, I urge the Members to support this Bill, as it strengthens regulatory enforcement, enhances interagency collaboration, and reinforces compliance obligations. By passing this Bill, Kenya will align with international standards. We are currently operating in a grey area. Enacting this Bill will bolster the integrity of our financial system and restore confidence in our regulatory framework, placing us at the top within the global financial space.

I, therefore, beg to move and ask the Chairperson of the Justice and Legal Affairs Committee (JLAC), Hon. Murugara *mwenyewe* – Sir George – to second.

Hon. George Murugara (Tharaka, UDA): Thank you very much, Hon. Temporary Speaker.

I beg to second the Second Reading of the Bill, which has ably been moved by the Majority Whip of the Kenya Kwanza Coalition of Parties.

The Temporary Speaker (Hon. Farah Maalim): Order, Hon. Murugara. This is a broad-based government; there is no minority or majority.

(Laughter)

Hon. George Murugara (Tharaka, UDA): I thought the positions were retained.

The Temporary Speaker (Hon. Farah Maalim): No. Still, we do not have a clear guidance. Parliamentary business will be transacted on the divide of the minority or the majority under the broad-based government. You may continue.

Hon. George Murugara (Tharaka, UDA): Thank you, Hon. Temporary Speaker.

I agree that we are in a state of confusion. That notwithstanding, the Majority Whip has effectively moved the Second Reading of this Bill. This Bill is very important to our economy and the financial transactions of the country because we are part of the international community, which has placed certain obligations on us to ensure that our financial dealings are clean and meet the required international standards. This way, we can avoid being accused of the behaviours typical of lawless mafia states, which do not know how to conduct their business.

The Anti-Money Laundering Bill is essential for the country, and this is why JLAC took considerable time to review it. We burnt the midnight oil to examine the entire Bill thoroughly. We aimed to identify what needs to be addressed in the various statutes being amended by this Bill. We tabled a report here yesterday. Each Member should obtain a copy and go through it to understand the proposed amendments fully.

It is important to point out that we conducted thorough public participation. Various stakeholders appeared before us and made presentations, which were captured in the Report before the House. We will give a summary of what the Bill is all about because it seeks to amend ten Acts of Parliament which relate to anti-money laundering, combating of terrorism financing and the proliferation Acts regarding monies coming to the country, the deficiencies we have in the Kenyan laws, and what needs to be amended and addressed as a matter of urgency.

We know very well that money laundering is an international crime. It is frowned upon and punished by countries when it is detected. You also know that this country does not condone, in any way or support, any acts of terrorism. Kenya forms one of the leading States in ensuring that we do not have any terrorist activities in the country and proliferation acts, which means illegal arms coming into the country for illegal purposes against the good

Government and Kenyans. We have set out the ten statutes that are sought to be amended. This is clearly in the Report on page 10, which the Members may look at. It is also important to go through each of these laws, as the Whip of the Majority Party has stated.

The Proceeds of Crime and Anti-Money Laundering Act in our country is enforced through the Assets Recovery Agency, which tries to recover proceeds of crime and money laundering. Once they are recovered, they are given to the State. We have the Prevention of Terrorism Act, which deals with all the terrorism laws in the country. This is where we have to make certain amendments to ensure we combat terrorism as required.

We have the Betting, Lotteries, and Gaming Act, which is another important Act. If it is not carefully scrutinised and used properly, money will be laundered through betting, lotteries and gaming because this is an easier way of covering tracks of how you get money and how you use it. It is easier to clean it through most of them. We have the Retirement Benefits Act, which is an investment fund. Money can be laundered through it because not many questions will be asked because it is purely for retiring people and the benefits they get.

The Mining Act is interesting because this is where people come into the country under the pretext of mining or prospecting for minerals, only for them to turn around to laundering money in precious stones, including gemstones, gold and other minerals available, and some of which are not available. You hear interesting stories about large quantities of gold being shipped through our airports, not knowing exactly where it is coming from. This is part of the syndicate on money laundering.

It goes all the way to the Non-Governmental Organisations (NGOs) Act, which is now renamed the Public Benefits Organisation Act, No.18 of 2013. NGOs bring money into the country through certain exemptions only to find that some of it is illegal. It is being proliferated into the country through illegal means. We have to look at this.

We conducted public participation and analysed exactly what each agency told us. This is very important because some of these legislations are sometimes challenged in Court for various reasons. Most of what comes out is whether there was adequate public participation. We believe we have actually done this. Therefore, this takes us to the Committee recommendations and observations, where we have made certain further amendments. They are contained in the schedule to the Report. These further amendments are required in the various acts to strengthen the operation of anti-money laundering laws in the country. Those amendments are proposed especially for the Proceeds of Crime and Anti-money Laundering Act, the Mining Act itself, where we have agreed the proposals made and the Estate Agents Act is also proposed.

We received further proposals on what is to be amended. However, having carefully analysed them, we were of the view that it was falling beyond the mandate of this Bill, which has been introduced to amend ten statutes. So, some of those proposed amendments, especially by the Law Society of Kenya, were going into other statutes which are not part of this Bill. Our observation, including many others received from different quarters, is that we should prepare a Statute Miscellaneous Amendment Bill to bring all those proposals together and see whether they can go through the House.

Having analysed this Bill, it is a very important Bill. I urge the House to adopt the same. With those remarks, I beg to second.

(Question proposed)

The Temporary Speaker (Hon. Farah Maalim): Hon. Kaluma

Hon. Peter Kaluma (Homa Bay Town, ODM): Thank you, Temporary Speaker. I stand to oppose this Bill with clarity.

I have been in this House for 13 years now. In my life in this House, I have never met a Bill so dangerous and capable of taking the rights of the people under the Constitution. We have been applauded as the country with the richest Bill of Rights possibly in the world. It is very rich. This Bill can sweep those rights by the mere fiat of an individual. This Bill is said to be making amendments to the Proceeds of Crimes and Anti-Money Laundering Act, the Prevention of Terrorism Act, the Betting, Lotteries and Gaming Act, the Retirement Benefits Act, the Mining Act, the Saccos Societies Act, the Accountants Act, the Estate Agents Act, the Certified Public Secretaries of Kenya Act and the Public Benefit Organisations Act.

When we look at the law on anti-terrorism, these are not the sectors and the professions this Bill seeks to deal with. In fact, this Bill cuts across all sectors of our society and all professions. So, this is a composite Bill that goes beyond what is mentioned here. If we look at these provisions, we will see that similar provisions are being replicated in terms of all the statutes being amended. There is nothing new; they are the same. These provisions vest very wide powers on the self-regulatory authorities, on the bodies established by those various statutes to regulate the sectors and on their financial reporting agencies.

Hon. Temporary Speaker, let me give an example. When you go to Page 77 of the Bill, dealing with the matter of the Prevention of Terrorism Act, the regulation-making authority is being empowered here to make regulations that can cause a person to be imprisoned for a term not exceeding ten years or to a fine of up to Ksh20 million. It may look lawful on the face of it, but under Article 94 of the Constitution, the legislative authority of the State is vested in this House. Therefore, whenever we come up with regulations, they are under the exercise of the delegated powers of this House. How can you give anybody the power to sanction an individual or an entity in the Republic of Kenya by way of punishment up to this extent without prior reference to this House? I know what the Statutory Instruments Act says. However, if we want to create such penalty regimes through regulations, we must amend this provision to say, "subject to prior Parliamentary approval." Without that, this must be opposed.

Secondly, there is not much clarity regarding bodies being sanctioned. We do not want to create a situation, and I am saying this because terrorism is a very serious thing. Money laundering is a very serious thing because it feeds into terrorism financing and distorts the economy and the criminal justice process, and it has to be fought. However, we must be careful not to allow laws with such drastic consequences to be left at the liberty of the Executive in terms of defining sanctions and whether a person is committing an offence or not. I am concerned that the definitions here are very broad. In terms of application, a person can just come to you...

Hon. George Murugara (Tharaka, UDA): On a point of order.

The Temporary Speaker (Hon. Farah Maalim): What is your point of order, Hon. Murugara? Give him the microphone.

Hon. George Murugara (Tharaka, UDA): Hon. Temporary Speaker, is Hon. Peter Kaluma in order to mislead this House that anybody out there...

The Temporary Speaker (Hon. Farah Maalim): To deceive?

Hon. George Murugara (Tharaka, UDA): To mislead.

The Temporary Speaker (Hon. Farah Maalim): Mislead?

Hon. George Murugara (Tharaka, UDA): Yes. Is he in order to mislead this House that anybody out there in the Republic of Kenya can make any law, order, or decree with a force of law?

The Temporary Speaker (Hon. Farah Maalim): Order, Hon. Murugara. You are out of order.

Proceed, Hon. Kaluma.

Hon. Peter Kaluma (Homa Bay Town, ODM): Thank you, Hon. Temporary Speaker.

The Temporary Speaker (Hon. Farah Maalim): This is a point of argument.

Hon. George Murugara (Tharaka, UDA): It is not.

The Temporary Speaker (Hon. Farah Maalim): Order, Hon. Murugara. Proceed, Hon. Kaluma.

Hon. Peter Kaluma (Homa Bay Town, ODM): Thank you, Hon. Temporary Speaker. The point I am making, and I am happy that Members have listened to me, is that if you want to give an authority other than Parliament the power to make laws through regulations, rules, or guidelines that impose such grave sanctions such as ten years imprisonment or fines of up to Ksh20 million, then it really requires that those regulations, guidelines or rules must be subjected to, prior approval of this House, which is the authority responsible for those matters.

Hon. George Murugara (Tharaka, UDA): On a point of order, Hon. Temporary Speaker.

The Temporary Speaker (Hon. Farah Maalim): What is your point of order, Hon. Murugara?

Hon. Peter Kaluma (Homa Bay Town, ODM): Hon. Temporary Speaker, is my time frozen?

The Temporary Speaker (Hon. Farah Maalim): It is.

Hon. George Murugara (Tharaka, UDA): I plead for him to be frozen.

Hon. Peter Kaluma (Homa Bay Town, ODM): May it be confirmed?

The Temporary Speaker (Hon. Farah Maalim): I will give you additional time, Hon. Kaluma. Do not worry.

Hon. Murugara, proceed.

Hon. George Murugara (Tharaka, UDA): Hon. Temporary Speaker, in the Republic of Kenya, under the Statutory Instruments Act, no regulation whatsoever made by any regulation-making authority or anyone else has the force of law that is enforceable unless it comes to this House and approved. I do not understand what Hon. Kaluma is propagating by...

The Temporary Speaker (Hon. Farah Maalim): Order, Hon. Murugara. You repeating what Hon. Kaluma said. He is saying that even if Parliament were to give those regulations, they would still not vest those powers in the hands of the Judiciary but in a body that essentially has the powers to impose those sanctions. Am I right, Hon. Kaluma?

Hon. Peter Kaluma (Homa Bay Town, ODM): Hon. Temporary Speaker, you are right. Additionally, Hon. Murugara is right, but he is not making an existent distinction within the Statutory Instruments Act. There are regulations that can be made and promulgated by the various authorities. Under that Act, unless the Committee on Delegated Legislation intervenes, those regulations become law after a certain period. Under the Statutory Instruments Act, there are also regulations that, although initiated by the Executive in terms of regulation-making, will require prior parliamentary debates and approval. The point I am making is ...

(Hon. Mutuse consulted Loudly)

Hon. Mutuse, I established...

The Temporary Speaker (Hon. Farah Maalim): Proceed, Hon. Kaluma. Hon. Mutuse will have his time.

Hon. Peter Kaluma (Homa Bay Town, ODM): I established the Committee on Delegated Legislation before you came here. So, I know that law.

I have been interrupted.

The Temporary Speaker (Hon. Farah Maalim): Order, Hon. Members. Hon. Kaluma, when this matter comes up for debate again, you will still have five minutes.

ADJOURNMENT

The Temporary Speaker (Hon. Farah Maalim): Hon. Members, the time being 1.00 p.m., this House stands adjourned until today, Wednesday, 9th April 2025, at 2.30 p.m.

The House rose at 1.00 p.m.

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