REPUBLIC OF KENYA

COUNTY ASSEMBLY OF LAIKIPIA

THE HANSARD

Wednesday, 7th July, 2021

The House met at the Assembly Chambers at 2.30 p.m.

[The Deputy Speaker (Hon. Daniel Nyausi) in the Chair]

PRAYERS

QUORUM CALL

Deputy Speaker: Clerk, confirm whether we have quorum.

(Lack of quorum confirmed)

Deputy Speaker: I order the Serjeant at Arms to ring the bell for ten minutes. Thereafter, for another five minutes if we will not have achieved the quorum.

(Quorum bell rang for four minutes)

Deputy Speaker: Clerk confirm whether we have quorum.

(Quorum confirmed)

Deputy Speaker: Hon. Members, before we go to the debates of the House, I would like to remind Hon. Members that some of us are getting into this Assembly without bowing as per our orders. Some of us are doing things contrary to the orders of this House. Let me remind you that this is an Honourable House and the honours of this House starts from Hon. Members. If some of our Members are not honouring the regulations of this House, probably no one will honour you in other places.

As much as it is ruled, let us honour it and ensure that we adhere to the rules and regulations in this House.

MOTION

LAIKIPIA COUNTY GOVERNMENT QUARTERLY REPORT AND FINANCIAL STATEMENTS BY THE TRADE, TOURISM AND COOPERATIVES COMMITTEE

Hon. George Meshami: Mr. Speaker, Sir, I beg to move the following motion;

THAT this Assembly adopts the report of Trade, Tourism and Cooperatives Committee on County Governments of Laikipia (Executive) quarterly report and financial statement for the period ended 31st December, 2019 dated July, 2021.

Mr. Speaker, I would like to go through this report for the Department of Trade. On behalf of the Members of the Committee on Trade, Tourism and Cooperatives pursuant to the provisions of Standing Order No. 191 (f), it is my pleasure and duty to present to the House, the committees

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report on the Laikipia County Cooperatives Development revolving fund quarterly report and financial statement for the 2nd quarter ended 31st December, 2019.

Committee Membership

The committee as currently constituted, comprises of the following members;

1. Hon. Judy Lukio -Chairperson
2. Hon. George Meshami -Vice Chairperson
3. Hon. Irene Wachuka -Member
4. Hon. Mary Samken -Member
5. Hon. Simon Kanyutu -Member
6. Hon. John Mutahi -Member
7. Hon. Chris Mark -Member

Committee Mandate

The committee is established under the Standing Order No. 191 which provides that the committee shall investigate, inquire into and report on all matters relating to the mandate, management activities, administration, operation and estimates of the assigned departments among other functions.

Mr. Speaker, Sir, I hope Hon. Members have the same copy. Allow me to go to page 8.

The Fund is managed by eight board Members who include the fund administrator whose mandate include supervision and control of the fund, prepare budgets and such plans for better administration of the fund and impose conditions and restriction on the use of fund as may be necessary. During the period under review the board member is as indicated in a table.

The Funds Financial Statements

Mr. Speaker, Sir, the County Government presents the recent actual fiscal performance for the second Quarter of FY 2018/2019 and makes comparison to the budget appropriation for the same period of the year. It further provides a comprehensive report and financial review with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper 2018/2019.

The statements provide an overview of how the actual performance of the second Quarter of 2018/2019 were effected in compliance with the fiscal responsibility principles and financial objectives as detailed in the 2018/2019 County Fiscal Strategy Paper.

Mr. Speaker, I hope Hon. Members have this copy and they can go through the table on summary of loan beneficiaries since inception up to 31st December, 2019. There are two tables.

Mr. Speaker, Sir, since inception the Fund has received Kshs. 8 Million for the financial year 2015/2016, Kshs. 20 Million for the financial year 2017/2018 and Kshs. 20 Million for financial year 2018/2019. The fund has managed to issue loans amounting to Kshs. 69,780,177.50 to 95 co-operative societies since inception that were categorised into seven phases. During the

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period under review, the fund received 17 application forms and approved all but only Kshs. 22, 750,000 disbursed to 12 co-operative societies during the quarter. By the closure of the quarter ended 31st December, 2019 the fund had cash at bank Kshs.8, 948,513.60.

Committee Observations.

Mr. Speaker, the Trade, Tourism, Enterprise, Development and Co-operatives Committee made the following observation. According to the summary of loan beneficiaries since inception up to 31st December, 2019 only ninety five co-operative societies have benefited from the fund. During the period under review no fines, penalties and other levies were recorded.

Committee Recommendations.

Mr. Speaker, Sir, the Trade, Tourism, Enterprise, Development and Co-operatives Committee made the following recommendation.

1. Intensive sensitization, capacity building and mobilization should be done to ensure more cooperatives benefited from the Fund.
2. Accountability, transparency and proper documentation should always be the best practice when managing Co-operative Development Revolving Fund.

Committee Conclusion.

THAT this House adopts the Committee report on Trade, Tourism and Co-operatives on the Laikipia County Co-operative Development Revolving Fund quarterly report and financial statement for the 2nd quarter ended 31st December, 2019. Mr. Speaker, allow me to call Hon. Chris to second this report. Thank you, Mr. Speaker.

Hon. Chris Mark: Thank you, Mr. Speaker. I commend our able Vice Chair who have steered the committee well in the absence of the Chair and also the committee Members who are here. It is important that entities like the cooperatives fund are well financed so that they can take care of issues of cooperatives. We must always remember that Laikipia is majorly agriculture and tourism.

As we have put in the observations, there needs to be sensitization. This entity operates in a secret manner. In fact, if you ask the Members in this place where the offices of cooperatives are, they wouldn't know where they are or even who the board members are. They need to be more open and we need to see their strategic plan. As a cooperative, what is their plan for the next five years? So as a committee this is one of the questions that we really need to ask because any entity that is beneficial from money that is coming from the taxpayer must work prudently, deliver and must show where the money is going.

Again even the distribution of this fund must be fair and not concentrated in a specified region. We must see equal distribution of these applications and the disbursements. With that, I urge the Hon. Members to support this and I second. Thank you.

(Question proposed)

Hon. Mary Samken: Thank you, Mr. Speaker. I also rise in support of the report. First I would like to congratulate our able Vice Chair for taking us through the report. I also take this

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opportunity to thank the committee Members because they also played a key role to ensure that this report is here today.

The establishment of this fund since onset and the prime objectives of the fund is to avail cheap and affordable credit facilities to cooperative societies in Laikipia County with a view to promote innovation, value addition, product and services development, financial statements, whole sale and retail trade promotion, interterm with the Laikipia County integrated development plan.

Mr. Speaker, if you look at this report, it is true because our many cooperatives are young, small and are not financially stable. This fund is really helping the cooperatives to help their members to get cheap loans. I am in cooperatives and a beneficiary of these funds and I am sure that it has helped a lot. Since the onset of this fund from the first regime, it has really helped.

As a revolving fund, it is still continuing. Despite that, we are not putting it in the budget. For the last financial year because we are already out of the government's financial year, there was no any allocation from our budget but you can still see that this fund is still going on because it is a revolving fund. It is really helping the cooperatives to continue offering loans to their members.

Mr. Speaker, it has helped the small cooperatives not to run to banks to get loans at higher rates. With this revolving fund, a cooperative gives loans as low as 6% according to the regulations which we revised from this House. If you look at this table, it shows the distribution of funds from every sub-county and also in phases, from phase one to seven. You can see that Laikipia East got Kshs. 25,364,900, Laikipia West got Kshs. 36,415,227 and Laikipia North got a total of Kshs. 8,000,000. This is distributed across the whole county.

On beneficiaries, you can see that in Laikipia East 47 cooperatives benefited from the fund, Laikipia West 37 benefitted and in Laikipia North 11 cooperatives benefitted from the fund giving us a total of 95 cooperatives out of 150 cooperatives that we have across Laikipia. So these are funds that all we should all see that in every financial year we are at least allocating something because it is going to help the people of Laikipia Thank you and I urge the Hon. Members to support.

Hon. Catherine Nyawira: Thank you, Hon. Speaker for this opportunity to contribute toward this report. I want to congratulate the committee for bringing this report to the House. However, I would like to bring some few issues to your attention.

One is that these numbers they have listed here do not add up because they say that in 2015/2016 we got Kshs. 8,000,000 and in 2017/2018 the cooperative fund was given Kshs. 18 million and in 2018/2019, the fund was given another Kshs. 20 million. That Mr. Speaker, totals up to Kshs. 48 million. However, they are working with a figure of Kshs. 69 million. Therefore, I don't understand where the Kshs. 69.7 million is coming from.

Mr. Speaker, also the money disbursed is not showing, I believe this report had even the loan defaulters or any of the funds that were defaulted.

Deputy Speaker: What is it Hon. Mary?

Hon. Mary Samken: Mr. Speaker I would like to give a point of information to the Hon. Member.

Deputy Speaker: Hon. Nyawira, do you need some information?

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Hon. Catherine Nyawira: No Mr. Speaker.

Deputy Speaker: Then you may continue.

Hon. Catherine Nyawira: The money disbursed therefore does not add up together with the money that is in the period under review. I believe they need to go and correct their figures because we cannot pass a document that is not correct. The cooperative revolving fund is a very noble initiative and I believe Wanjiku needs access to this money because it is a cheap way to get money. This very House Hon. Speaker, we passed something we called the Economic Stimulus Fund.

Deputy Speaker: Hon. Chair, sorry for interruption. Now, as much as we have this report I think it is wise that you tell us the page and the table you are referring to so that we all move together; otherwise if you are in table two mine is not tabled. I mean it is not numbered, so I can only see table two, if you table then that down below at number four of the total of the sum of twenty-five the six, eight is collective if they said 69. I really don't know if you are there. If you are there, then you have just calculated it in a hurry; otherwise I think it is correct.

Hon. Catherine Nyawira: Thank you, Hon. Speaker. I am speaking of a document that is on the page which has Committee observations and committee recommendations. I am speaking of analysis that is at the very top on the page with the Committee observations and the committee analysis. The fund was established in 2014 I believe, in 2015 it was allocated Kshs.8 million, 2016 it was allocated Kshs.20 million, 2017 another Kshs.20 million.

That totals to Kshs.48 million, they do not talk about any other money. They just give a blank figure of 69, where 69 is coming and from where 69 is coming is where I am asking questions. Even if you calculate the money disbursed, there is a balance of about Kshs. 3 million somewhere, that is the total I am talking about. It does not go with the table yet the statement is for the Second quarter of 2019.

The money for the second quarter had already been issued, which is Kshs.20 million so where they are getting the other millions, 69 is where they need to clarify properly when they are responding to the committee to the report. I was saying that the revolving fund is a very noble initiative.

Deputy Speaker: What is it Hon. Mary Samken?

Hon. Mary Samken: Mr. Speaker, as much as the Hon. Member does not require to be informed, it is also good that she gives clarification because if you do not want to be informed you do not seem to understand it is also another question.

Deputy Speaker: Hon. Members, I do not think any Member will be forced to take what he or she does not need. At the same time you can ask for clarification at any given point, as our Standing Order grants the same. We should not question why the Hon. Member did not want information. At the same time, I will grant any Member who needs clarification. Hon. Mary Samken if you are asking for any clarification you may continue.

Hon. Mary Samken: Mr. Speaker, to my understanding and I am also a Member of this Committee, Kshs.20 million and Kshs.20 million twice and Kshs.8 million was money allocated in the budget for 2015/ 2016 and 2017/2018. Mr. Speaker, where the amount of Sixty nine, nine hundred and eighty is coming we have said that this is a revolving fund.

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When money is given out money is also coming in every month, so the managers of this fund are able to give out loans throughout the year. That is why this money is increasing despite the fact that it was allocated Kshs.20 million twice and Kshs.8 million and it has gone beyond Kshs.48 million that the Member could have seen as now the money is in the bank.

Mr. Speaker that is where I wanted to clarify but now that I am not given a chance, I would also like to ask the Member to clarify whether she understands that this money that was allocated to this fund is Kshs.20 million twice and Kshs.8 million and also if she understand, that this is the revolving fund. Money is getting out and coming in every day. Thank you Mr. Speaker.

Deputy Speaker: Hon. Catherine Nyawira.

Hon. Catherine Nyawira: Thank you, Hon. Speaker. I believe as a committee Member she should have been on that table to write that clearly.

As I was saying, if an allocation of Kshs.48 million is what has been given and they have now made profit with Kshs.69 million, then this is very expensive because it means they have made Kshs.21 million. That is a lot of money. If you calculate with that interest, I believe there is something that is still not adding up. Sitting as a member of one cooperative, I believe I know what I am saying.

Hon. Speaker, I was saying that a cooperative as a revolving fund is very noble because it is supposed to be cheap and affordable and I believe *Wanjiku* has more access to it than the banks. Last year we put in the budget a fund called the Economic Stimulus Fund, a fund that was taken up by Cooperative Bank and KCB. If you look at the analysis of how that fund has been absorbed by *Wanjiku*, I believe it is doing very badly.

I believe that one of the things that the County Government has had to do is to invite Saccos on board to actually take up that money and give them because one, *Wanjiku* is now able to take loans on Fuliza and Tala, and are being able to manage loans straight from their phones. Very soon, if such monies and profits of Kshs. 21 million as the Hon. Member is saying are not checked, then even cooperative societies will begin to die. So I believe these monies are very important.

If you look at the trend in the last FY, Sidian Bank and National Bank; these banks have closed down paving way to Sacco's. So I believe that it is the way to go, it is the way to make sure that *Wanjiku* gets our monies. In the current budget, there is an item called subsidies to small businesses. I do not know whether it is a fund or something else.

I am urging Members that as the Budget comes tomorrow, to scrap those subsidies to small businesses and either put it in the revolving fund because as a County Government, we know what the Enterprise Fund is; a Fund that was managed by the County Government and did not do well.

Mr. Speaker, I believe that we should look into that item which, by the way, I have seen is in the current budget, and probably put it into the revolving fund. I think that is well. Probably the Vice-Chair, during his response, could clarify on those amounts. Otherwise, it would be wrong for us in this House to pass a budget that does not say clearly that Kshs.21 million was profit. We would be lying to ourselves and passing figures that are not correct.

I heard a Hon. Member say that we do not know the location of the cooperative revolving fund offices. This cooperative revolving fund is not for Members, it is for the Saccos. So it is the

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boards that should know where their offices are, not essentially us. I cannot borrow directly from them, the society has to borrow from them.

Finally, in the Committee observations say that during the time under review there were no fines, no penalties and other levies that were recorded. That could only mean that everybody is paying up their loan on time. In the recommendations they say that accountability, transparency and proper documentation should always be the best practice when managing cooperative development revolving funds; a total contradiction with the information that they are giving us.

You do not say that there were no penalties and no reviews then start saying that proper documentation was not there. That means you do not even understand where this Kshs.21 million has come from. Has it come from profits if there was no documentation? So I totally find this document wrong, and something needs to be corrected here. It cannot pass like this because it will only mean that we did not scrutinize it well. I ask that this document be returned so that it is scrutinized and those figures corrected so that we do not pass the wrong thing. Thank you.

[The Deputy Speaker (Hon. Daniel Nyausi) left the Chair]

[The Speaker (Hon. Patrick Waigwa) took the Chair]

Speaker: Is this the report that has the wrong figures? Okay. I wish to call upon the Mover to give a reply. Who was the Mover?

Hon. George Meshami: Asante sana, Bwana Spika. Langu ni kuwashukuru Wajumbe wenzangu kwa kupata nafasi ya kuchangia kwenye hii ripoti na kuunga mkono. Kulingana na ripoti iliyo kwenye meza yako, ni ripoti ambayo tumepata kutoka kwenye idara husika. Ukiiangalia kwa undani unaona ya kwamba karibu shirika tisini na tano wamefaidika na hii pesa. Vile ambavyo Mheshimiwa amesema, milioni ishirini na moja ndiyo imepatikana kama faida katika huo wakati ambapo walianza kupeana hizo pesa kwa Wanalaikipia.

Speaker: As you are progressing, Hon. Member, I wanted to ask if you would deem it appropriate because there is a contradiction in figures. Can I give you until tomorrow so that you can also look at the figures and be able to see what is wrong so that you can be able to respond? Or what exactly do you want?

If the Member is claiming that the report has some errors and issues which you may not be able to respond to now, maybe you can take advantage of time. I can give you until tomorrow in the afternoon so that you can reply then, so that you do not reply halfway. I can give you until tomorrow so that you can consult even with the Members and see where the figures are wrong. Is that okay? I think that with that, we can have the reply tomorrow.

(Motion deferred)

ADJOURNMENT

Speaker: This House now stands adjourned until tomorrow, Thursday 8th July, 2021 at exactly 2.30 p.m.

The House rose at 3.08 p.m.

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