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**KENYA NATIONAL ASSEMBLY  
TENTH PARLIAMENT - SECOND SESSION**

**DEPARTMENTAL COMMITTEE ON AGRICULTURE, LANDS AND  
NATURAL RESOURCES**

**REPORT OF THE COMMITTEE ON A STUDY  
TOUR TO THE PYRETHRUM BOARD OF KENYA  
ON JULY 10 - 16 AND SEPTEMBER 25-26, 2008**

**Clerks Chambers  
National Assembly  
Nairobi**

**October, 2008**

5. Ministry of Regional Development;
6. Ministry of Northern Kenya and Arid Lands;
7. Ministry of livestock development;
8. Ministry of Fisheries development;
9. Ministry of Environment and Minerals Resources; and
10. Ministry of Forestry and Wildlife.

The following are the Members of the Committee:

1. Hon. Bett, Franklin, M.P. - **Chairman**
2. Hon. Mureithi, Erastus, M.P.
3. Hon. Mututho, John, M.P.
4. Hon. Washiali, Benjamin Jomo, M.P.
5. Hon. Muriuki, Ruteere Silas, M.P.
6. Hon. Mbai, Itwiku Benson, M.P.
7. Hon. Kazungu, Kambi Samuel, M.P.
8. Hon. Munyaka, Victor Kioko, M.P.
9. Hon. Akula, Evans Bulimo, M.P.
10. Hon. Simam, Peris Chepchumba, M.P.
11. Hon. Monda, Robert Onsare, M.P.

**Mr. Speaker Sir,**

The Committee wishes to take the earliest opportunity to thank the Ministry of Agriculture and its officers together with the Pyrethrum Board of Kenya and the Farmers who participated in study tour and subsequent meetings to make the mission a success, it shows their commitment to duty and readiness to change the Kenyan society.

The Committee on Agriculture, Lands and Natural Resources undertook a fact finding mission to the Pyrethrum Board of Kenya in Nakuru to establish from the stakeholders, the problems afflicting pyrethrum production in the country. During the tour the Committee also visited a research centre in Molo and regretted the level of neglect at the centre. The farmers expressed concern on the development of another competitor company in contravention of the Pyrethrum Board of Kenya Act.

This Report is an account of the findings of the Committee and its recommendations on the way forward.

While undertaking the tour the Committee was also accompanied by officials from the Ministry of Agriculture (head office and field), the Board of Directors and senior Management from the Pyrethrum Board of Kenya.

They included:-

- i) Ministry of Agriculture
  - a) Mrs. Elizabeth Kimenyi

## **1.1 INTRODUCTION**

The Pyrethrum as a plant and seed was introduced in Kenya in 1928 from Britain and is currently grown in 5 provinces (35 districts) in Kenya. Rift Valley produces over 70% of the National Production, while Nakuru District Produces 45% of the National production.

The crop is grown by over 200,000 farmers, employing about 1 million people directly or indirectly. The country has a potential of earning Kshs.1.5 billion annually from the sale of Pyrethrum. Pyrethrum is best suited for growing at 1700-3000m above sea level in rich volcanic soils, at temperatures of about 18 C for six weeks and requires rainfall of about 1000mm.

### **1.1.2 THE BOARD**

The Pyrethrum Board is a statutory organization established under Cap 340 Laws of Kenya of 1964 which was subsequently amended to regulate the growing, processing and marketing of pyrethrum in Kenya.

Further, the Board operates under the State Corporation Act, Cap 446, Laws of Kenya of 1987.

The Board is mandated to organize, regulate the pyrethrum industry, while controlling growing, processing and marketing of pyrethrum, for scientific and economic research and connected purposes.

The Board holds a monopoly status in the licensing of Pyrethrum farmers. In that regard, individual farmers control 25% of the crop market, self-help groups – 45%, co-operation societies – 20% and the Board collection centres – 11% from small-scale farmers.

Internationally the Kenya pyrethrum products have a substantial market; with 55% accounted by American Market, Europe – 30%, Asia Pacific 10% and 5% is Africa. The American market controls the largest market share following an agreement between the board and Johnson & Co. Ltd of America for supply of pyrethrum flowers and by products.

Currently, the Board produces a range of products including refined pyrethrum extract for aerosols, veterinary and pharmaceutical products, crude oil resin from mosquito coils, superfine pyrethrum powder, pyrethrum Mac for animal feeds, mosquito coils and finally a number of end use products.

### **1.1.3 PRODUCTION AND SALES**

The production and sales of the crop from 1987 to 1997 had shown steady growth. However, thereafter a sharp decline occurred due to gross mismanagement by successive managements and boards. The pre-election uncertainty and post-election violence made it worse. Further, the decline was also a product of delayed payment to farmers.

- (q) The Board has many idle assets including residential houses with some occupied by staff not working but continue to receive a monthly wage;
- (r) The pyrethrin content of Kenyan pyrethrum had dropped from 1.8% to 1.2% as the clones were not propagated and there was no new research to improve the quality of the crop and ;
- (s) Inept management decisions resulted in the installation of a plant (at a cost of Kshs 350 million), that has excess capacity and it was not possible for the farmers to satisfy the minimum capacity of the plant.
- (t) The Committee established that the Board had incurred massive losses as follows:-

#### **LOSSES AT THE PYRETHRUM BOARD OF KENYA**

	<b>NATURE OF LOSS</b>	<b>VALUE IN KSHS</b>
1.	Pyrethrins	2.684 Billion
2.	Unpaid sales(foreign)	44 Million
3.	Euro Bank	159 Million
4.	Property(Demonstration farm in Molo)	14 Million
5.	A.S.K Plot	7 Million
6.	Tissue Culture	100 Million
	<b>TOTAL LOSSES</b>	<b>3.024Billion</b>

#### **Comments:**

- Apart from the above losses, the farmers have not been paid for raw materials (flowers delivered) worth Kshs 1.5 billion;
- That the government advance Kshs 863 million to the board to offset the monies it owed the farmers, but most of it went to employees' salaries. The Board employees are owed a lot of money which continue to pile-up monthly although these employees are technically not working.

#### **1.1.5 COMMITTEE OBSERVATIONS**

The Committee, based on the information availed to it, has formed its opinion that the problems of Pyrethrum Board of Kenya are mainly anchored or rooted incompetent management and Board of Directors. It further noted that both institutions have political or tribal tags that have unfortunately pulled down the Industry. With this background both management and the Board have not

- j) That all persons including members of the Board of Directors and staff implicated in losses and theft at the Board be prosecuted and recoveries made;
- k) That the Government and the Board implement the management audit report on the Board by the Inspectorate of State Corporation dated October 2007 and further recommends that a follow-up management and financial audit by the said Inspectorate and Auditor-General (Corporations) be undertaken immediately.

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