

REPUBLIC OF KENYA
MACHAKOS COUNTY ASSEMBLY

OFFICIAL REPORT

Tuesday, 19th February, 2019

The House met at 10.35 a.m.

[The Speaker (Hon. (Mrs.) Mwangangi) in the Chair]

PRAYERS

PAPERS LAID

REPORT ON PETITION BY MACHAKOS CO-OPERATIVE UNION

Hon. Speaker: Hon. Members the paper....in the appendix by Hon. Mitaa chairperson of agriculture committee and the other one is by the Hon. Jeremiah Munguti chairperson of devolution committee. Hon. Mitaa.

Hon. Mitaa: Thank you, Madam Speaker. Hon. Speaker, I beg to lay the following Paper on the Table of the House today, Tuesday, 19th February, 2019; report of agriculture committee on petition by Machakos Co-operative union. Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Mitaa. Hon. Jeremiah Munguti.

REPORT ON INSECURITY AT GROGAN AREA OF MACHAKOS

Hon. Munguti: Thank you, Madam Speaker. Hon. Speaker, I beg to lay the following Paper on the Table of the House today, Tuesday, 19th February, 2019; report of committee on devolution and inter-governmental relations on insecurity at Grogan area of Machakos. Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Jeremiah. Mr. Clerk, proceed.

NOTICES OF MOTIONS

REPORT ON PETITION BY MACHAKOS CO-OPERATIVE UNION

Hon. Speaker: Hon. Members, under this Order, we have business as listed in the appendix and the mover of the business will be again Hon. Mitaa and Hon. Jeremiah Munguti starting with Hon. Mitaa.

Hon. Mitaa: Thank you, Madam Speaker.

Madam Speaker, that aware that the mission for the department agriculture, livestock and fisheries in Machakos County is to promote innovative commercially-oriented and modern agriculture through the development and enactment of enabling legal frame work;

Further aware that Article 119(1) of the constitution provides that every person has a right to petition parliament to consider any matter within its authority including to enact, amend or repeal any legislation;

Informed that in May, 2018 a petition by Machakos Co-operative Union limited was received in the office of the Clerk and reported to the Assembly pursuant to Standing Order 196(1);

Cognizant that the petition was committed to the committee on agriculture pursuant to Standing Order 203(1) that provides that every petition presented or reported pursuant to this part shall stand committed to the relevant sectoral committee;

Aware that the committee conducted investigations, inquired into the matter and prepared a report pursuant to Standing Order 192(5)(a), Madam Speaker, I wish to give notice of the motion that this Hon. House discusses and approves the report on petition by Machakos Co-operative Union.

Thank you, Madam Speaker.

REPORT ON INSECURITY AT GROGAN AREA OF MACHAKOS

Hon. Speaker: Thank you, Hon. Mitaa. Hon. Jeremiah Munguti.

Hon. Munguti: Thank you, Madam Speaker.

Hon. Speaker, aware that Article 6(2) of the constitution of Kenya 2010 states that the Governments at the National and County level are distinct and inter-dependent and shall conduct their mutual relations on the basis of consultation and co-operation;

Aware that after promulgation of the new constitution, there are those functions which were devolved but security matters were not devolved;

Further aware that security of citizens and their property is very paramount and deserves protection;

Cognizant that insecurity breeds fear and as a result economy of a country or county is highly affected;

Hon. Speaker, informed that in June, 2018, a Statement was sought in this House regarding insecurity at Grogan area in Machakos Town and the same was tasked to the committee on devolution and inter-governmental relations for investigations and report back to this House;

Hon. Speaker, I wish to give notice of the motion that this Hon. House discusses and approves the report of devolution and inter-governmental relations committee of the second Assembly on insecurity and Grogan area in Machakos.

Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Jeremiah. Mr. Clerk, proceed.

STATEMENT**BUSINESS FOR THE HOUSE FOR 19TH TO 20TH FEBRUARY, 2019**

Hon. Speaker: Hon. Members, under this Order, we have one business as listed in the appendix by the Hon. Majority Leader, Hon. Mark Muendo.

Hon. Muendo: Thank you, Madam Speaker. Statement of the House Business Committee, Hon. Speaker, I stand under Standing Order 41(2)(a) where during the statement hour, a member of the House Business Committee designated by the committee for that purpose, shall for not more than 10 minutes, present and lay on the table a Statement informing the House of the business coming before the House.

Hon. Speaker, the House Business Committee met on 13th February, 2019 and balloted business for this week pursuant to the provisions of Standing Order 151 as follows;

Tuesday, 19th February, 2019

Morning at 10.00 a.m.

Report of agriculture committee on petition by Machakos Co-operative Union by Hon. Moses Mitaa chairperson.

Afternoon at 2.30 p.m.

Report of committee on devolution and inter-governmental relations on insecurity at Grogan area of Machakos County by Hon. Jeremiah Munguti chairperson;

Wednesday, 20th February, 2019

Morning at 10 a.m.

Report of youth, women, People Living with Disabilities and sports committee on visitation of special schools by Hon. Geoffrey Kamulu chairperson;

Afternoon at 2.30 p.m.

Report of Justice and legal affairs committee on security breach during *Bunge Mashinani* in Kathiani ward by Hon. Moffat Maitha chairperson.

Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Mark Muendo. Proceed.

MOTION**REPORT ON PETITION BY MACHAKOS CO-OPERATIVE UNION**

(By leave of the House)

Hon. Speaker: Hon. Members, why the Clerk Assistant talked on the leave of the House, remember when you look at the Standing Order when a matter is by it either at the mercy of the Speaker, under Standing Order 1 or by an objection by two members standing immediately after the Clerk Assistant says by leave of the House.

You may not have been aware of that but the Speaker, has given leave so that the motion can be debated because this was balloted after the House Business Committee was set up as per the Standing Orders and so this is the earliest time the matter is coming up so because we also

need business, the Speaker, is requesting the House that we proceed and debate this motion and the same is by Hon. Mitaa. Hon. Mitaa, proceed.

Hon. Mitaa: Thank you, Madam Speaker.

Madam Speaker, that aware that the mission for the department of agriculture livestock for the department agriculture, livestock and fisheries in Machakos County is to promote innovative commercially-oriented and modern agriculture through the development and enactment of enabling legal framework; Further aware that Article 119(1) of the constitution provides that every person has a right to petition parliament to consider any matter within its authority including to enact, amend or repeal any legislation;

Informed that in May 2018 a petition by Machakos Co-operative Union limited was received in the office of the Clerk and reported to the Assembly pursuant to Standing Order 196(1);

Cognizant that the petition was committed to the committee on agriculture pursuant to Standing Order 201(1) that provides that every petition presented or reported pursuant to this part shall stand committed to the relevant sectoral committee;

Aware that the committee conducted investigations, inquired into the matter and prepared a report pursuant to Standing Order 192(5)(a);

Madam Speaker, I wish to move the motion that this Hon. House discusses and approves the report on petition by Machakos Co-operative Union.

Thank you, Madam Speaker. I request Hon. Beneddete Mueni to second my motion.

Hon. Speaker: Thank you, Hon. Mitaa Hon. Beneddete Mueni.

Hon. (Ms.) Mueni: Thank you, Madam Speaker. I stand to second the motion.

Hon. Speaker: Thank you, Hon. Beneddete Mueni.

Hon. Members, I invite you to debate the motion at this point.

Hon. Muendo: Point of order, Madam Speaker.

Hon. Speaker: I appreciate the point of order you are raising, I appreciate the Chair is indisposed... Hon. Mitaa you are supposed to take members through the report.

Hon. Mitaa: Thank you, Madam Speaker. I wish to table a report on the committee of agriculture on petition by Machakos Co-operative Union (MCU) today being 19th February, 2019.

Hon. Speaker: You had already laid the Paper so what you are doing is just to read the report.

Hon. Mitaa: Thank you, Madam Speaker.

Introduction

Madam Speaker, co-operative societies sector play a very important role to the members by giving them affordable financial credit and investment advisory services which help in improving the economic life of the members and the development of the country at large.

However, these co-operative societies suffer common problems associated with weak legislation, poor financial management, leadership, governance and political interference among many others.

Machakos Cooperative Union (MCU) is an umbrella organization for 81 primary organizations spread across sub counties in Machakos and Makueni counties. The original purpose behind the establishment of the Union in the 1960s was to assist primary coffee farmers societies to grow and market their coffee. Over the years the Union has grown and expanded its membership to include primary producers in handicrafts, bee-keeping and dairy sectors. In search of market, the union works with partners to build capacity, improve production and ensure quality products that meets the international standards.

Mandate of the Committee

Madam Speaker, the committee on Agriculture is established pursuant to the Second Schedule of the Standing Orders with specific mandate to deal with all matters related to agriculture, including crop and animal husbandry, cooperatives, livestock sale yards, county abattoirs, plant and animal disease control, irrigation, fisheries, cooperative societies and veterinary services (excluding regulation of the profession).

Committee composition

Madam Speaker, the committee on Agriculture comprises of the following Hon. Members;

1. Hon. Moses Mitaa - Chairperson
2. Hon. Michael Mutiso– V/Chairperson
3. Hon. Agatha Mutunga- Member
4. Hon. Benedette Musyoka
5. Hon. Eric Musembi
6. Hon. Geoffrey Kamulu
7. Hon. Joshua Nzuki Muli
8. Hon. Constance Nzioki
9. Hon. Antony Mulu
10. Hon. Nicholas Mutuku
11. Hon. Paul Nyanzi
12. Hon. Rozina Kanini
13. Hon. Tariq Mulatya

Background information and prayer of the petitioner

Madam Speaker, in May, 2018, a petition by Machakos Cooperative Union Ltd was received in the office of the Clerk and reported to the Assembly pursuant to Standing Order 194(1) that states that a petition to the Assembly shall be submitted to the Clerk by a petitioner and reported to the Assembly by the Speaker.

The petition was committed to the Committee on Agriculture pursuant to Standing Order 201(1) that provides that every petition presented or reported pursuant to this Part, shall stand committed to the relevant Sectoral Committee.

The Prayer of the Petitioner was as follows:

1. To be assisted in untangling from an existing facility debt of Ksh. 50 million secured from Cooperative Bank of Kenya.
2. To be considered in the distribution of either free or/and subsidized farm inputs.
3. Request of the coffee farmers to be included in the County Integrated Development Plan (CIDP).
4. Creation of a revolving fund to assist coffee farmers in production and in harvesting.

Legal Framework

Madam Speaker,

1. Section 29 of Part 1 of the Fourth Schedule of the Constitution provides that Agricultural Policy is a function of the National Government. Further section 7 of Part II of the Fourth Schedule provides trade development and regulation including marketers and cooperative societies is a function of the county government.
2. Article 119(1) of the Constitution provides that every person has a right to petition Parliament to consider any matter within its authority, including to enact, amend or repeal any legislation.
3. Kenya is a member of the International Coffee Agreement and also a member of the International Coffee Organization. Article 1 of the International Coffee Agreement provides for Agreement that ‘the objective of this Agreement is to strengthen the global coffee sector and promote its sustainable expansion in a market-based environment for the betterment of all participants in the sector.’
4. Section 10(1)(a) and (b) of the Crops Act No.17 of 2013 establishes a Fund whose monies shall be used to provide sustainable affordable credit and advances to farmers for all or any farm improvement and farm inputs as may be approved by the Agriculture and Food Authority.
5. County Assembly of Machakos Standing Order 194 states that;
 - (1) A petition to the Assembly shall be:
 - a. Submitted to the Clerk by a petitioner and reported to the Assembly by the Speaker; or
 - b. Presented by a Member on behalf of a petitioner, with the consent of the Speaker.
 - (3) The Clerk shall, within seven days of the date of receipt of the petition, review the petition to ascertain whether the petition meets the requirements of these Standing Orders and of the law.
 - (4) Where the Clerk considers that a petition does not comply with paragraph (3), the Clerk may give such directions as are necessary to ensure that the petition is amended to comply with that paragraph.

(5) The Clerk shall, if satisfied that the petition meets the requirements under paragraph (3), forward the petition to the Speaker for tabling in the Assembly.

6. Standing Order 201(1) states that every petition presented or reported pursuant to this Part, shall stand committed to the relevant Sectoral Committee

Committee observations

Madam Speaker, in July, 2018, the committee held a meeting with Chief Executive Officer of Machakos Cooperative Union who is also a board member of LECOM and the following matters were observed:

Request to be included in the County Integrated Plan (CIDP)

Madam Speaker, the petitioner complained that the County Government of Machakos has not been including coffee farmer's views in the CIDP as required and this has led to side lining of Cooperative Societies from benefiting from the spirit of devolution.

Articles 10(2)(a) of the Constitution provides for participation of the people in governance. Section 107(2) stipulates that the County plans shall be the basis for all budgeting and spending in a county.

Hon. Speaker: The constitution has Articles so which law is it you have quoted?

Hon. Mitaa: County Governments Act, Madam Speaker. Madam Speaker, one of the constraints witnessed in implementation of the 2013-2017 CIDP was poor involvement of all stakeholders during planning and implementation of programs/projects which led to poor adoption, lack of community ownership and delayed implementation.

Inclusion of MCU in the issuance of free or/and subsidized farm inputs

Madam Speaker, the petitioner stated that matters of cooperative societies such as provision of farm inputs, capacity building and financing were not addressed by the County Government in the previous financial years. This has led to low profits to farmers, difficulties in sustaining coffee production and low coffee production owing to insufficient technical capacity.

The committee observed that in Annex 1 of the proposed Machakos CIDP 2018-2022 there is provision of subsidized fertilizer, indigenous chicks and free certified seeds in all Wards of Machakos County but provision of pesticides and technical capacity to farmers was not adequately considered.

Creation of a revolving fund to assist coffee farmers in production and in harvesting

Madam Speaker, a revolving fund is a fund or account that remains available to finance an organization's continuing operations without any fiscal year limitation because the organization replenishes the fund by repaying money used from the account. Revolving funds have been used to support both government and non-profit operations.

The petitioner informed the committee that once farmers deliver their coffee to their specific cooperative societies, they have to wait for a whole year to receive their payments once marketing is done. This is because the cooperative societies do not have a separate kit they can use to advance the farmers as they wait for the actual payment.

It has therefore proved difficult for these farmers to address their daily financial needs given that they entirely depend on coffee as their source of income. This scenario has forced many societies to sell their coffee to coffee millers mostly from Central Kenya such as Tropical Farm Management, Sasini, Thika Coffee Millers because these companies have financial capacity of giving advances to farmers.

Some County Governments in Kenya have realized that coffee sector is currently facing financial challenges and therefore there is need for interventions. In 2016, Busia County enacted the Busia County Trade Development Revolving Fund Act, 2016. The object and purpose of this Act is to provide for a legal framework for establishment of a Revolving Fund to promote micro and small enterprises in the County in order. This is a good move done by Busia County and Machakos County can still undertake this legislation if it is ready to help its farmers.

Assistance in untangling an existing facility debt of Ksh. 50 million secured from Cooperative Bank of Kenya

Madam Speaker, the petitioner informed the committee that the Union secured a loan worth Ksh. 50 million from Cooperative Bank which was used to purchase and install the LECOM coffee mill. The management of the Cooperative Union had agreed with the various cooperative societies that are under the Union that after the mill came into operation, each cooperative society will purchase shares worth Ksh. 100,000 and the share capital was to be used to repay the loan.

The petitioner went on to say that these societies did not abide by the agreement because most of them opted to sell their coffee to millers from Central Kenya from where they could be advanced money to pay coffee farmers awaiting marketing, hence they had a better deal.

As a result shares were not purchased as agreed and so the Petitioner has been struggling to repay the loan. The committee was also informed that the Cooperative Bank of Kenya has been writing letters threatening to sell the mill and other property.

Findings

Madam Speaker, based on the above observations the committee arrived at the following findings:

1. That in the financial year 2018/2019, there was no budgetary provision for cooperative societies in Machakos County and so actual implementation of provision of farm inputs to farmers was practically impossible.
2. That delayed payment of coffee farmers coupled with high cost of farm inputs has been a major challenge facing coffee farmers.
3. That participation of people in governance forms one of elements of devolution as provided in Article 10 of the Constitution and Section 107 of the County Governments Act, 2012 that stipulates that county planning shall provide for citizen's participation.
4. That Section 116(1) of Public Finance Management Act mandates the County Executive Committee Member for finance to establish a fund with approval of County Executive Committee and the County Assembly.
5. The original arrangement of the Petitioner and coffee societies on how to repay the Ksh. 50 million loan from Cooperative Bank has been unsuccessful since societies did not purchase shares from LECOM as agreed. The loan has continuously accrued interest which the petitioner is finding hard to repay.

Recommendations

Madam Speaker, the committee recommends as follows:

1. Pursuant to Section 116(1) of Public Finance Management Act, the County Government of Machakos should establish a revolving fund specifically for coffee societies. This will increase the liquidity of the Societies and improve their financial welfare. In 2016 Busia County enacted the Busia County Trade Development Revolving Fund Act, 2016. The object and purpose of this Act is to provide for a legal framework for establishment of a Revolving Fund to promote micro and small enterprises in the County.
2. The County Government of Machakos should implement Section 10(1)(a) and (b) of the Crops Act No.17 of 2013 that establishes a Fund whose monies shall be used to provide sustainable affordable credit and advances to farmers for all or any farm improvement and farm inputs as may be approved by the Agriculture and Food Authority.
3. In 2019/2020, the County Government of Machakos should provide a budget allocation specifically for Cooperative Societies, Machakos Cooperative Union included to help address the financial challenges of cooperative societies, capacity building and purchase of farm inputs.
4. The County Government of Machakos should negotiate with companies like FarmChem to get subsidized farm inputs for farmers. This will reduce cost of production and improve the welfare of coffee farmers hence respond well to the request of the petitioner on provision of subsidized farm inputs.
5. Pursuant to Article 10(2) of the Constitution and County Government Act Sections 94, 95 and 96, the County Government of Machakos should improve its method of conducting public participation by giving target groups like cooperative societies and business groups invitation letters so that their views can be well articulated in planning documents like CIDP, ADP and Budget Estimates. In this case, the request of the petitioner to be considered in developing the CIDP will have been addressed.

Conclusion

Madam Speaker; In order for the County Government of Machakos to realize some of its goals of lifting the living standards of its residents, providing employment and promoting the spirit of devolution there is need for the County Government to intervene to rescue some of its entities that are collapsing due to managerial or financial constraints.

Cooperative Societies are some of these entities which are highly depended on by both low and middle level class of people in terms of their economic muscles. It is therefore my privilege and pleasure on behalf of the Committee on Agriculture to table before this Hon. House the report on Petition by Machakos Cooperative Union for discussion and adoption. Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Mitaa.

(Question proposed)

Hon. Members, you may now proceed with debate.

Hon. Museku: Thank you, Madam Speaker. I would like to congratulate the chair for the good report you have written and presented before this House in as far as this petition done by Machakos Cooperative union. Madam Speaker, Machakos as a county and the sub-counties of Machakos Town, Kathiani and Kangundo are predominantly coffee-growing and agricultural areas and they depend on the cooperative unions and other coffee processing facilities within the counties to enable them process their farm inputs.

The issues raised here are affecting our farmers. Personally, I am a farmer; I grow coffee and I have been the chairman of Mung'ala coffee factory before I became the MCA here and I was also the director of LECOM which is a coffee processing mill here. So, as far as matters of LECOM and cooperative unions are concerned, I am well-versed. The issue articulated here, especially finances, the Ksh. 50 million they are talking about, it is true that when the cooperative societies agree that they should be able to provide Machakos County with a coffee milling plant and it was agreed that each of the coffee farmers would contribute Ksh. 300,000 as stated in the report.

There is one thing about agreement and them being able to meet what they agreed upon; the problem was Lower Eastern Coffee Mill (LECOM) does not have marketing rights for coffee. That means LECOM only gets raw coffee from the farmers and they can only peel it and they cannot sell in the international markets because they don't have a license.

So what they charge farmers is milling fee which is very minute as far as the entire cost of production is concerned. You will find a whole factory may just pay LECOM in a whole year Ksh. 240,000 per year per factory. Once they finish milling, they transport the coffee to Sasini, Thika Coffee Mills and to other milling firms, most of them in Central Kenya which have been given the license to market.

The end result is that the marketing fee which is a hefty amount in the process of marketing of coffee does not come to LECOM but it is now taken over by Sasini, Thika Coffee Mills and others which have been mentioned in this report. As a result, LECOM does not have the muscle to support its farmers in them taking coffee to its mill. The farmers then failed to provide the Ksh. 300,000 which was required to repay the loan of Ksh. 50 million because they said 'if we take our coffee there and they cannot market the coffee, the little money they are going to make from a factory Ksh. 250,000 is not enough to support.'

So they failed to take their coffee their and the factory (LECOM) went into debt. The only way to help this as recommended by the committee is for the county government of Machakos to look at ways of being able to provide budgetary support to LECOM and the cooperative unions to assist them in making sure they can pay their obligations and appealing to the county government to see how we can Machakos as a county deserves to a get a coffee mill which has also got marketing rights.

What they did to prevent is people from entering, they allocate Ksh. 1 billion; actually US \$100 million bond before you can be given a marketing license. How will a small growing coffee mill like LECOM be able to raise \$100 million; it is not possible. But that was just meant to make sure they do what we call entry barriers so that they remain a few five coffee milling plants and they remain like that and they have that monopoly.

Since none of them is in our county and we are now in a devolved environment, we would be requesting our government to go and petition and make sure that LECOM is exempted from that very huge marketing bond which is required so that we can have one of our coffee mills marketing.

(Applause)

The minute LECOM manages to start marketing coffee for our farmers, things will change drastically. You will see all the coffee farmers here bringing their coffee here and not transporting it to Kiambu or Thika but bringing it here and making sure all the monies which are collected within our county are retained within the county.

So, my request would be, as the county government implements this very honorable recommendations made by the committee of Agriculture, they also keenly pursue that issue of ensuring we get a marketing licence so that we can add value to the coffee which we are producing in our area. Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Museku. Hon. Majority Leader.

Hon. Muendo: Thank you, Madam Speaker. Let me also air my views on this report which is well prepared by our able chairman in Agriculture committee. I would like to address the issue of funding for the cooperatives. With an experience, I was once a director with Tea Board of Kenya and tea and coffee are managed the same way because most of them are under cooperatives and the small-scale farmers are the drivers of these coffee and tea cooperative societies.

It is not easy for the government to give money but when I was in Tea Board, the board came up with a very good idea because the small-scale farmers in tea used to suffer the same. They supply the green leaves to factories and then they are paid after a year which was a problem but the board came with an idea which was good. First, we started registering all the small-scale farmers who were in the tea sector; we gave them registration numbers and code numbers.

We did a lot research that we would know each farmer in Nandi Hills, the acreage he has and how many trees he has. The same can be done with coffee in Machakos; to establish how many farmers we have, acreage per farmer and after you register them, the way we did in Tea Board, we went to the bank so, that is what the county government should be doing to assist the cooperatives.

They go to the bank with the list of the farmers with the acreage and the production and guarantee the farmers that when they are waiting to be paid they can access the bank, get credit, pay school fees, do a few things and when the payment comes, they deduct that money but the bank will be guaranteeing the farmers that whatever they need for daily use, they can get.

It is my view, we advise our farmers in coffee that they form those societies which are there then the county government through the department of agriculture, takes those cooperatives to the bank and invite the banks first to see what percentage and they consider the distribution of the branches that bank because you cannot tell somebody from Kangundo to come all the way to Machakos; we have to look for banks which are distributed within those areas where the farmers grow coffee. That will help the small scale farmers; he will be having some money in his pocket when he is waiting for the funds to be released by the miller.

The other issue on these cooperatives, we know the \$100 million which was mentioned by Hon. Museku was a cartel of the rich people. They came up with the same in Tea Board which is six billion (??) for you to participate in the auction in Mombasa. So, that was a cartel group with money to be controlling the prices. The same with coffee, they put the dollar at that level for the local company not to be milling and marketing.

So *akina* Pius Ngugi, sorry to mention, of Thika Coffee Mills try to make a kill out of our farmers which is very bad. Let me say, the coffee in Machakos is the only cash crop which we can rely on and this should be supported by this House because most of the people here went to school through coffee like Hon. Young Mitaa and others.

Hon. Speaker: Who is Hon. young Mitaa?

(Laughter)

Hon. Muendo: I withdraw; Hon. Mitaa sorry and the Deputy Speaker I understand he is here because the father was a farmer of coffee. It is the high time Machakos must be serious on coffee farmers. Where I come from, we don't grow but we consume coffee and coffee is sweet and let me say when I was in the Tea Board, we used to meet people from the coffee world and what some of us don't know is that we produce the best coffee in the world. That is true.

(Applause)

We produce the best tea in the world, so we are gifted and Machakos is part of the people who produce the best coffee. I would like the committee to go further and engage the Executive with this document and whatever calls for the coffee in Machakos to be sustained because that is the only cash crop which can make farmers earn and have something in their pockets. Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Majority Leader. Hon. Jeremiah.

Hon. Munguti: Thank you, Madam Speaker. First, I would like to congratulate the chairman of this committee for bringing a comprehensive report which is affecting the lives of people and to comment on some of the issues which have been highlighted. I would like to concur with Hon. Museku, who said that it is through farming of coffee that majority of the Hon. Members here are where they are.

Secondly, the petitioner of this report had a motive and we can see Machakos Cooperative Union under the umbrella of 81 primary organizations had a dream for the larger Ukambani region and this is the time wake up. Madam Speaker, we are very happy on the SEKEB because this lies squarely on that economic bloc.

We have many cooperatives which have died due to lack finances and I want to say that these unions need to be funded and as we can see on the report that Busia County have established a kitty which is helping their people to market their produce.

It is the high time as Machakos County Assembly we formulate laws which can enable our farmers to produce their own in their farm inputs and market them locally. I want to concur with the Members that when we produce and sell our own products, the profit margin will go up and this will lift the living standards of our people.

On page three where we have the Ksh. 50 million secured loan from Cooperative Bank of Kenya which is a debt from the said cooperative union. It beats logic when these people agreed to get a loan of Ksh. 50 million and the cooperatives included in the union decided to take their coffee to other firms and this was due to lack of funds because you cannot tell me to bring my produce to you then wait for a whole year; this will make me bankrupt.

As much as I would like to promote my coffee firm, I will not be able to sustain my family and that is the reason these people took their produce to Thika, Kiambu and the likes. This rise of \$100 million for people to have direct selling of their produce to other areas of the world, I think this is against the law and as a county, we also need to formulate our own laws and as the chairman of devolution, I am requesting the Hon. Members of this House to support this Committee so that we can go and engage other firms so that we can see our people given the certificate their produce in the world.

When you look at point three of the International Coffee Agreement, what we can do is emphasize on the Assembly Standing Orders which states a petitioner should be heard and many of the petitions which are coming in this Assembly are taking so long to be brought to this Assembly to be discussed and given the due time they require. So from the office of the Clerk, immediately a petition comes to our Assembly and it can be referred to the relevant committee and discussed in the right time so that we can work for our people.

On the issue of the CIDP, I concur with the chair of agriculture that as we do our budget for 2019/2020, it is the high time we give our cooperatives a consideration in our CIDP for the coming year so that our people can be supported and market their goods as long as they wish to. It is also wise on subsidized farm inputs, we ensure that our farmers are given so that we can improve our agriculture and encourage our farmers.

As many have said, on the findings of the committee, I have realized their findings were good and I want to support that this company LECOM, if it is supported it is good so that they can pay their Ksh. 50 million loan and through the chair of agriculture, we can organize a public participation for those incorporated 81 cooperatives so that we can talk and agree on a way forward and they can come back to LECOM and start giving their produce and same time secure loans and help LECOM to repay their loan.

I support the report and I request Members to approve the report so that it can find its way to the right direction. Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon, Jeremiah. Hon. Muthoka.

Hon. Muthoka: Thank you, Madam Speaker. I am from Mitaboni ward, an area where we grow coffee, we have a cooperative society called New Mitaboni Cooperative Society consisting of five societies namely; Utooni, Kithima, Kalua, Mbumanthi and Mbee. So, it is a big cooperative society. As we support this report from the Agriculture committee, I think there are some recommendations we can still add. Why these cooperatives are refusing to pay this money or refuse to join LECOM, Madam Speaker these farmers do not have confidence with the board of directors in LECOM.

Some of them and I will not fear naming; we have a man called Katindima, he has been there since I was born since 1970 I do not know why and the man has overstayed there and he is past date now. This man has to go home before our county gives this Ksh. 50 million, these people have wasted a lot of funds. Why am I saying that? This Kiamba mall used to be a property of Machakos Union and it was sold out. This tall building opposite Cooperative Bank of Kenya Machakos branch, we do not know how much rent it collects up to now.

There is no single day we have been called as members and be told this is the rent that has been collected for this year, this is the money each member will get; we do not know. We have a lot shares at Cooperative Bank of Kenya, we get dividends every year, there is no single

day this board has called us and told us we received dividends of Ksh. 5 million or Ksh. 4 million so let us share.

Even this Ksh. 50 million, if we had a good board of management, I am telling you these societies could have joined long time ago. So, Hon. Jeremiah, if you go to Mitaboni now and tell people to come and join you will not see anyone; they have refused totally. So, we can recommend that as we allocate money on this cooperative, let us also change the board of management. Thank you, Madam Speaker.

(Applause)

Hon. Speaker: Thank you, Hon. Muthoka. Hon. Kalumu.

Hon. Kalumu: Thank you, Madam Speaker. The report is good; I want to congratulate the chairman and the committee Members for giving an extensive report on coffee production in our County and the larger Lower Eastern region. I will start with the CIDP where the report has said the issues of coffee were not included in the CIDP. Some of the serious matters in the County are not being taken seriously. What we need to do is get proper commitment on how well we can manage the resources we have and involve each and every person who can bring good ideas to manage our resources because coffee is a resource.

If you cannot include coffee in the CIDP of 2013-2017, I think that was a very big mistake and I do not know whether it was included in the current one which has not been approved and that shows the failure of a certain organ within the county; sorry to say. Another thing is the monopolization of the marketing of coffee in Kenya. We would like, as a county, to request the national government to repeal that requirement of monopolizing coffee and giving rights to certain regions and leaving Ukambani region without a single rights of selling coffee. That is enslaving our farmers and making us slaves of farming without selling.

Our leaders, because we have leaders who are beyond us, our leaders then and now; there was a gap which made our people slaves because you cannot produce anything or something and you are not able to sell. That is a very big mistake. So, we call upon our area Members of Parliament because that is where it belongs, to go and put across a motion within that House and bring what is right back to a regionalized entity like LECOM.

Another thing, Madam Speaker is what has been mentioned by my fellow member here from Mitaboni. Some of the companies are making losses because of mismanagement and if we get a serious commitment of managing resources well, then Ksh. 50 million for an entity like LECOM is something which is very small comparing the number of operative societies in involved because this was an objective of members and the objective was to come together to build synergy so that they can have a good negotiation power.

But as you see here, they brought their ideas together and the funding was not there because you cannot bring your ideas together and then you do not bring the money. This shows lack of proper management and lack of ideas within the board members because they brought the ideas, they brought the cooperatives together, but the initial stage of any idea to become something viable should be funding.

The first thing they have put across is how much before we go to negotiate with a certain bank for it to give us some money we need to contribute something; something which is not even mentioned here, I don't know whether they contributed some. So, they went ahead and took a loan without contributing because the initial money which were to be given was Ksh. 100,000

and our dear brother here Hon. Mbuva is telling us members did not or they are not able to contribute to that because of the manner of management.

Another thing, Madam Speaker, is time value for money and time value for money is one factor; you cannot manage to pay somebody yearly and then you expect him to bring his or her produce to you yet there are some costs in between which are involved. How will it be able to manage the situation or to manage the fund? Madam Speaker, if they want also to grow and manage their people and their goods well, they need to re-check the issues of payment of farmers. They can go for a bank guarantee and be issuing for payments for the farmer, not to also to enslave them for a year waiting for money which they are not even sure whether it will come.

Another issue, Madam Speaker, is the county government also is lacking commitment to its own people and it should bring serious attention to farming because it is the backbone of this country not only in Machakos County. If they bring serious ideas on how they can support some of the entities which are growing coffee and LECOM being the umbrella body, Madam Speaker, we will help our people out of poverty.

So, Madam Speaker, what I can say is we need to support farming of coffee in Machakos County through the ideas of this committee. The committee has suggested the realization of a revolving fund but I would repeat the sentiments of my friend Hon. Mbuva; before anything is done, let them first of all re-organize their family, LECOM directors and what have you so that before we invest on them, we need to see seriousness in their house. Let them organize their house first before we do that.

Again the giving of subsidized seeds and fertilizers, Madam Speaker, it is a brilliant idea and also budget allocation, I think I have been there for seeds and fertilizers but in real situations Madam Speaker, in our budgets we have not realized some of the allocations we have made to seeds and fertilizers. Subsidized fertilizers have been allocated money before, in this House, but Madam Speaker it has not been realized.

We need first of all to see the little which has been allocated to seedlings and fertilizers because that is one factor of helping our framers also to realize their dreams. So, the issue of budgeted allocation, everyone here knows very well is a serious problem in Machakos county. So, without talking too much, Madam Speaker, I support this report and say it is a good report and we need to support it Members so that it can see the sun. Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Kalumu. Hon. Musyimi.

Hon. Musyimi: Thank you, Madam Speaker. Madam Speaker, I stand to support the report. Madam Speaker, this report was well-prepared, actually they did good research and they have talked what is necessary for the people who are actually the farmers. Madam Speaker, I come from a coffee-growing zone. Madam Speaker, before the cooperatives were formed, there were societies and factories which have come with the idea of making this cooperative.

Madam Speaker as we talk now, these societies are dying. Farmers have got no support. Actually, after harvesting their produce, where they sell their yields, some people have talked of Sasini and other entities which actually buy the coffee; Madam Speaker they are not serving the interests farmers well. So, this operative which was formed here in Machakos, was formed with the idea of serving farmers and yet itself it is not serving the idea which it was formed for.

Madam Speaker, it is my idea that.....I request this Hon. House, to come up with a solution that there is order of this cooperative should work so that it may be helping the farmers. Madam Speaker, in the report there is an idea of forming and revolving funds; I had the same

idea and already I have a Bill which I brought.....I think it passed through your office and the office of the Clerk; it is now in the Legal office although---

Hon. Speaker: Hon. Musyimi if you could have done it in the first.....(Inaudible)

Hon. Musyimi: Madam Speaker, it is there.

Hon. Speaker: It did not come to my office.

Hon. Musyimi: Oh, sorry. I asked the legal officer and told me that it passed through your office and the office the Clerk.

Hon. Speaker: Tell them to come and bring it.

Hon. Musyimi: Okay. Right now, when I requested about it they told me it is now in the executive it has being lying there for a while. So, Madam Speaker, it is a good idea that the committee came with that observation and yet I was with the same idea. So, I request this Hon. House to support the idea so that we may support and care for our farmers who are the backbone of this county.

(Loud consultations)

Hon. Speaker: Order, Members.

Hon. Speaker: So, Madam Speaker, I stand to support the report and I request this Hon. House to work faster so that we may save our farmers. Thank you, Madam Speaker.

(Applause)

Hon. Speaker: Thank you, Hon. Musyimi. Hon. Kisini.

Hon. Kisini: Thank you Madam Speaker for also giving me time to also give my input on this report. I want to start by thanking the committee for bringing such a good report. I wanted to start by just giving a small history of about coffee. Way back 1970s late 70s and early 80s, coffee was doing very well and this was because of the fall of coffee from Brazil and I think Brazil is still one of the world market producers.

Since their crop had failed because of the climatic conditions there, Kenyan coffee improved. So, the Kenyan coffee and the Machakos coffee through the cooperative union improved a lot and farmers were getting good deals out of it. Then in late 1990s, it totally failed and that was the start of problems in the Machakos cooperative union and because of that failure, Brazilian coffee improved and the Kenyan coffee failed. So, the union was also managed badly and because of that of that poor management, it almost collapsed hence the union had a banking sector whereby in that bank, farmers had their money there.

That resulted to the selling of some of their assets like some of the assets which were said by Hon. Muthoka, they also had a plot at Athi River and they had many assets which they sold so as to pay farmers and employees who used to work with the cooperative union. I think that is that reason why they sold most of it but later on, they came up with that idea of having the LECOM

or have a factory to process their own. I would say that was a very good idea because it is also good, we have our own instead of selling coffee through other areas.

So, it is my humble request, as the petitioner has said, to request or to compel the county government to bail out this LECOM by providing, by budgeting the Ksh. 50 million and bailing out so that LECOM company can stand on its own and it can be able to process coffee and Madam Speaker, I am saying it is also good they become a marketer so that they can be selling their own products and competing with the world market.

I am saying, as one of Hon. Members said, some of them are very old; yes it is true because the chairman, as he said, came from the Coffee Board of Kenya which was the sole marketing agent for Kenya coffee and I think that he is the one who brought those ideas of having our own. As they are saying, I am also say and admit that we reorganize the committee and have a new brass like our Hon. Deputy Speaker and so forth so that they can come up with good ideas to improve the services of the union.

(Applause)

So, my three request are that we again compel or request the county government to bail out those farmers, to have subsidized inputs and maybe to have that coffee-marketing license so that we can process, sell, and pay even half of that revolving fund which can also assist in advancing our farmers so that they do not go to sell coffee outside.

What I am also saying or requesting is for those Hon. Members who come from the cooperative societies to show the way, to talk to the farmers, to have a good idea of supporting LECOM. So, because it is only one of our own, we support it to stand so that we do not or be misused by the companies outside. Thank you, Madam Speaker. I want to say I come from Kangundo; we sell coffee but in very small bits not in large quantities. Thank you, Madam Speaker.

(Applause)

Hon. Speaker: Thank you, Hon. Kisini. Hon. Ndambuki.

Hon. Ndambuki: Thank you, Madam Speaker. I am in support of the motion and I wish to first thank the committee of Agriculture for putting together this report. Madam Speaker, in the preamble, Machakos County has almost half of it being a coffee-growing zone. Four sub-counties out eight grow coffee. What this tells us is that with devolution having one agenda of devolving economies to the lowest level of governance that we have, it is my belief that as county government then need to look at those economic activities that contribute too much of our GDP as a country and we support them.

Here in Machakos is looking it as four sub-counties grow coffee, then the county government of Machakos should move with much speed and see in how best they can support farmers of these county who grow coffee. Madam Speaker, majority of us here have gone to school with their parents using money realized from coffee to educate them.

Madam Speaker, I will concur with the Members of this Assembly who have spoken before me and who have given suggestions that we need to reconstitute the board of Machakos Cooperative Union to give it a face that represents coffee farmers.

(Applause)

As it is now, Madam Speaker, most of the coffee cooperative societies are averse to the idea of them selling coffee or bringing it to LECOM for milling because they are not represented in the management of the LECOM. If we were to give them trust that whatever they bring to LECOM will be handled with utmost respect since they own majority of the shares in LECOM, then our farmers will bring all that coffee here.

Again, Madam Speaker, for us to ensure that LECOM keeps on moving and helps us grow the economy of Machakos County, then it goes without saying that we also need to ensure to empower the farmer who is at the beginning of the supply chain. One way of empowering these farmers is ensuring that the county government of Machakos, as I had spoken earlier, is in the support of these farmers. We can as the county government can come up with an idea of setting up an office, a directorate that solely deals with matters coffee in this county.

(Applause)

This will be a liaison office where matters that need to be handled about coffee, selling, how farmers will be empowered, then those matters can be channeled through that office.

I want to applaud Members of this County Assembly, Madam Speaker, in that we passed budget for this financial year where we wanted to support our farmers and Madam Speaker, just to do a recap; we passed a budget where in each ward we had proposed that we identify 500 farmers who will benefit from 2 bags of subsidized fertilizer. Again, Madam Speaker, 500 farmers will benefit from 4 kg each of quality seeds. If this is followed to the letter and implemented, then we will be empowering our farmers.

Remember that H.E. Hon. Uhuru Muigai Kenyatta, has put food security is one of his Four Agenda and we need to support that as county government of Machakos. Madam Speaker, I will also allude to the fact that by setting up a revolving fund for our farmers will also be a sure way of ensuring that our coffee factories are up and running and do not fall in the pitfalls of poor management and lack of continuity in cases where calamities like drought bit them hard and the produce they have is not able to break even for the cost they have. So, Madam Speaker, I am in support of the report. Thank you.

Hon. Speaker: The mover of the motion, Hon. Mitaa.

Hon Mitaa: Thank you, Madam Speaker. I wish to take this opportunity to thank my colleagues for their positive contributions towards the Agriculture report. I also wish to thank my colleagues in the committee for their time and our Clerk Assistant. Madam Speaker, from what I have learnt from my colleagues' contributions, I wish to state that; late last year we had another related report on something close to our today's report and we had recommendations which actually touched on issues raised by Hon. Mbuvi from Mitaboni; we had recommended on change.

Hon. Speaker: We don't have Hon. Mbuvi here.

Hon. Mitaa: Hon. Mbuva, Madam Speaker, Mitaboni. Fredrick Muthoka. Madam Speaker, we had actually recommended on change of leadership, the management of this

institution. We had also recommended on separating Machakos Cooperative Union from LECOM because combination of MCU is not purely on coffee matters.

Since LECOM is dealing with coffee matters, we had actually come up with that idea from Hon. Ndambuki that LECOM is run independently and that it handles its issues independently but had actually proposed that every cooperative society across Machakos County to ensure there is one representative sitting in the executive management of LECOM.

So, Madam Speaker, I think we will make a follow-up, merge the two reports, see the recommendations on and also the best way on they can be merged because Madam Speaker, I can assure this House that we have passion to have reforms in coffee farming and any other agricultural activity which might be taken within Machakos County. So, Madam Speaker, with that, I thank the Assembly and the office of Clerk for everything they have done to this committee facilitation and everything. Thank you, Madam Speaker.

(Applause)

Hon. Speaker: Thank you, Hon. Mitaa.

(Question put and agreed on)

Hon. Speaker: Hon. Members, I would like to challenge this House to try and execute the issue. You prosecute it quickly as possible and I want to challenge Members of the Assembly; it was a communication.....(Inaudible)

Secondly, I notice that the matter you have just discussed is squarely in a function of the county governments and I want to challenge this House because agriculture is very vital for the people of this county; can you take up even if it is just coffee farming and run with it and the two or three sessions remaining, can you make an impact in reforming the coffee industry.

(Applause)

Even if you don't do anything else in agriculture which I challenge you also to do, at least you look one day and say, 'look, when we got here, we reformed the coffee industry.' I listened to Mheshimiwa Kisini saying that he comes from Kangundo and that little coffee comes from there but everybody who knows Ukambani and Machakos knew it because of coffee growing in Kangundo; what happened? Please, can we do something!

Then there is something about formulated laws and I have happy Mheshimiwa Musyimi has taken it up particularly on the coffee industry. Let it come, I know we will fast track it so that we can pass that law and I have offices that can assist you in doing very good work.

Members, on the issue of the Ksh. 50 million debt, remember that it is tied to the management of the affairs of coffee and I have a lot about LECOM and the union. Even as we work towards the way about this debt as Hon. Mitaa promised, look to the management issues.

There is a fund that the national government has set up to promote coffee growing and regions has been getting waivers; why are you not pushing for waivers to come also to the debts that are making it impossible for the coffee industry to be reformed. Hon. Mitaa, I challenge you together with other members; please take the lead so that you can also write to the national

government for purposes of seeking a waiver on this debt but remember, it has to come with reforms in the leadership of the body.

Now, the issue of CIDP and coffee farmers' needs and actually generally agriculture, the House is yet to pass the CIDP. Please look into it so that when it comes to be debated here, include the issues on coffee farming if they not catered for as well as other issues on agriculture.

The issue of monopoly in market may go further than this Assembly and there are ways that I communicated from paper to Hon. Mitaa as you were going on; maybe you will consider that because there is a law against monopoly in this country and you can always seek the necessary declarations particularly in court if it does not work through a resolution of this Assembly.

Finally, for me, delayed payment of farmers, those are matters that you are going to address when you are going to do the reforms in the coffee industry and I have no doubt that you will see it working. The office of the Speaker will support every action and effort towards reforming the coffee industry. Let us run with it as the programme in agriculture. Thank you, Hon. Members.

ADJOURNMENT

Hon. Speaker: At this moment, Hon. Members, the sitting will be adjourned and it will resume on the 19th day of February, 2019 at 2.30 p.m. that is today. Thank you.

The House rose at 12.11 p.m.