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BAJ
SISA
8/6/16



REPUBLIC OF KENYA



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THE VICE-CHAIRPERSON
OF THE COMMITTEE
ON WEDNESDAY,
27th JUNE 2016
IBM

NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT – FOURTH SESSION – 2016

DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND
COOPERATIVES

REPORT ON THE PETITION BY THE DAIRY FARMERS ON THE ESTABLISHMENT
OF STRATEGIC RESERVE OF LONG -LIFE AND POWDERED MILK BY THE
STRATEGIC RESERVE TRUST FUND TO CUSHION THE MILK PRICE.

DIRECTORATE OF COMMITTEE SERVICES,
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

JUNE, 2016

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NA: Report on a petition by Dairy Farmers on the establishment of strategic reserve of long life and powdered milk by the strategic food reserve trust fund to cushion the milk price.

CHAIRMAN'S FOREWORD

The petition by residents of Mathira Constituency, on the establishment of Strategic Reserve of long life milk and powdered milk by the strategic food reserve trust fund to cushion the milk price. The report was tabled before the House pursuant to Standing Order No. 225 (2) (a) by Hon. Peter Kinyua, MP on behalf of the petitioners.

The Committee held meetings with the Hon. Peter Kinyua, MP on behalf of the petitioners and the Cabinet Secretary, Ministry of Agriculture, Livestock and Fisheries. The meetings were aimed at responding to the issues raised in the petition.

The Committee wishes to thank the Speaker and the Clerk of the National Assembly for the logistical and technical support they accorded the committee during the inquiry.

On behalf of the Committee, and pursuant to Standing Order, 227 it is my pleasant duty to table in the House the Report of the Departmental Committee on Agriculture, Livestock and Fisheries on its consideration of a petition by residents of Mathira Constituency on the establishment of Strategic Reserve of long life and powdered milk by the strategic food reserve trust fund to cushion the milk price.

HON. ADAN MOHAMED NOOR, MBS, CBS, MP

EXECUTIVE SUMMARY

This report has considered and responded to the prayers sought by residents of Mathira Constituency in a petition on establishment of strategic reserve of long life and powdered milk by the Strategic Food Reserve Trust Fund to cushion the milk price. The Committee found out that the prayer pursued by the petitioners is reasonable given that there is a legal notice No.15 of 2015 that states the Government transformed the strategic grain reserve into a Strategic Food Reserve Trust Fund. The shift is supposed to facilitate the stocking of critical foodstuffs such as maize, beans, rice, fish, powdered milk and canned beef within the reserve.

The main objective of establishing the strategic food reserve is to effectively and efficiently provide food commodities to support emergency response, food security and market environmental stabilization.

The report entails presentations by the Petitioners, Hon. Peter Kinyua, M.P and Cabinet Secretary from the Ministry of Agriculture, Livestock and Fisheries. After presentations and deliberations the reports applauds that the Ministry of Agriculture, Livestock and fisheries through the Strategic Food Reserve Trust Fund Board, should urgently structure the funding of the various commodities in the reserve to avoid conflicts in terms of budgetary allocations and overshadowing of other commodities items like Milk.

The Ministry through strategic food reserve trust fund board should develop proper regulations to efficiently manage the Strategic Food Reserve Trust Fund by putting in place effective mechanisms to dispose food commodities that have overstayed in the reserve to allow the board take up new harvest. The Ministry through the strategic food reserve trust fund board must restrict its operations to sourcing of food commodities from the local market before considering imports with exception on food items that cannot be produced locally, this will ensure that local farmers benefit.

1.0 PREFACE

- 1.1 On Tuesday 17th November, 2015, a Petition was tabled before the House pursuant to Article 119 (1) of the Constitution of Kenya 2010 and Standing Order No. 225 (2) (a) by the Hon. Peter Kenya, MP on behalf of residents of Mathira Constituency on the establishment of the Strategic Reserve for long-life and powdered milk by the strategic food reserve trust fund to cushion the milk price.
- 1.2 The House pursuant to Standing Order 227 referred the Petition to the Departmental Committee on Agriculture Livestock and Fisheries for preparation of the Report;
- 1.3 The Committee received the Petition on Thursday 19th November ,2015 and set out a procedure for consideration of the petition and to report to the House within 60 days as set out in Standing order no 227(2);
- 1.4 However due to the nature of work involved in responding to the prayers sought by the petitioners the Committee sought for more time.

1.2 MANDATE OF THE COMMITTEE

The Committee under Standing Order 227 is mandated to respond to the petitioner by way of a report addressed to the petitioner or petitioners and laid on the floor of the House

The Committee is established in accordance with the provisions of Standing Order No. 216, with the following terms of reference: -

- i. To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
- ii. To study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;
- iii. To study and review all legislation referred to it;
- iv. To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
- v. To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House or a Minister;
- vi. To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments); and
- vii. To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

1.2.1 Committee Subjects

The Committee is mandated to consider the following subjects:-

- i. Agricultural services
- ii. Livestock services
- iii. Fisheries
- iv. Cooperatives

1.2.2 Oversight

In executing its mandate, the Committee oversees the following Government Departments and agencies, namely:-

- i. The State department of Agriculture
- ii. The State Department of livestock
- iii. The State Department for fisheries
- iv. The State Department of Cooperatives

1.3 MEMBERS OF THE COMMITTEE

Chairperson	The Hon. Adan M. Nooru, MBS, CBS, MP
Vice Chairperson	The Hon. Kareke Mbiuki, M.P
Members	The Hon. Daniel Maanzo, MBS, The Hon. Silas Tiren, M.P The Hon. Maison Leshoomo, M.P The Hon. Mary Wambui, M.P The Hon. (Dr.) Victor Munyaka, M.P The Hon. Korei Ole Lemein, M.P The Hon. John B. Serut, M.P The Hon. Peter N. Gitau, M.P The Hon. Florence Mutua, M.P The Hon. John Kobado, M.P The Hon. Benjamin Washiali, M.P The Hon. Patrick Wangamati, M.P The Hon. Andrew AnyangaToboso, M.P The Hon. Raphael Letimalo, M.P The Hon. Ayub Savula Angatia, M.P. The Hon. Waititu Munyua, M.P The Hon. Kimani Ichung'wah, M.P The Hon. Ferdinand Wanyonyi, M.P The Hon. Kabando Wa Kabando, M.P The Hon. Justice Kemei, M.P The Hon. Benjamin Andayi, M.P The Hon. Millie Odhiambo - Mabona, M.P The Hon. Jude Njomo, M.P The Hon. Fredrick Outa, M.P The Hon. Aisha Jumwa, M.P The Hon. Alfred Kiptoo Keter, M.P The Hon. Paul Simba Arati, M.

1..4 COMMITTEE SECRETARIAT

First Clerk Assistant	Mr. Benjamin Magut
Clerk Assistant	Ms. Naserian Lotuai
Clerk Assistant	Ms. Ahmad Guliye
Legal Counsel	Ms. Brigita Mati
Research & Policy Analyst	Ms. David Ngeno
Fiscal Analyst	Ms. Lucy Makara

NA: Report on a petition by Dairy Farmers on the establishment of strategic reserve of long life and powdered milk by the strategic food reserve trust fund to cushion the milk price.

1.5 LIST OF RECOMMENDATIONS

1. The Ministry of Agriculture Livestock and Fisheries through Strategic Food Reserve Trust Fund should urgently structure the funding of the various commodities in the reserve to avoid conflicts in terms of budgetary allocations and overshadowing of other commodities items like milk.
2. The Ministry of Agriculture, Livestock and Fisheries through Strategic Food Reserve Trust Fund should develop proper regulations to efficiency manage the Strategic Food Reserve.
3. The Ministry of Agriculture, Livestock and Fisheries through Strategic Trust Fund Board should put in place effective mechanisms to dispose food commodities that have overstayed in the reserve to allow the Board take up new harvest.
4. The Ministry of Agriculture , Livestock and Fisheries through Strategic Food Reserve Trust Fund Board must restrict itself to sourcing of the food commodities items from the local market with exception on food items that cannot be produced locally hence requires to be importation, this will ensure that local farmers benefit from the sale of food items to the reserve

2.0 INTRODUCTION

- 2.1 The petition by residents of Mathira Constituency regarding the establishment of strategic reserve of long life and powdered milk by the strategic food reserve trust fund to cushion the Milk price was tabled in the House by pursuant to Standing Order 225 (2) (a) by the Hon. Peter Kinyua MP on Wednesday 17th November , 2015.
- 2.2 Pursuant to the House rules, the petition was referred to the Committee 19th November, 2015 for consideration and preparation of a report within 60 days. The Committee considered the petition pursuant to the provisions of Standing Order 227.
- 2.3 The Petitioners wished to draw to the attention of the House on the following, that:
1. In the year 2015 , the Government established the strategic food reserve trust fund following the repeal of the strategic grain reserve and subsequent establishment of strategic food reserve trust fund to include ;maize , beans ,rice ,fish, powdered milk and canned beef.
 2. Strategic food reserve trust fund was tasked with the responsibility of procuring and storing adequate stocks of food.
 3. Milk was one of non- cereal foods to be included in the country strategic food reserve strategy to help protect dairy farmers from price volatility and ensure constant supply of the commodity throughout the year.
 4. Kenya has been struggling to feed its growing population and therefore expansion of food reserves to include non- cereals was one way of improving the country's food security status
 5. Farmers have experienced low milk prices due to oversupply especially during the rainy sessions despite having incurred huge losses during the preceding dry spell
 6. Kenya Dairy Board was appointed as one of the prayers in the strategic food reserve to ensure adequate food reserve in the Country.
 7. Kenya Dairy Board is a state corporation established under section 4 of the Dairy industry Act cap 336 mandated to regulate, develop and promote the dairy industry in Kenya and Section 17© to secure reasonable and stable

NA: Report on a petition by Dairy Farmers on the establishment of strategic reserve of long life and powdered milk by the strategic food reserve trust fund to cushion the milk price.

prices to producers of dairy produce.

8. Since the establishment of the Strategic food reserve trust fund, dairy products are yet to be incorporated in the stock.
9. Milk reserves will not only ensure adequate supply of the products but also improve the country's nutrition status
10. Issues in respect of which this petition is made are not pending before any court of law or any constitutional or legal body.

3.0 EVIDENCE

3.1 Presentation by the Hon. Peter Kinyua, M.P and Representatives of Milk Farmers from Mathira Constituency.

The representatives of Milk Farmers and Hon. Peter Kinyua, M.P appeared before the Committee on 15th March 2016 made the following presentation. That:-

Hon. Peter Weru Kinyua, M.P representing the dairy farmers of Mathira Constituency informed the Committee of the following with regard to the petition that seeks the establishment of strategic reserves of long life milk and powdered milk by the Strategic Food Reserve Trust Fund to cushion milk prices that;

1. In the year 2015, the Government established the Strategic Food Reserve Trust Fund following the repeal of the Strategic Grain Reserve and subsequent establishment of Strategic Food Reserve Trust Fund that includes; maize, rice, beans, fish, powdered milk and canned beef;
2. Strategic Food Reserve Trust Fund was tasked with the responsibility of procuring and storing adequate stocks of food;
3. Milk was one of the non-cereal foods to be included in the country's strategic food reserve strategy to help protect dairy farmers from price volatility and ensure constant supply of the commodity throughout the year;
4. Kenya has been struggling to feed its growing population and therefore expansion of food reserves to include non-cereals was one way of improving the country's food security status;
5. Farmers have experienced low milk prices due to oversupply especially during the rainy seasons despite having incurred huge losses during the preceding dry spell;

6. Kenya Dairy Board was appointed as one of the players in the Strategic Food Reserve to ensure adequate food reserve in the country;
7. Kenya Dairy Board is a state corporation established under section 4 of the Dairy Industry Act Cap 336 mandated to regulate, develop and promote the dairy industry in Kenya and under section 17 (c) to secure reasonable and stable prices to producers of dairy produce;
8. Since the establishment of the Strategic Food Reserve Trust Fund, dairy products are yet to be incorporated in the stock;
9. Milk reserves will not only ensure adequate supply of the product, but also improve the country's nutrition status; and
10. The issues in respect of which this petition is made are not pending before any court of law or any constitutional or legal body ;
11. The petitioners pray that the National Assembly through the Departmental Committee on Agriculture, Livestock and Cooperatives recommend the government through the Ministry of Agriculture, Livestock and Fisheries to establish strategic reserve of long life milk and powdered milk and set aside a line budget item for the procurement of milk from farmers.

3.2 Presentation by Cabinet Secretary from the Ministry of Agriculture, Livestock and Fisheries.

1. The Cabinet Secretary said that the main purpose of the strategic reserve was to cushion farmers from the effect of over-supply in periods of good weather and to provide a first line of defense for coping with food deficits.
2. He added that the reserve was mandated to maintain a physical stock of 4 million bags of maize and a cash equivalent of a similar volume.
3. He said that the strategic reserve comprised only maize which is the main staple food for communities often facing hunger and famine. Until 2015, the reserve was being managed by Trustees comprise Principal Secretaries; Special Programs, Treasury, Provincial Administration and Agriculture. The National Cereals and Produce Board (NCPB) being the Agent mandated to store the maize on behalf of the Government under an agency agreement.
4. The Cabinet Secretary said that through Legal Gazette Notice No. 15 of 2015 the Government transformed the Strategic Grain Reserve into a Strategic Food Reserve Trust Fund (SFRTF)

5. He explained that the shift to a Strategic Food Reserve is meant to facilitate the stocking of critical foodstuffs such as maize, beans, rice, fish, powdered milk and canned beef.
6. He categorically stated that the objectives of the Strategic Food Reserve (SFR) is to effectively and efficiently provide food commodities to support emergency response, food security, market environment stabilization and GoK humanitarian obligations that impact the availability, access and utilization of food on the part of all of Kenyan's citizens, and other persons resident on Kenyan territory."
7. And the purpose is to stabilize the food supply and prices in the country, arrange for procurement, storage and sale of food commodities and maintain adequate strategic food reserves in physical stock or cash equivalent at any one given time.

Inclusion of powdered milk in the Strategic Food Reserve

1. The Cabinet Secretary told the Committee that the key objective of including milk powder into the strategic food reserves will enhance food and nutritional security in the country as Kenya is a leading producer and marketer of milk and milk products in Africa. The country has an estimated dairy herd population of 4 million.
2. That the production and supply of milk and milk products varies with seasons while the month-to-month demand in the domestic market is relatively constant.
3. He said that a concept paper for the procurement of the powdered milk was presented to the Oversight Board during a board meeting and a subcommittee was appointed by the board to review the proposal and present recommendations to the board as follows that:-
 - a. Kenya dairy board be the agent and New KCC be the implementing institution
 - b. The SFR to initially procure 1,100 MT of the total proposed of **4,400 MT** for a total cost of **Ksh. 425,010,000** (including administration cost of Ksh. 16,250,000).
 - c. New KCC to be supplying to the government on notice of **2 weeks**
 - d. Primary target consumers for the powdered milk to be, industrial consumers, milk processing companies, government institutions and schools.

4. That the board members reviewed the subcommittee recommendations and agreed that the approval for the procurement of the milk be put on hold until the rules of engagement are agreed upon by the concerned parties.
5. The Ministry was tasked to request the National Treasury to release **Ksh. 500 Million** for the purchase of powdered milk.
6. He further added that the Ministry has managed to secure Ksh. 300,000,000 million the National treasury which will focus on milk preserve.
7. He also stated that there are plans to establish relationship between Oversight Board, KCC and other milk processors.
8. The Cabinet Secretary told the Committee that there is a new Board that will handle the disposal of subsidized maize in NCBP.
9. The Cabinet Secretary told the meeting that other commodities like eggs will be researched to establish whether it is in excess and consideration will be done for inclusion in the SFR.

4.0 FINDINGS

The Committee made the following observations from evidence adduced in the meetings:-

1. Through a legal Gazette Notice No.15 of 2015 the Government transformed the strategic grain reserve into a Strategic Food Reserve Trust Fund (SFRTF). The shift was meant to facilitate the stocking of critical foodstuffs such as Maize, Beans, Rice, Powdered Milk and canned beef within the reserves.
2. The main objects of the Strategic Food reserve is to effectively and efficiently provide food commodities to support emergency response, food security and market environment stabilization.
3. During the raining period in the Country milk glut is always witnessed resulting into huge losses by farmers due to poor prices and inability of the existing milk processors to take up increased supply.
4. As currently established the strategic food reserve trust fund do not provide specific line item in the budget to various different commodities among it milk and powdered milk.
5. Milk is one of the non- cereal foods in the strategic food reserve. However since establishment the strategic food reserve has never stocked milk powder.

5.0 RECOMMENDATIONS

In response to the prayers by the petitioners, the Committee recommends that:-

1. The Ministry of Agriculture Livestock and Fisheries through Strategic Food Reserve Trust Fund should urgently structure the funding of the various commodities in the reserve to avoid conflicts in terms of budgetary allocations and overshadowing of other commodities items like milk.
2. The Ministry of Agriculture, Livestock and Fisheries through Strategic Food Reserve Trust Fund should develop proper regulations to efficiency manage the Strategic Food Reserve.
3. The Ministry of Agriculture, Livestock and Fisheries through Strategic Trust Fund Board should put in place effective mechanisms to dispose food commodities that have overstayed in the reserve to allow the Board take up new harvest.
4. The Ministry of Agriculture , Livestock and Fisheries through Strategic Food Reserve Trust Fund Board must restrict itself to sourcing of the food commodities items from the local market with exception on food items that cannot be produced locally hence requires to be importation, this will ensure that local farmers benefit from the sale of food items to the reserve

Signed.....

Date.....

Hon. Adan .Mohamed Nooru, MBS, MP

Chairman

Departmental Committee on Agriculture, Livestock and Cooperatives.

MINUTES OF THE 18th SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND COOPERATIVES (Meeting with the Cabinet Secretary on a Public Petition by Dairy Farmers on Establishment of Strategic Reserves for Long Life and Powered Milk by the Strategic Food Reserve Trust Fund to Cushion the Milk Price) HELD ON THURSDAY 24th MARCH 2016, AT 2ND FLOOR CONTINENTAL HOUSE 10:30 A.M.

Present

1. Hon. Adan M. Nooru, MBS, M.P Chairperson
2. Hon. Kareke Mbiuki, M.P
3. Hon. Daniel Maanzo, M.P
4. Hon. Ferdinand Wanyonyi, M.P
5. Hon. Kabando Wa Kabando, M.P
6. Hon. Raphael Letimalo, M.P
7. Hon. Korei Ole Lemein, M.P
8. Hon. Paul Simba Arati, M.P
9. Hon. (Dr.) Victor Munyaka, M.P
10. Hon. Francis Waititu Munyua, M.P
11. Hon. Maison Leshoomo, M.P
12. Hon. John B. Serut, M.P
13. Hon. Benjamin Washiali, M.P
14. Hon. James Opiyo Wandayi, M.P
15. Hon. Phillip Rotino, M.P
16. Hon. Fredrick Outa, M.P
17. Hon. Silas Tiren, M.P

Apologies

1. Hon. Hezron Awiti Bollo, M.P
2. Hon. Kimani Ichung'wah, M.P
3. Hon. Zuleikha Hassan Juma, M.P
4. Hon. Millie Odhiambo - Mabona, M.P
5. Hon. Ayub Savula Angatia, M.P
6. Hon. John Kobado, M.P
7. Hon. Alfred K. Keter, M.P
8. Hon. Mary Wambui, M.P
9. Hon. Patrick Wangamati, M.P
10. Hon. Florence Mutua, M.P
11. Hon. Justice Kemei, M.P
12. Hon. Peter N. Gitau, M.P

- He explained that the shift to a Strategic Food Reserve is meant to facilitate the stocking of critical foodstuffs such as maize, beans, rice, fish, powdered milk and canned beef.
- He stated that the objectives of the Strategic Food Reserve (SFR) is to to effectively and efficiently provide food commodities to support emergency response, food security, market environment stabilization and GOK humanitarian obligations that impact the availability, access and utilization of food on the part of all of Kenyan's citizens, and other persons resident on Kenyan territory."
- And the purpose is to stabilize the food supply and prices in the country, arrange for procurement, storage and sale of food commodities and maintain adequate strategic food reserves in physical stock or cash equivalent at any one given time.

Inclusion of Powdered milk in the Strategic Food Reserve

- The Cabinet Secretary told the Committee that the key objective of including milk powder into the strategic food reserves will enhance food and nutritional security in the country as Kenya is a leading producer and marketer of milk and milk products in Africa. The country has an estimated dairy herd population of 4 million.
- That the production and supply of milk and milk products varies with seasons while the month-to-month demand in the domestic market is relatively constant.
- He said that a concept paper for the procurement of the powdered milk was presented to the Oversight Board during a Board meeting and a subcommittee was appointed by the Board to review the proposal and present recommendations to the Board as follows that:
 - Kenya Dairy Board be the agent and New KCC be the implementing institution
 - The SFR to initially procure 1,100 MT of the total proposed of 4,400 MT for a total cost of Ksh. 425,010,000 (including administration cost of Ksh. 16,250,000).
 - New KCC to be supplying to the government on notice of 2 weeks
 - Primary target consumers for the powdered milk to be, industrial consumers, milk processing companies, government institutions and schools.
- That the Board members reviewed the sub-committee recommendations and agreed that the approval for the procurement of the milk be put on hold until the rules of engagement are agreed upon by the concerned parties.
- The Ministry was tasked to request the National Treasury to release Ksh. 500 Million for the purchase of powdered milk.

MINUTES OF THE 18th SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND COOPERATIVES (Meeting with the Cabinet Secretary on a Public Petition by Dairy Farmers on Establishment of Strategic Reserves for Long Life and Powered Milk by the Strategic Food Reserve Trust Fund to Cushion the Milk Price) HELD ON THURSDAY 24th MARCH 2016, AT 2ND FLOOR CONTINENTAL HOUSE 10:30 A.M.

Present

1. Hon. Adan M. Nooru, MBS, M.P Chairperson
2. Hon. Kareke Mbiuki, M.P
3. Hon. Daniel Maanzo, M.P
4. Hon. Ferdinand Wanyonyi, M.P
5. Hon. Kabando Wa Kabando, M.P
6. Hon. Raphael Letimalo, M.P
7. Hon. Korei Ole Lemein, M.P
8. Hon. Paul Simba Arati, M.P
9. Hon. (Dr.) Victor Munyaka, M.P
10. Hon. Francis Waititu Munyua, M.P
11. Hon. Maison Leshoomo, M.P
12. Hon. John B. Serut, M.P
13. Hon. Benjamin Washiali, M.P
14. Hon. James Opiyo Wandayi, M.P
15. Hon. Phillip Rotino, M.P
16. Hon. Fredrick Outa, M.P
17. Hon. Silas Tiren, M.P

Apologies

1. Hon. Hezron Awiti Bollo, M.P
2. Hon. Kimani Ichung'wah, M.P
3. Hon. Zuleikha Hassan Juma, M.P
4. Hon. Millie Odhiambo - Mabona, M.P
5. Hon. Ayub Savula Angatia, M.P
6. Hon. John Kobado, M.P
7. Hon. Alfred K. Keter, M.P
8. Hon. Mary Wambui, M.P
9. Hon. Patrick Wangamati, M.P
10. Hon. Florence Mutua, M.P
11. Hon. Justice Kemei, M.P
12. Hon. Peter N. Gitau, M.P

In Attendance:

Ministry of Agriculture, Livestock and Cooperatives.

- | | |
|---------------------------|------------------------------|
| 1. Hon. Peter Kinyua, M.P | -Petitioner |
| 2. Mr. Willy Bett | -Cabinet Secretary |
| 3. Dr. Andrew Tuimur | -Principal Secretary |
| 4. Dr. Johnson Irungu | -Director CRAUD |
| 5. Mr. Humphrey Maina | -Director Kenya Dairy Board. |
| 6. Mr. Nixon Sigei | -Director New KCC |

Kenya National Assembly Secretariat

- | | |
|--------------------------|-------------------------|
| 1. Mr. Ahmad Adan Guliye | - Third Clerk Assistant |
| 2. Ms. Angeline Naserian | - Third Clerk Assistant |
| 3. Mr. David Ngeno | - Research Officer |
| 4. Ms. Fatuma Abdi | -Hansard Reporter |
| 5. Mr. Abdinaser Moge | - Budget Officer |

Min. 085/2016: Preliminaries.

1. The meeting was called to order at 10:40am and agenda was adopted as stipulated in the notice of the agenda, prayers was said by Hon. Silas Tiren, M.P

Min. 086/2016: Presentation by the Cabinet Secretary Ministry of Agriculture, Livestock and Fisheries on a Public Petition regarding the establishment of strategic reserve of long life and powdered milk.

- The Cabinet Secretary said that the main purpose was to cushion farmers from the effect of over-supply in periods of good weather and to provide a first line of defense for coping with food deficits.
- He added that the reserve was mandated to maintain a physical stock of 4 million bags of maize and a cash equivalent of a similar volume.
- He said that the strategic reserve comprised only maize which is the main staple food for communities often facing hunger and famine. Until 2015, the reserve was being managed by Trustees comprise Permanent Secretaries; Special Programs, Treasury, Provincial Administration and Agriculture. The National Cereals and Produce Board (NCPB) being the Agent mandated to store the maize on behalf of the Government under an agency agreement.
- The Cabinet Secretary said that through Legal Gazette Notice No. 15 of 2015 the Government transformed the Strategic Grain Reserve into a Strategic Food Reserve Trust Fund (SFRTF)

- He explained that the shift to a Strategic Food Reserve is meant to facilitate the stocking of critical foodstuffs such as maize, beans, rice, fish, powdered milk and canned beef.
- He stated that the objectives of the Strategic Food Reserve (SFR) is to to effectively and efficiently provide food commodities to support emergency response, food security, market environment stabilization and GOK humanitarian obligations that impact the availability, access and utilization of food on the part of all of Kenyan's citizens, and other persons resident on Kenyan territory."
- And the purpose is to stabilize the food supply and prices in the country, arrange for procurement, storage and sale of food commodities and maintain adequate strategic food reserves in physical stock or cash equivalent at any one given time.

Inclusion of Powdered milk in the Strategic Food Reserve

- The Cabinet Secretary told the Committee that the key objective of including milk powder into the strategic food reserves will enhance food and nutritional security in the country as Kenya is a leading producer and marketer of milk and milk products in Africa. The country has an estimated dairy herd population of 4 million.
- That the production and supply of milk and milk products varies with seasons while the month-to-month demand in the domestic market is relatively constant.
- He said that a concept paper for the procurement of the powdered milk was presented to the Oversight Board during a Board meeting and a subcommittee was appointed by the Board to review the proposal and present recommendations to the Board as follows that:
 - Kenya Dairy Board be the agent and New KCC be the implementing institution
 - The SFR to initially procure 1,100 MT of the total proposed of 4,400 MT for a total cost of Ksh. 425,010,000 (including administration cost of Ksh. 16,250,000).
 - New KCC to be supplying to the government on notice of 2 weeks
 - Primary target consumers for the powdered milk to be, industrial consumers, milk processing companies, government institutions and schools.
- That the Board members reviewed the sub-committee recommendations and agreed that the approval for the procurement of the milk be put on hold until the rules of engagement are agreed upon by the concerned parties.
- The Ministry was tasked to request the National Treasury to release Ksh. 500 Million for the purchase of powdered milk.

- He further added that the Ministry has managed to secure Ksh. 300,000,000 million from the National Treasury which will focus on milk processing.
- He also stated that there are plans to establish a relationship between the Oversight Board, KCC and other milk processors.
- The Cabinet Secretary told the Committee that there is a new Board that will handle the disposal of subsidized maize in NCBP.
- The Cabinet Secretary told the meeting that other commodities like eggs will be researched to establish whether they are in excess and consideration will be done for inclusion in the SFR.

CONCLUSION

The Cabinet Secretary concluded by stating that the request by the petitioners is being addressed by the Board, having approved the incorporation of the powdered milk into the reserve and subsequently seeking funds from the National Treasury for the purchase.

COMMITTEE RESOLUTION

The Committee recommended that funding should be well structured, and SFR should itemize commodities so that there are no financial conflicts between the commodities.

The Committee stated clearly that proper regulations should be established for the worthy management of SFR.

It was agreed that issues not pertaining to the prayers in the Petition should be addressed in the upcoming Mombasa retreat.

The Ministry was told to put into consideration export of commodities as a way of reducing the amount of food in the SFR.

The issue of SFR cannot be devolved because it is more of a National Government function as opposed to the counties.

The Ministry was also told to be flexible in prioritizing commodities to be bought in relation to supply and demand in the market.

Min 087/2016: AOB

The dates for the Mombasa Retreat were changed to 10th April to 12th April 2016, due to the absence of the Cabinet Secretary as he will be attending other official issues in Abidjan, Ivory Coast.

MINUTES OF THE 15th SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND COOPERATIVES (Meeting with Hon. Peter Weru Kinyua and petitioners on the petition by the dairy farmers on the establishment of Strategic Reserve of long-life and powdered milk) HELD ON TUESDAY 15th MARCH 2016, AT 4th FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 10.30 A.M.

Present

1. Hon. Adan M. Nooru, MBS, M.P -
2. Hon. Kareke Mbiuki, M.P -Chairing Session
3. Hon. Daniel Maanzo, M.P
4. Hon. John B. Serut, M.P
5. Hon. Benjamin Washiali, M.P
6. Hon. Kabando Wa Kabando, M.P
7. Hon. Silas Tiren, M.P
8. Hon. Peter N. Gitau, M.P
9. Hon. Maison Leshoomo, M.P
10. Hon. Phillip Rotino, M.P
11. Hon. Ferdinand Wanyonyi, M.P
12. Hon. Florence Mutua, M.P
13. Hon. (Dr.) Victor Munyaka, M.P
14. Hon. James Opiyo Wandayi, M.P
15. Hon. Hezron Awiti Bollo, M.P
16. Hon. Waititu Munyua, M.P
17. Hon. Fredrick Outa, M.P
18. Hon. Justice Kemei, M.P
19. Hon. Korei Ole Lemein, M.P

Apologies

1. Hon. Mary Wambui, M.P
2. Hon. Patrick Wangamati, M.P
3. Hon. Raphael Letimalo, M.P
4. Hon. Alfred K. Keter, M.P
5. Hon. Millie Odhiambo - Mabona, M.P
6. Hon. Paul Simba Arati, M.P
7. Hon. Zuleikha Hassan Juma, M.P
8. Hon. John Kobado, M.P
9. Hon. Ayub Savula Angatia, M.P.

10. Hon. Kimani Ichung'wah, M.P

In Attendance:

1. Hon. Peter Weru Kinyua, M.P -Petitioner

Mathira Dairy Farmers Association

1. Mr. Stanley Kihara - Chairman
2. Ms. Elizabeth Muthoni - Secretary
3. Mr. Michael Githinji - Member
4. Mr. Samuel Kabeni - Member
5. Mr. Gerald Wachira - Member
6. Ms. Damaris Muriuki - Member
7. Ms. Joyce Muthoni - Member

Kenya National Assembly Secretariat

1. Mr. Benjamin Magut - First Clerk Assistant
2. Mr. Ahmad Adan Guliye - Third Clerk Assistant
3. Ms. Angeline Naserian - Third Clerk Assistant
4. Ms. Zeinabu Wario Sora - Serjeant at Arms
5. Ms. Fatuma Abdi - Audio Officer

Min. 069/2016: Preliminaries

1. The meeting was called to order at 10.53 a.m. and prayers were said by Hon. Kabando Wa Kabando, M.P.
- II. The agenda of the meeting was adopted as stipulated in the notice of agenda.

Min. 070/2016: Confirmation of Minutes

The minutes of the 14th sitting were confirmed as true record of the Committee's deliberation after it was proposed and seconded by Hon. Opiyo Wandayi, M.P and Hon. Kabando Wa Kabando, M.P respectively.

Min. 071/2016: Matters Arising

Under min.068/2016

1. The meeting has been informed that the planned retreat with the Ministry of Agriculture, Livestock and Fisheries that was scheduled to be held between 17th to 20th March has been postponed because the Principal Secretaries will be engaged in other official functions on the same dates.

- II. The Committee proposed the retreat to be held on the tentative dates of 7th to 10th April 2016.

Min. 072/2016: Presentation by Hon. Peter Weru Kinyua, M.P on behalf of Mathira Dairy Farmers

- a. Hon. Peter Weru Kinyua, M.P representing the dairy farmers of Mathira Constituency informed the Committee of the following with regard to the petition that seeks the establishment of strategic reserves of long life milk and powdered milk by the Strategic Food Reserve Trust Fund to cushion milk prices that;
 - i. In the year 2015, the Government established the Strategic Food Reserve Trust Fund following the repeal of the Strategic Grain Reserve and subsequent establishment of Strategic Food Reserve Trust Fund that includes; maize, rice, beans, fish, powdered milk and canned beef;
 - ii. Strategic Food Reserve Trust Fund was tasked with the responsibility of procuring and storing adequate stocks of food;
 - iii. Milk was one the non-cereal foods to be included in the country's strategic food reserve strategy to help protect dairy farmers from price volatility and ensure constant supply of the commodity throughout the year;
 - v. Kenya has been struggling to feed its growing population and therefore expansion of food reserves to include non-cereals was one way of improving the country's food security status;
 - v. Farmers have experienced low milk prices due to oversupply especially during the rainy seasons despite having incurred huge losses during the preceding dry spell;
 - vi. Kenya Dairy Board was appointed as one of the players in the Strategic Food Reserve to ensure adequate food reserve in the country;
 - vii. Kenya Dairy Board is a state corporation established under section 4 of the Dairy Industry Act Cap 336 mandated to regulate, develop and promote the dairy industry in Kenya and under section 17 (c) to secure reasonable and stable prices to producers of dairy produce;
 - viii. Since the establishment of the Strategic Food Reserve Trust Fund, dairy products are yet to be incorporated in the stock;
 - ix. Milk reserves will not only ensure adequate supply of the product, but also improve the country's nutrition status; and
 - x. The issues in respect of which this petition is made are not pending before any court of law or any constitutional or legal body ;
 - xi. The petitioners pray that the National Assembly through the Departmental Committee on Agriculture, Livestock and Cooperatives recommend the government through the Ministry of Agriculture, Livestock and Fisheries to

establish strategic reserve of long life milk and powdered milk and set aside a line budget item for the procurement of milk from farmers.

b. Committee Observation

- i. Members deliberated on the petition and while appreciating the reason as to why the Strategic Food Reserve Trust Fund was established, Members were of the view that the fund as expanded each commodity in the strategic food reserve be allocated a specific line item in the budget to cushion one commodity from overshadowing on the others.
- ii. In light of the above, the Committee resolved to invite the Cabinet Secretaries of The National Treasury, Ministry of Agriculture, Livestock and Fisheries and the Trustees of Strategic Food Reserve for a meeting on Tuesday, 22nd of March 2016 to shed more light on the matters raised in the petition.

Min. 073/2016: Any Other Business

- I. The Committee was informed that the planned inspection visit to KMC on Thursday, 17th March 2016 is on course and a brief on the amount of monies allocated in the past years and the tender on modernization will be availed to the Members.
- II. Members were requested to assist Hon. Justice Kemei, M.P. in offsetting the medical bill of his ailing son-in-law which now stands at 10 million shillings after the family raised Ksh. 5 million. Hon. Francis Waititu, M.P was tasked to inform the Members and collect their contribution.

Min. 074/2016: Adjournment

Since no other business to transact, the meeting was adjourned at 12.38 p.m.

Signature

(HON ADAN MOHAMED NOORU, MBS, M.P.

(Chairperson)

Date.....

2.0 ADOPTION OF THE REPORT

We, the members of the Departmental Committee on Agriculture, Livestock and Cooperatives, have pursuant to Standing Order 199, adopted this Report of Petition by Dairy Farmers on establishment of Strategic Reserves of Long-life Milk and Powdered Milk by Strategic Food Reserve Trust Fund to cushion the milk prices ,and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity on 21st April,2016.

1. Hon. Adan M. Nooru, MBS, M.P
2. Hon. Kareke Mbiuki, M.P
3. Hon. Daniel Maanzo, M.P
4. The Hon. Silas Tiren, M.P
5. The Hon. Maison Leshoomo, M.P
6. The Hon. Mary Wambui, M.P
7. The Hon. (Dr.) Victor Munyaka, M.P
8. The Hon. Korei Ole Lemein, M.P
9. The Hon. John B. Serut, M.P
10. The Hon. Peter N. Gitau, M.P
11. The Hon. Florence Mutua, M.P
12. The Hon. John Kobado, M.P
13. The Hon. Benjamin Washiali, M.P
14. The Hon. Patrick Wangamati, M.P
15. The Hon. Phillip Rotino, M.P
16. The Hon. Raphael Letimalo, M.P
17. The Hon. Ayub Savula Angatia, M.P.
18. The Hon. Waititu Munyua, M.P
19. The Hon. Kimani Ichung'wah, M.P
20. The Hon. Ferdinand Wanyonyi, M.P
21. The Hon. Kabando Wa Kabando, M.P
22. The Hon. Justice Kemei, M.P
23. The Hon. James Opiyo Wandayi, M.P
24. The Hon. Millie Odhiambo, M.P
25. The Hon. Hezron Awiti Bollo, M.P

-Chairperson

-Vice Chairperson

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26. The Hon. Fredrick Outa, M.P

27. The Hon. Zuleikha Hassan Juma, M.P

28. The Hon. Alfred Kiptoo Keter, M.P

29. The Hon. Paul Simba Arati, M.P

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2.1 ACKNOWLEDGMENT

The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate.

I take this opportunity to thank all the Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules which enabled us to complete the tasks within the stipulated period.

The Committee wishes to record its appreciation for the services rendered by the staff of the National Assembly attached to the Committee. Their efforts made the work of the Committee and the production of this Report possible.

Finally, it is my pleasant duty on behalf of the Departmental Committee on Agriculture, Livestock and Cooperatives, to present this report to the House in accordance with the provisions of Standing Order 227 (2).

SIGNED: *Handwritten signature*

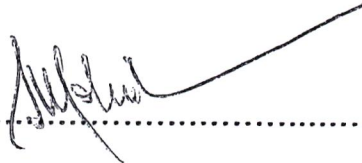
DATE: *21.09.2016*

THE HON. ADAN M. NOORU, MBS, M.P.
**CHAIRPERSON DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK
AND COOPERATIVES**

Min. 088/2016: Adjournment

Since no other business to discuss, the meeting was adjourned at 1.40 p.m.

Signature



HON. ADAN MOHAMED NOORU, MBS, M.P.

(Chairperson)

Date.....

31st March 2016