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**Report of the Board under
the Chairmanship of Sir William Ibbotson
on the Marketing of Maize
and other Produce**

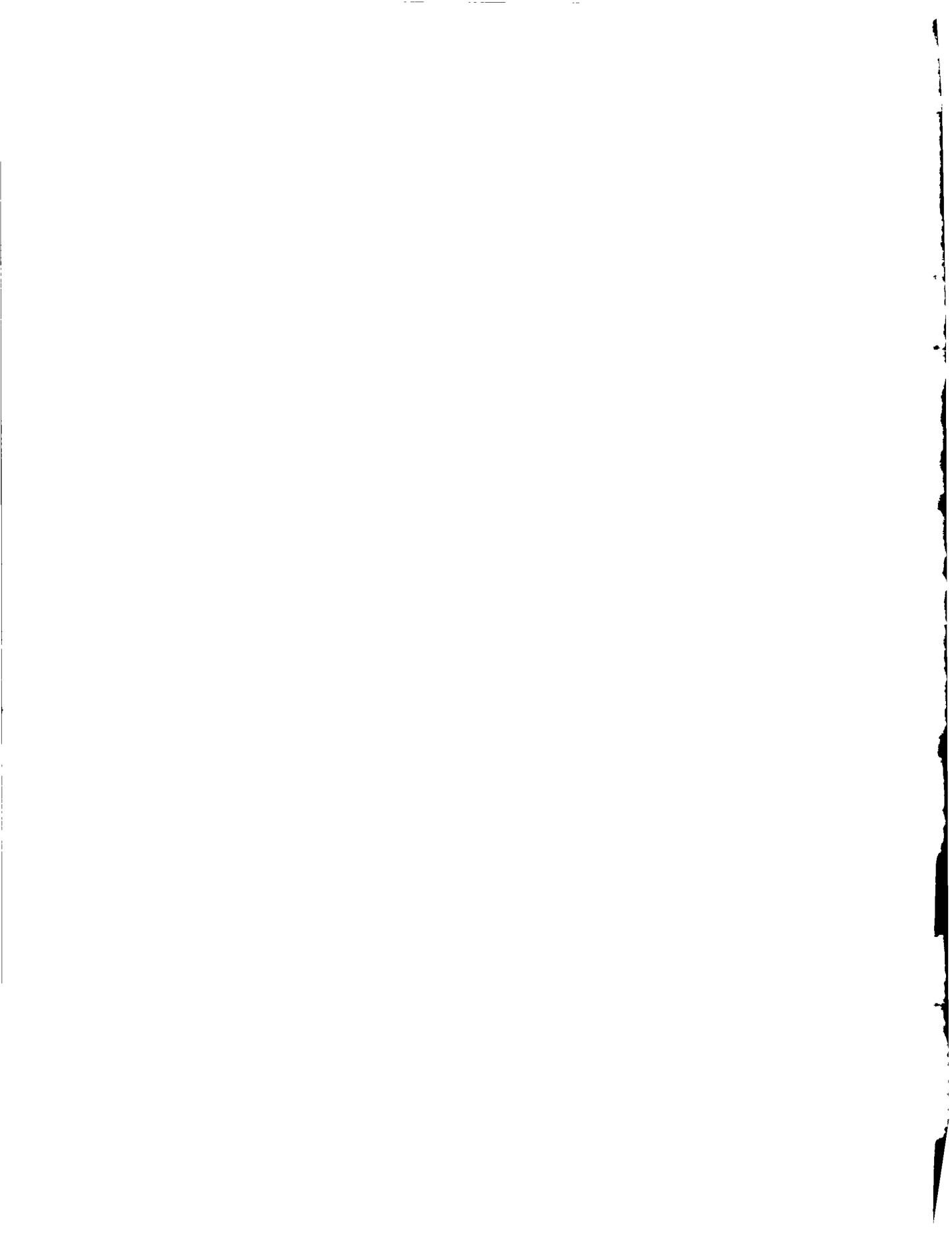
NOTE

The accompanying report is published for general information. The recommendations made in it are under consideration by the Government.

August, 1952.

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YOUR EXCELLENCY,

We were appointed as a Board on the 15th September, 1951, by Government Notice No. 2351 published in the Official Gazette and reading as follows:—

“It is hereby notified for general information that, arising out of the recommendations of a Committee which sat under the Chairmanship of Sir Alfred Vincent, the Government has decided as an interim measure, to appoint a Board to assume the general direction of the Maize and Produce Control, with the following terms of reference:—

To direct, as an interim measure, the operations of the Maize and Produce Control in accordance with the general policy of the Government, and the specific direction of the Member for Agriculture, and, not later than the 31st July, 1952, to submit to the Member for Agriculture recommendations as to the form of organization or organizations which will most economically and efficiently serve the public interest in the collection, storage, distribution, and marketing of all produce at present handled by the Maize and Produce Control, and in addition all crops scheduled under the Increased Production of Crops Ordinance, bearing in mind:—

- (a) The present interterritorial arrangements for meeting the requirements of the East African Territories and the Military Authorities, and the functions of the East African Cereals Pool, and
- (b) the existence of organizations concerned with the handling of produce on behalf of producers and all the functions performed by such organizations.”

2. Complete lists of the dates of our meetings, of those persons who gave oral evidence to us, and of those persons or bodies who submitted memoranda are given in Appendix “A” to our report.

3. At our first full meeting, on 23rd October, 1951, we came to the conclusion that it was impracticable for us to “direct . . . the operation of the Maize and Produce Control”. Such “direction” involves consideration of the numerous and varied day-to-day administrative problems which always arise in connexion with any large and complex organization. We considered that the existing arrangements should continue and that we should devote our attention to what we felt was the most important part of our task—to make recommendations about the future of the organization. This amendment to our terms of reference was accepted by the Government and confirmed by an exchange of letters between the Member for Agriculture and Natural Resources and the Chairman.

4. At the invitation of Sir Philip Mitchell, Mr. B. Gathani, President of the Federation of Indian Chambers of Commerce and Industry of Eastern Africa, was in attendance as an observer at the fifth meeting held on the 26th February, 1952, and at subsequent meetings except for the last meeting held on the 21st June. Mr. Gathani, while not entitled to a vote, was, of course, at liberty to express his views on any matter brought before the Board, and was given access to all memoranda and to the minutes of meetings of the Board.

5. In presenting our report we should like to express our thanks to Colonel R. C. Swain, the Maize and Produce Controller, and to Mr. A. A. Haller, his Chief Accountant. Their great experience and unrivalled knowledge of the existing organization was always at our disposal. Our demands often involved them in a great deal of research which probably had to be undertaken largely out of office hours. We should also like to thank Mr. A. G. Dalglish and Colonel R. T. Moore for their work as Secretaries to the Board and Mr. C. H. Williams, the Provincial Commissioner, Nyanza, and Mr. S. Everett, Deputy Maize and Produce Controller, for the arrangements made for us to see the work of the Organization in the Nyanza Province in October and November, 1951.

6. Mr. J. L. Riddoch left for the United Kingdom before the meeting of the Board at which the draft report was considered, and it has been necessary to complete the Report without waiting for his acceptance of the finally amended form.

We have the honour to be,

Your Excellency's most humble and obedient servants,

A. W. IBBOTSON, *Chairman.*

C. H. WILLIAMS,

JAS. MACKAY,

W. A. C. BOUWER,

C. D. HILL,

A. J. DON SMALL,

W. PADLEY, *Members.*

Nairobi,

31st July, 1952.

REPORT OF THE MAIZE AND PRODUCE BOARD

Historical Background

There is a great deal of misunderstanding about the reasons for the existence of a Maize and Produce Control Organization and a lack of knowledge of what it does, how it does it and why it does it. All too often one reads or hears statements to the effect that "Maize Control should be abolished" made, very frequently, without any attempt on the part of their authors to acquire that knowledge of the facts without which such statements are devoid of all value and made with the idea, which we believe is mistaken, that its abolition would lead to an immediate and drastic reduction in the price of maize meal to the consumer. It is because of the prevalence of this attitude that we feel that a brief outline of how the present organization came into being, what its functions are and of the methods by which it operates, is an essential preliminary to a report of this nature.

2. Maize Control is not a new concept. The existing organization did not even arise solely as a result of the war, although it is true to say that the war which brought with it the need for producing as much maize as possible for the armed forces and for strategic export was the immediate cause of the setting up of a control in Kenya. The general need for some kind of control, with the central idea of introducing an element of stability into this vital industry, became apparent as far back as 1929 when the collapse of the export market had a most serious effect on all maize producing countries. Prices fell from some Sh. 12 a bag in 1929 to below Sh. 4 in 1930. About that time South Africa and Northern and Southern Rhodesia all introduced legislation having as its object the control of the sale of maize, the fixing of prices for internal consumption—prices which were higher than the export price—and the alleviation to some extent of the position of the producer. On several occasions the Kenya Farmers' Association pressed for the introduction of similar legislation in Kenya but without success, largely as a result of the opposition of consuming interests.

3. It will be appreciated that at that time the background to the problem was the need to devise some kind of organization to deal with a situation in which the internal price was higher than the export price and to ensure that "losses" on export were borne equitably by all producers alike. If this were to be done it would have necessitated some system of pooling all supplies; in other words it would have meant the establishment of a control. At the present time we have the situation in reverse. The export price is greatly in excess of the internal price and has been for many years. The internal price has, in fact, been kept, as a matter of Government policy, below export price in the general interest of the economy of the country as a whole. If this is done then, in the interests of equity, some system of pooling production must follow, for without it there would be a general scramble on the part of individual producers to obtain the benefits of an inflated export price which would

inevitably result in internal shortage. The alternative would be to allow the internal price to follow the export price. The effect which a policy of this kind would have on the internal economy of the country is clear—when export prices are high all production costs, including that of maize itself, would rise concurrently—when export prices are low the production of maize would fall, possibly to a level which would result in real shortage. It would seem in fact that some form of central organization to deal with the collection and distribution of a staple crop is inevitable. This, in other words, means control.

4. The introduction of some form of maize control was envisaged by a Committee which reported in 1935 and which was known as the Economic Development Committee. An extract from their report reads as follows:—

“Under this system (that is, one in which all maize grown in the Colony would be pooled) the Central Board which would have to be set up would undertake to buy maize through its agents at certain named centres at a price fixed from time to time. Its agents and other merchants would buy from the producers at prices based on the knowledge of the price obtainable at those places. All sales to local consumers would be at prices subject to maxima fixed by the Central Board from time to time within the limits set by legislation and the Central Board would also determine the quantities of maize to be exported.”

5. In 1935 a sub-committee of what was known as the Maize Inquiry Committee gave further consideration to the setting up of a Maize Control Organization embodying a pooling scheme designed to protect both producer and consumer from fluctuating prices and a Maize Control Bill was, in fact, published in 1936: but it was never debated in the Legislative Council and no further action seems to have been taken at that time.

6. In 1941, the Kenya Farmers' Association again raised the question of the introduction of a pooling scheme designed to achieve a reasonable measure of price stability and to ensure the production of supplies of maize adequate to meet the internal requirements of the East African territories. It was not, however, until November, 1941, as a consequence of an appeal to the East African Governments by the Minister of State in Cairo to produce an exportable surplus of maize that positive action was taken to increase production. The Government guaranteed a minimum price of Sh. 8/50 per bag to European growers in an effort to achieve this. It was this guarantee which led, as it had to, to the introduction of the present system of Maize Control, for, of course, the guaranteeing of a price means that the guarantor must undertake to purchase any quantities offered at that price and this, in its turn, means the setting up of an organization to handle such purchases. It seems, in fact, that it was the desirability of obtaining supplies of maize for export that led to the need for efficient marketing and was the primary reason for the introduction of Maize Control (*vide* Chapter XIII of the Report of the Food Shortage Commission of Inquiry, 1943).

7. The decision referred to in the preceding paragraphs led, in 1942, to the introduction of two important pieces of legislation, the Increased Production of Crops Ordinance, and the Defence (Control of Maize) Regulations. These are still in existence although they have been modified from time to time as the need has arisen. The Increased Production of Crops Ordinance applies to non-native producers only. It provides that in the case of a scheduled crop—maize, wheat, oats and barley are examples—a farmer may receive a guaranteed price for his crop (and a guaranteed minimum return designed to cover his expenses in the case of crop failure due to no fault of his own) provided that he complies with certain conditions mainly relating to good husbandry and storage.

The Present Organization

8. It is convenient in a description of the organization to deal with maize separately from other produce and to deal then with these two groups by reference to European and African production separately, for the problems involved in the purchase and marketing of European and non-European produce are quite different. In this section of the report, therefore, we describe the functions of the Maize and Produce Control in so far as they relate to maize, and we deal in a later section with other produce.

9. Maize Control still operates under Defence Regulations (Government Notice No. 993 of 1944, subsequently amended from time to time). It is responsible to, and subject to the general directions of the Member for Agriculture and Natural Resources. Its essential functions are to purchase maize at prices fixed by the Government, to collect and store it until it is required for consumption and to ensure that sufficient quantities are available for consumption in the right places and at the right times. It is also required, as Agent for the East African Cereals Pool,* to meet the requirements of the other East African territories and of the Military Authorities and to take over for this purpose any surplus of maize from other territories. It is also required to maintain an emergency reserve which might vary between 250,000 and 500,000 bags. The main provisions of the Regulations under which the Maize Controller operates and as a result of which he is able to carry out these functions may be very briefly set down as follows:—

- (i) The Controller has the sole right to buy, or sell, on behalf of the Government all maize produced in, or imported into the Colony.
- (ii) He may appoint agents to carry out such duties as he may specify.
- (iii) He has complete control of the milling of maize through his power to require millers to be registered with him.

* A description of the functions of the Pool is at Appendix "B". We understand, however, that the present arrangements are likely to be changed very considerably in the near future.

- (iv) He may require any person possessing maize to dispose of it as he may direct.
- (v) He may prohibit, or direct, the movement of maize from any one part of the Colony to any other.
- (vi) The prices which the Controller must pay for maize to a producer or a trader are fixed from time to time by the Governor.

The Regulations also provide for the sale by Africans of maize grown by them to other Africans in the same area and also for the sale by non-African producers of maize to their own servants or resident labourers for their own consumption.

10. The maize which is offered to the Control becomes its property as soon as it is purchased and it remains the property of the Control until it is sold to the trader in the form of "posho" or as maize. The whole of this operation is financed by the Government which guarantees an overdraft to the Control. The total quantity of maize passing annually through the hands of the Control is subject to considerable variation from year to year depending on whether the year is a "good" one or a "bad" one. The average quantity in a normal year, however, is about 1,600,000 bags of which some 600,000 bags are produced in the European areas and the rest by Africans in the reserves. Of the African production the large majority is produced in Nyanza. It will be appreciated that the figures of production and distribution given in this paragraph are only rough approximations; they are given merely as an indication of the order of the quantities handled. It is appropriate to note here that the total average production of maize from all sources in the Colony is estimated to be of the order of 7,000,000 bags of which approximately 5,500,000 bags are consumed by producers themselves or disposed of as provided for under the Regulations (*see* paragraph 9).

11. To deal with the European crop the Maize Control employs the Kenya Farmers' Association (Co-operative) Ltd. as its agents. Maize, it will be remembered, is a scheduled crop under the Increased Production of Crops Ordinance and under the terms of this Ordinance a producer is entitled to a payment of 80 per cent of the estimated value of his crop as soon as it is harvested. This payment is made by the agents on behalf of the Government from moneys made available from Government Funds. The crop is stored by the producer until it is called forward by the Controller, and for this service he receives a storage allowance. The price paid to the producer is f.o.r. sender's station and the agent issues delivery orders to the producer on the instructions of the Control. When the maize is received by the Control the agent is paid the full value for the quantity delivered and he then credits the farmer with the balance due to him and reimburses the Government with the amount of the initial payment.

12. The problem in the African areas is quite different from that in the European areas in that it involves the collection of the marketable crop from thousands of small producers who could not be asked to store their maize until ordered to deliver it to the Control. It must be taken as and when it is offered. In order to carry out this task, the Maize Control has built up a complex system of buying and stores to carry out its work. The great bulk of the African-grown maize is produced in the Nyanza Province and, in view of its importance in connexion with the recommendations which we make later in this report, it is desirable to describe the Nyanza organization in some detail.

The Nyanza Organization

13. The system of marketing which has been progressively built up over a period of years in the Nyanza Province has as its background the following main objectives:—

(i) *Guaranteed Prices.*—It is now the declared policy of the Government to fix the prices of the Colony's main crops in advance of planting in the interests of a controlled and balanced agricultural policy and of the general economy of the country as a whole. It is, of course, a natural and inevitable consequence of such a policy that the Government must control the disposal of all produce for which it guarantees a price.

(ii) *Land Protection.*—It is the policy in Nyanza to try to ensure that production be directed so as to meet the needs of the Colony but, at the same time, to see that the fertility of the land is not jeopardized. Marketing policy has always been directed with these objects in view and has been carried out by means of price incentives and good husbandry rewards and by the operation of a transport pool to which reference will be made later in our report.

(iii) *Storage.*—It is estimated that 80 per cent of the produce purchased in Nyanza is brought in by the grower in quantities of less than one bag. It must be taken as soon as offered and may not go into consumption for some months. It is essential that it be protected from infestation by weevil and other insects, and without adequate and well-organized storage this could not be achieved.

14. The Nyanza Marketing Organization, which is in fact part of the Maize and Produce Control system, operates with the guidance of an Advisory Marketing Committee which has the Provincial Commissioner as its Chairman. The Committee has the prices of the produce with which it is

concerned continually under review and recommends to the Member for Agriculture and Natural Resources, through the Provincial Commissioner, how prices should be adjusted so as to ensure, as far as it is possible to do so, that crops come forward in the quantities required, always bearing in mind the need for preserving the fertility of the soil, that the trader and transporter are adequately rewarded for their services and that, where it is thought desirable, adequate contributions are made to Agricultural Betterment Funds.

15. Some of the main agricultural areas of the Province are situated at long distances from the railway and, in the past, the heavy costs of haulage have been a serious deterrent to the production of crops for consumption outside the area in which they are grown. During the war, when the need for increasing production was paramount, a transport pool was introduced on the advice of the Provincial Commissioner. The principle of the pool is that each grower makes a contribution to an account operated by Maize Control of an amount designed to cover the whole of the transport costs which are paid at the present time at the rate of 7 cents per bag per mile. The Province is divided into two main areas, North and Central, and South Nyanza and Kericho. At any place inside each area the price to the grower is the same. The Pool, in fact, operates on the principle that producers living close to the Railway should get slightly less for their maize, and producers at long distances slightly more than the price would have been had there been no transport pool, so that maize may be purchased at the same price throughout the area. The benefits to growers of a system of this kind are obvious as also are the benefits to the country as a whole in that new areas can be opened up which otherwise, because of transport costs, would not be economic propositions.

16. The Marketing Organization which has grown up during the life of Maize Control in the Nyanza Province is of the greatest importance. We have included, as Appendix C to our report, a brief description of the arrangements operating in the Province, prepared for us by the Deputy Maize Controller, Mr. S. Everett. In the same Appendix we have included a note on the Nyanza Maize Price Structure for 1951 Plantings in illustration of some of the matters referred to in this section. It will be seen that maize buying in the African areas is carried out as far as possible through licensed traders operating within fixed profit and transport allowances. Markets exist in various parts of the Reserves and at these markets primary traders, mainly African, and operating under licence, buy in basket loads from women who bring their surpluses into the market. Generally speaking, these primary traders have insufficient capital to buy large quantities of maize and they resell to a licensed secondary trader, who is usually an Asian and who, in his turn, sells to the Control at its railhead stores in lots of 10 tons or more. To assist the Agricultural Department in its efforts to encourage good farming,

individual farmers and co-operatives are entitled, on receipt of a Certificate of Good Husbandry, to deliver maize in 3-ton lots and receive the full rail-head store price less half the normal deduction for Agricultural Betterment.

Other African Areas

17. Although most of the African-grown maize passing into the hands of the Control is grown in the Nyanza Province, quite appreciable quantities are derived from the Central Province. Maize and Produce Control operates in all other Provinces in the manner briefly described in the previous paragraph, but in none of them is there a Marketing Organization of the degree of development reached in Nyanza. There are, for instance, no transport pools (except in the case of Meru) and prices to growers vary, as a consequence, throughout the areas depending on their distances from Maize Control stores. There is one more source of supplies reaching the Control, i.e. the production, surplus to their own needs, of Africans in the Forest Reserves. The Conservator of Forests is the sole owner, on behalf of the Government, of all surplus maize grown in these areas and he uses the Maize Control as his sole agent. Here again the Control operates through the usual trade channels in the Forest areas. Maize grown there is allocated, in the first instance, to meet the requirements of the Forest Department itself and the various sawmillers and contractors operating in the Forest areas. Any surplus over and above these requirements passes into the general Maize Control Pool.

Storage

18. Maize Control is essentially a non-profit-making organization, but it will be obvious to anyone who gives any consideration to the scope of its activities that it could not operate successfully and have an evenly balanced budget every year. It deals, as we have seen, with an average of 1,600,000 bags of maize annually. It has reached a maximum of 2,500,000 bags. The price to be paid to the grower each year is normally fixed before the maize is harvested and before any accurate estimate of the magnitude of the crop can be made. The margins to be paid to its agents and the margins required to meet the administrative costs of the organization must also be fixed before the first bag of maize meal is sold to the consumer. It is clear that the Control cannot afford to incur any losses on a large scale for if it did the only source from which such losses could be made good would be from the general revenues of the Colony by means of a vote in the Legislature. It is true, of course, that such losses in any one year could be carried forward to the following year and recovered by means of increasing the price to the consumer. In the past, it may have been that when estimates have been

inaccurate this, occasionally, has had to be done but it could not happen on any large scale without seriously disrupting the economy of the Colony. The only source of revenue available to the Control is that which is received from the consumer of maize and, if the price to the consumer is miscalculated and turns out to be too low, it is impossible to remedy the error without carrying the loss forward because the maize meal from which the revenue is derived will have been sold before the mistake comes to light. In these circumstances it is understandable that, while profits are not an objective, every effort is made, when fixing prices, to avoid a loss. The estimating, in other words, has been prudent and it has, in fact, resulted over the years in the accumulation of profits. The fineness of the margin can be readily understood when it is appreciated that maize meal cannot be sold in units of less than half a cent a pound and that half a cent, either way on an internal turnover of 1,200,000 bags means an annual profit or loss of £60,000. The Control in fact, if it is to avoid a loss cannot help making a profit. In fact the average profits of the organization have been between some £60,000 to £80,000 annually.

19. The profits, however, do not constitute a hidden element of taxation in the fiscal structure of the Colony. They have never been paid into the general revenue of the Colony but have been used to construct, throughout the Colony, the storage which is essential to the successful operation of any organization of this kind. If these profits had not accrued then provision for the erection of storage would have had to have been made from the General Revenues of the Colony. It would, of course, have been possible to have spread the burden over a longer period had storage been financed from Loan Funds. In any case it would have been the consumer or the producer who would have paid for it. The value of the stores and other assets, e.g. houses, acquired by the Control from accrued surplus balances is approximately £400,000 and at the end of the 1951/52 year might well be £500,000.

20. At the present time the Control has erected and is the owner of storage capable of holding 900,000 bags of maize and other produce. It has under construction stores capable of holding another 460,000 bags. This construction is based on the Government's decision that storage for 50 per cent of the crop likely to come forward in a good year should be available at railheads in the various producing areas together with stores capable of holding a reserve of 250,000 bags in Nairobi. In addition to this programme of storage, the Control has purchased from the Agricultural Department the Grain Conditioning Plant in Nairobi and it has erected a Conditioning Plant at Kisumu. A mobile conditioning plant which will be capable of moving from store to store in the producing areas is on order. The need for this storage programme was, primarily, the very considerable increase in produc-

tion of maize and other produce throughout the Colony and the fact that it is quite impossible for the railway to move large quantities of produce within the very short space of time in which, at the time of harvesting, they come into the hands of the Control. For this latter reason, and to avoid double railage as far as possible, it has been the policy of the Control to erect the main bulk of the storage in the producing areas and to hold the stocks there until such time as they are required either for local consumption or for export.

Distribution

21. When Maize Control was introduced in 1942 some ninety millers were registered as Maize Control Millers. The maize which the millers obtain from the Control remains the property of the Control until it is sold ex-mill in the form of maize meal. It is sold at the controlled price which is the basic price for maize to which has been added the overhead costs of the Control, gristing charges, an element to cover interest on overdrafts guaranteed by the Government and an amount calculated on a bag basis to cover transport costs. It is convenient, here, to refer to this matter of transport. It is one to which we shall refer later in this report in connexion with our recommendations. It will be remembered that the maize price guaranteed by the Government through the Control is a price to the producer which is f.o.r. sender's station. It has been and still is the policy of the Control to sell maize meal in any one season at the same price throughout the Colony and to cover its actual transport costs by means of a fixed element in the price structure to the consumer. The current addition to cover railage costs is Sh. 2/20 per bag. In addition to this an amount of 15 cents per bag is added to the consumer price to cover "transit losses". This is a fixed allowance to millers to cover losses incurred between store and mill. The millers, by agreement, take their consignments at invoiced weight, their accounts being adjusted by one-half per cent to cover any such loss.

The Control of Produce Other Than Maize

22. In addition to maize the following crops are subject, at the present time, to control by the Government and a guaranteed price to the producer is published in advance of planting :—

A. UNDER THE INCREASED PRODUCTION OF CROPS ORDINANCE NO. 7 OF 1942

Wheat, oats, barley, sunflower and linseed. Of these crops barley, sunflower and linseed are subject at present to a guaranteed minimum return only.

B. UNDER THE DEFENCE REGULATIONS

Crop	Quantity marketed through Control 1950-51	Disposal in normal Crop year	Existing Legislation
	<i>Bags</i>		
MILLETS AND SORGHUMS— Mtama	10,000	Local and export market	The Defence (Controlled Produce) Regulations, 1943.
Wimbi	28,000	Famine Reserve Local (Native Beer)	..
BULRUSH MILLET— (Mwele)	2,000	Good export market in India and S.A., also local reserve if required.	..
FOXTAIL MILLET— (Mkomba)			
LEGUMES AND PULSES— Dried Beans (7 kinds)	45,000	Mainly local.	..
Dried Field Peas ..	6,000	Local Asian and Native market.	..
Cow Peas	2,000
Pigeon Peas ..	4,500
GRAMS— (Green, yellow and black.)	26,000	Local Asian consumption; usually a small surplus of black gram only for export.	..
CASSAVA ROOT ..	40,000	Local famine reserve.	..
EDIBLE OIL SEEDS: Groundnuts	40,000	Local (internal shortage).	..
Simsim ..			
RICE (Paddy) ..	10,000	..	The Defence (Control of Paddy and Rice) Regulations, 1943.
GHEE	26,000 tins	..	The Defence (Control of Ghee) Regulations, 1943.
COPRA	300 tons	.. (Soap-making)	The Defence (Control of Copra and Coco-nut Oil) Order, 1943.
EGGS AND POULTRY— (Nyanza Province only.)	4,000,000 eggs 15,000 head poultry	Local ..	The Defence (Control of Eggs and Poultry) (Nyanza Province) Regulations, 1944.

Examination of the Problem

23. The Government Notice by which we were appointed states that we were appointed as a consequence of the recommendations of a Committee which sat under the chairmanship of Sir Alfred Vincent. This Committee sat in the early months of 1950 and was invited to make recommendations on the development of agricultural marketing in Kenya, taking into account "the existence of certain Regional Marketing Organizations and Farmers'

Co-operatives whose functions in regard to the purchase collection and transportation of produce from the producer to railhead should be maintained". They were also asked to make recommendations, "regarding the handling of locally grown foodstuffs, more especially Government guaranteed produce, and having particular regard to the proposal that a Statutory Kenya Produce Corporation should be established and the composition, functions and organization of such a Corporation".

24. It was, of course, essential to the full consideration of our terms of reference that we should be familiar with the recommendations of this Committee and, as the setting up of this Board arose as a result of them, we note them here. They are:—

- (1) That a "Kenya Produce Corporation (Incorporated)" be established by statute to take over the collection, distribution and marketing of all produce at present handled by the Maize and Produce Control and, in addition, all other crops scheduled under the Increased Production of Crops Ordinance, and to carry out these functions in the best interests of the producer and consumer bearing in mind the existence of certain regional marketing organizations and farmers' co-operatives.
- (2) That the composition of the Corporation should be:—
 An Independent Chairman (who would have a casting vote only).
 The Member for Finance or his representative.
 The Member for Commerce and Industry or his representative.
 The Provincial Commissioner, Nyanza, or his representative.
 Three European Producer Representatives selected from a panel of six names of cereal producers, submitted jointly by the K.N.F.U. and the K.F.A.
- (3) That the form of organization necessary for the carrying out of duties of the Corporation should be devised by the Corporation itself.
- (4) That the Administrative costs of the Corporation (including the fees of any agents employed by the Corporation and the cost of operating storage) should be met by the maintenance of the smallest possible margin, consistent with efficient operation, between the producer price and the disposal price of produce.
- (5) That the trading capital required by the Corporation should, at least at the outset, be provided by the Government in the form of short-term advances.

25. The important points to be noted in these recommendations are that the Committee in recommending the establishment of what they described as the "Kenya Produce Corporation (Incorporated)" clearly envisaged the continuance of "control" in some form or other and that they considered that

the "Corporation" should be representative of what may be described as "sectional" interest. They left consideration of the form of the organization which could be necessary to the Corporation itself, when established, and they envisaged that, for the time being at least, the necessary finance should be provided by the Government.

26. It was against this background that we considered the evidence put before us. We are required by our terms of reference to make recommendations with regard to the "collection, storage, distribution and marketing of all produce handled by the Maize and Produce Control and of all crops scheduled under the Increased Production of Crops Ordinance". There is no doubt that, from the point of the general economy of the country as a whole, maize is by far the most important of these, and we have thought it expedient to give consideration to the problem of maize separately from that of other produce. Our plan has been to make recommendations relating to the organization required to handle maize and to consider the question of other produce in the light of these recommendations.

27. The first questions which arise inevitably are whether control should be continued at all and, if it should, in what respects the existing organization for maintaining the control is in need of modification. All the reasons which led to the introduction of Maize Control and which have been set out in earlier sections of this report are still there. If the Colony produces more than its internal requirements and if there is a price differential between the internal and external markets, then for reasons which we have given there must be some form of control. In addition, it is the Government's duty to ensure the stability of the Colony's food supplies and this can only be done by some system of price fixation in advance of planting. It is important to appreciate the difference between "price fixation" and "price control". Price Control is used, in times of inflation and of supply shortages, to limit the taking of excessive profits by dealers in commodities essential to the life and well-being of the community. Price Fixation means the guaranteeing of adequate returns to the producers of essential commodities in the interests of stability. We do not believe that anyone would advocate a return to a policy of *laissez-faire* particularly as regards agriculture in a country where agriculture is the basis of its economy. Agriculture is not an industry which can suddenly be built up overnight, should the need arise, when it has been allowed to run down as a consequence of prices which have made it impossible for producers to continue in production. For these reasons we accept the need for a continuation of the control of maize and we recommend accordingly.

28. Consideration of the form of organization required to make control effective is more difficult. We have examined the existing organization in considerable detail and we have had the advantage of being able to call for explanations of any matters which presented difficulty from the Maize Controller himself and from his Chief Accountant. We have also examined

a considerable volume of criticism of the existing organization, both informed and otherwise. We consider it to be invidious and unprofitable to attempt to compare the operating costs of "this" organization with "that" one and are convinced that an attempt by us to try to give, here, an analysis of what must, by its nature, be a complicated system of accounts would only provoke undesirable discussion and would lead to unfruitful argument. We have had no evidence which would lead us to believe that the Maize Control Organization has been either inefficient or unduly costly or that anyone else could have done it any better. It does not claim to be a perfect organization, and it may be that here or there economies could be effected, but we should say at once that we believe that any expectation of a large reduction in the cost of maize meal to the consumer by substituting something else for it will prove to be little more than a pious hope. Nevertheless, we feel that the time has come when a change must be made. In the first place, the control still operates under Defence Regulations made during the war. It is undesirable that this should continue and, whatever the form of the control may be in the future, it should operate under the provisions of an Ordinance enacted by the Legislature. In the second place we believe it to be undesirable that a marketing organization of this kind should operate as a "Government Department", always subject to political attack and to criticism on the grounds of inefficiency. We recommend that, as soon as it may be practicable to do so, the administrative functions of Maize Control be assumed by a Statutory Board, or Corporation. The ultimate responsibility for any control so long as prices are guaranteed must, of course, rest with the Government which exercises its responsibility in regard to Maize Control through the Member for Agriculture and Natural Resources. The new Board would, therefore, be responsible to the Member. We make recommendations later in the report with regard to the composition of the Board which is affected by our subsequent recommendations in connexion with the executive functions of the Control.

The Functions of the Central Board

29. If the new Board is to take over the functions of the existing organization it will have to arrange, primarily, for the collection, storage and subsequent distribution of the maize crop. Its first tasks will be to assess as soon as possible, and as accurately as possible, the magnitude of each crop; to decide where it shall be stored, when it is purchased from the grower; to advise the Member for Agriculture as soon as practicable of the quantities required for internal consumption (and here the requirements of East Africa as a whole must be the consideration) and consequently to recommend to the Member the quantities likely to be available for export; to direct the distribution to millers or other persons of the quantities required for internal consumption, and to ensure that adequate reserves are maintained in good condition—that is, that they are "turned over" as and when it may be necessary to do so.

30. If all these matters are to be the responsibility of the Board, then it is necessary to consider what executive organization will have to be set up to deal with them. We believe that the central executive should be kept as small as possible and that the Board should exercise its responsibilities through the employment of agents whose functions we describe in subsequent paragraphs. As far as the Central Organization is concerned we envisage the employment of an Executive Officer who with a small staff will be responsible for keeping the Board fully informed on all matters requiring their decision. The Executive Officer will probably have to have the services of a statistician and supervisory storage staff. He will, of course, require the usual secretarial and clerical assistance.

The Agents of the Board

31. The handling of maize between producer and consumer can, conveniently, be considered in stages, the first stage being the one in which it is collected and purchased from the producer and placed in store or on rail. In the European areas this function is already carried out by the Kenya Farmers' Association on behalf of Maize Control and we recommend that they continue to do this work as agents for the new Board on a contract basis. There would seem to be little doubt that an association of producers would be the most acceptable form of organization to carry out this work, and it is probable that it would be the most efficient. Except in the European areas, however, such Associations, or Co-operatives, do not exist and, we consider that it is unlikely that producers in African areas will be able to organize co-operatives with the necessary degree of efficiency for some considerable time. Until they are in existence we believe that the formation, *ad interim*, of Statutory Produce Marketing Boards in each of the African maize producing provinces should be undertaken. In Nyanza, which it will be remembered is the most important maize producing area, the existing marketing organization operating under the ægis of Maize and Produce Control with the assistance of an advisory committee under the chairmanship of the Provincial Commissioner has already reached a high degree of efficiency. We recommend that the necessary legislation be introduced to enable the Nyanza Produce Marketing Board, as it may well be described, to be set up. Although at this stage of our report we are considering maize only, the Board would, of course, assume responsibility for any produce which it may be found expedient to control. We include, as Appendix D to our report, a note prepared in the office of the Member for Agriculture and Natural Resources making suggestions as to the duties and powers of such a Board and as to its probable composition. We support the proposals set out in the note and we make recommendations later in our report about the provision of the necessary finance and about the ownership and operation of stores. We should make it quite clear at this stage, however, that we consider that, while the Regional Board should be responsible for the purchase,

collection and transportation of all scheduled agricultural products within its area and within price limits fixed by the Government, it will have to place those purchases for which there is a guaranteed price at the disposal of the Central Board, either f.o.r. or in store, and it will be subject to the general and overriding policy of the Central Board.

32. In the Central and Coast Provinces there has been no development of organized marketing on anything like the scale reached in Nyanza and, if the existing Maize and Produce Control Organization is removed, it is necessary to arrange for the work which it carries out to be done in some other way. We recommend that, as soon as it may be practicable to do so, Regional Boards on the Nyanza lines be set up in both these areas. In the meantime, however, the work of collecting maize and other produce and placing it f.o.r. or in store will have to be given out to licensed traders.

Forest Reserves

33. There remains for consideration the arrangements for the collection of maize grown in the forest reserves. This, of course, is at present carried out by Maize Control. A small cess collected by the Control is levied on each producer, and the proceeds are paid into the Native Trust Fund and are used to provide Welfare Services for forest labour. We understand from the Conservator of Forests that these services are popular with the labour and that they should continue. It would seem to us that with very little re-organization the existing function of Maize Control could well be assumed by the proposed Central Board which would employ agents which, in these areas, might very well be the Kenya Farmers' Association.

Storage and Distribution

34. The proposals which we have made so far cover what we have called the "first stage"—that is the collection of maize and the placing of it at the disposal of the Central Board either in store or f.o.r. as the Board may direct. The second and third stages are the operation of storage and the onward movement to the consuming areas. If the executive organization of the Central Board is to be the one which we have described then, again, the Board will have to discharge these responsibilities through the media of agents. We deal, first, with the general question of storage.

35. We have described the existing storage system and the Government's policy in relation to storage in paragraphs 18 to 20 of our report. The stores which have been erected by Maize Control have been financed mainly from surpluses accruing to the Control from the handling of crops.

36. We believe, however, that any attempt at this stage to divide up existing stores into producer or consumer assets as the case may be would lead to a great deal of unprofitable argument and would serve no useful purpose. The whole problem of grain storage is a complex one and has engaged the attention of the Member for Agriculture for a considerable time. As we have indicated in earlier sections of this report more storage will have to be erected for both transit and reserve purposes and, as far as the latter is concerned, it is well known that the erection of silo storage has been the subject of considerable investigation in recent years. No one doubts its desirability but the difficulty is the very large capital cost. It may well be that the right approach to the problem would be the setting up of a Public Utility Corporation with the power to raise capital on the security of its assets and which would own and control on behalf of the Government all storage throughout the territory, but the difficulties of raising capital on this kind of security are not in need of emphasis. We consider that, at any rate in the first instance, all existing storage, conditioning plants and other fixed assets of Maize Control should be vested in the Central Board and maintained by them. The actual operation of the stores would be assumed by agents of the Board on terms which would have to be agreed. (See our recommendation (v) in paragraph 54.) We consider that the agreement should provide that the responsibility for losses in the stores themselves should rest with the agent.

37. The third phase which the agent would be required to undertake under instructions from the Central Board will be the movement of maize from the store (or from railhead in the case of maize which does not pass into transit store) to the consuming areas—in most cases, that is, to the miller. Where practicable it would be convenient and more economical, we consider, that the agent responsible for the first two phases of the operation should also be responsible for the third. In the European areas and the Forest Reserves we recommend that the agent should be the Kenya Farmers' Association and in Nyanza the proposed Statutory Regional Board. In the Coast and Central Provinces where no producer co-operative or marketing organization exists the problem is more difficult. In these two areas, as an interim measure and pending the establishment of either of these organizations, the Board would have to employ suitable agents to operate the railhead stores and to be responsible for onward transmission from there to the mill on the most economical terms obtainable. It would seem that, in the first instance at any rate, such agents might appropriately be the Kenya Farmers' Association.

38. Finally, the Board will have to make arrangements for the operation, on an agency basis, of stores and conditioning plants outside the producing areas and these would include the reserve stores. Here again it would seem that, in the first instance, the agents might appropriately be the Kenya Farmers' Association.

Composition of the Central Board

39. In paragraph 28 in which we recommended the setting up of a Central Board we stated that we should give consideration to its composition later in our report. It is convenient to deal with this matter here. We consider that the Board should be appointed by the Member for Agriculture and Natural Resources and should consist of a Chairman and four Members, the Chairman having a deliberative but not a casting vote. In view of the relationship between the Board and its agents we consider it to be important that the Chairman and Members of the Board should have no executive position or substantial interest in any agency. In this respect it will be noted that our conclusions are different from those reached by the "Vincent" Committee which we noted in paragraph 24 of our report. We appreciate, however, that the matter of the composition of the Board would have to be revised if it were ever decided to discontinue the policy of guaranteeing prices.

Financial Arrangements

40. Maize and Produce Control operates on an overdraft guaranteed by the Government and pays interest to the Government at the rate of $3\frac{3}{4}$ per cent on the agreed amount of the overdraft. The complete accounts of the organization are kept by the Head Office staff in Nairobi. If the recommendations which we have made are adopted, a complete revision of the financial arrangements will be necessary for it will be clear that our proposals imply a large degree of decentralization and a devolution of executive responsibility to the agents. We believe that, for the time being at any rate, the necessary finance will have to continue to be made available by the Government to the Central Board in the form of a guaranteed overdraft at interest. We are aware that this method of providing what is, after all, short-term money is an expensive one, and we recommend that as soon as may be the Board should seek other sources of short-term finance on more advantageous terms. The present method of financing the Control involves the keeping by the Government of large sums in a relatively liquid state, but by this method availability of funds is assured and similar continuity would have to be a first consideration in the assumption of any alternative source. We recommend that the Central Board should initiate discussions on these questions with the Treasury at some time in the near future.

41. As far as the Government is concerned we consider that its dealing should be with the Central Board alone and it will be the Board's duty to make what financial arrangements are necessary with its agents. The agents will, of course, be responsible for the payment to the grower for all crops coming within their jurisdiction, for the collection of any cess or other charge which may be imposed either on the grower or the consumer, for the operation of storage accounts and for the collection of and accounting for the proceeds of all sales. The executives and employees (e.g. the auditors) of the Central Board must have full access to the premises and accounts of

any agent in so far as they relate to the agency and the agency must be required to present accounts to the Central Board in such forms and at such times as the Board may direct. We consider it important from the point of view of efficiency, and economy of accounting staff, and the avoidance of bad debts that all sales by the agents should be on a cash basis.

42. The remuneration to the agents for their work on behalf of the Board will have to be the subject of agreements negotiated between the Board and the individual agents. At the present time where agents are used they operate on a fee basis paid by the Control and recovered as a consumer charge. In cases, however, where the agent is a producer co-operative or its forerunner, a Marketing Board, and is responsible for the complete handling of the crop from the grower to the miller, it is for consideration whether prices should be guaranteed to the agent and not to the producer as at present. In either case we consider that remuneration to the agents should be devised so as to provide an incentive to efficiency and economy in as great a degree as possible. It is probable that the guaranteeing of prices to the agent would be the best method of achieving these objects. In the Central and Coast Provinces where the responsibility for the collection of the crop on the one hand and its storage and onward handling on the other will, for the time being at any rate, probably be dealt with by different agents, the problem of devising agency fees so as to provide an incentive to efficiency is likely to be more difficult. It would appear to be desirable, however, that the agent responsible for storage and subsequent handling should be made responsible for all losses and shortages and his fee would, of course, have to taken this into account.

Milling

43. The problem of milling is closely bound up with that of railage from store to mill which we described in paragraph 21. It seems to be generally agreed that, if possible, milling should be decontrolled. At the present time, it will be remembered, maize remains the property of the Control until it is sold, ex mill, by the Control in the form of posho. To a great extent, therefore, mills have been supplied with working capital for their operations from Government sources. Several attempts have been made, in recent years, to remove the control of milling but they have always been strongly resisted by the millers themselves. They argue that, under the existing system, the miller was not able to obtain his maize from where he wished to obtain it and had no control over its quality. In these circumstances the recipient of maize which has been in store for some time may find it difficult to compete with a miller fortunate enough to obtain new stocks.

44. This difficulty is aggravated by what the Board wishes to recommend on the question of railage. There is a strong feeling throughout the Colony, and which is shared by most members of the Board, that it is inequitable

that as a result of the requirements of an equated railage system consumers in the producing areas should have to pay a higher price for their maize than would otherwise be necessary. It is argued that, as far as imported goods are concerned, consumers fortunate enough to live at the coast do not have to bear railage charges and that in the interests of equity the system should work the other way where local produce is concerned. There is, of course, great substance in this argument and we are inclined to believe that if it is practicable all maize should continue to be sold f.a.q. (fair average quality) and at a price which is f.o.r. sender's station. We do not, however, rule out the possibility of the equation of railage within specified zones. In this connexion it might be desirable to sell maize from reserve stocks on grade. A corollary of this would be that milling should be decontrolled and here again we believe that such a step would be in the interests of the consumer. Unfortunately a decision to abandon the system of equated railage would only serve to reinforce the objection of the miller to decontrol in that, in addition to arguments about quality, the argument could be adduced that millers would find fair competition difficult if not impossible if they were to be subject to direction as regards their sources of supply which might involve some of their number in heavy railage costs and not others. We should say at once that in view of the need for maintaining an adequate reserve and of ensuring that it is maintained in good condition we believe that the Central Board should have the complete and unequivocal right of direction as far as the consumption of its stocks are concerned. Nevertheless, we believe that the policy of the Board should be to end the system of equated railage and to decontrol milling. We recommend that the Board be requested to consider these questions at an early stage with a view to their resolution on lines which would achieve these objects.

Exports (and Imports)

45. The Central Board will have to be responsible under the directions of the Member for Agriculture and Natural Resources for the disposal to the best advantage overseas of any surplus maize after the requirements of the East African territories have been met. There are two ways of doing this, the first being by local sale by auction or tender, the sales being either f.o.b. or f.o.r. and the second by sale through an agent on a c.i.f. basis. There are advantages and disadvantages in respect of both methods and they each have their protagonists. We recommend that in the legislation which will have to be introduced establishing the Board and setting out its functions both methods of disposal be provided for, and that the Member should give whatever directions he may think fit after having had the advice of the Board. Should it ever be necessary, on the other hand, to import maize, such imports, we consider, should be financed and handled by the Board through its agents.

Other Cereals and Linseed

46. These consist of wheat, oats, barley and linseed, of which wheat is by far the most important. The control of the marketing and distribution of wheat and flour was the subject of an Ordinance recently enacted by the Legislative Council and known as the Wheat Industry Ordinance, 1952. This Ordinance vests the control of marketing and distribution of wheat in the Member for Agriculture and provides for the establishment of an advisory body known as the Wheat Board and for the appointment of agents with executive functions under the direction of the Member. The introduction of this legislation seems to have made further consideration by us of the marketing and distribution of wheat unnecessary. We would note, however, that if the recommendations which we have made are adopted it would not really be practicable for the Central Board which we recommend to have any jurisdiction in regard to wheat.

47. Oats, barley and linseed, which are scheduled crops under the Increased Production of Crops Ordinance, are entirely European and have been marketed in the past by the Kenya Farmers' Association. We recommend that they continue to function as agents for the handling of these crops.

Other Produce

48. In paragraph 22 we gave a list of produce which is at present subject to control in some form or other in Kenya in addition to maize. These crops may be conveniently classified into three groups: (i) those in which Kenya's production is usually sufficient to meet its requirements, the balance being either consumed in the remainder of East Africa or, on occasion, exported (e.g. maize, wheat, oats, barley, mtama, peas and beans); (ii) those in which Kenya's production falls short of its requirements, the balance being imported (e.g. edible oil, ghee, rice, sugar, copra and coco-nut oil), and (iii) those in which Kenya's requirements are small, a large part of the crop being exported (e.g. certain millets).

49. It is pertinent to ask why these items of produce are subject to control. It would seem that there are two reasons; either the produce is regarded as an important and essential commodity in which case it is the duty of the Government to ensure, in so far as it is able, that adequate supplies are available, or the production of a particular item is regarded as essential on agricultural grounds for the maintenance or improvement of the fertility of the soil. In the case of crops falling into either of these categories the required production will not be achieved without some incentive and in the end the only real incentive is one of price. If this kind of incentive is used and a price is guaranteed by the Government a system of control must follow,

50. We consider that a re-examination of all produce under control should be undertaken at once with the object of removing control where practicable. We appreciate, however, that should it be the Government's policy for either of the reasons given in the previous paragraph to retain any particular control it is clear that some organization will be required to undertake any overall financial and executive responsibility resulting from such a policy. We recommend that these functions be assumed by the Central Board, which we envisage, working through its agents but we wish to make some observations both of principle and practice on the matter generally.

Marketing Organizations

51. Marketing Boards in African areas require considerable field organizations and the employment of Marketing Officers. On this point we would invite reference to Appendix C to our report in which the organization in Nyanza is set out. Organizations of this kind mean the existence of financial provision for their support and under the existing system this had been made available from cesses levied by Maize and Produce Control. Marketing Officers, for instance, are employees of the Agricultural Department but are financed from Maize Control Funds by means of a Produce Cess. In Nyanza, which is an exporting Province—that is the value of the crops exported to other parts of the territory greatly exceeds that of the crops imported—the provision of the necessary finance by means of cesses is relatively easy, but it is not so with the Central and Coast Provinces, the latter, in particular, being a large net importer. In these kinds of circumstances the provision of the finance required to operate efficient Marketing Organizations is a formidable problem. We are of the opinion that as much of this finance as practicable, without upsetting the whole object of the organization, should still continue to be obtained by cesses, or levies, on the controlled produce, but that where the funds provided in this way are insufficient to enable the policy of agricultural stability to be carried out the balance should be made available from some other source. We consider that Marketing Officers, for example, should in all cases be employees of the Government and should be provided for in the Colony's Estimates but that, wherever possible, reimbursement for the costs of their services should be made to the General Revenues of the Colony from funds available to the Provincial Marketing Boards where they exist. There is one other matter in connexion with the marketing of African produce to which we should make reference. A large proportion of the revenue of African District Councils is derived from Produce Cesses, and some organization similar to that which is in existence in Nyanza is essential if the revenues of these local Government bodies are to be safeguarded as they must be, and also if proper farming methods are to be encouraged in the Reserves.

52. In the interim period and pending the establishment of such Boards in the Central and Coast Provinces it would appear that the necessary organization might be operated by the Central Board through its agents for

as short a period as possible, as we believe that the Board we recommend is unsuited for the assumption of responsibilities of this kind. As an organization, it is intended to collect, store and market, mainly maize and thus it is not appropriate that it should be used as an instrument of agricultural policy.

As soon as Statutory Marketing Boards on the lines proposed for Nyanza can be established, however, we consider that they should operate under the ægis of the Central Board if for no other reason than the reduction of administrative overheads. In any event it will clearly be necessary for separate accounting arrangements to be introduced for these Provinces in the interim period.

NOTE.—As regards paragraphs 50, 51 and 52 of the Report Messrs. C. D. Hill and A. Don Small think that all other produce except rice, and those crops scheduled under the Increased Production of Crops Ordinance, should be freed from Control.

While agreeing that it may be desirable to exercise some control on the production of Crops in the African Areas, in the interests of sound agriculture, and admitting that a price incentive is the best method of applying it, they are unable to accept the basis on which these paragraphs are written, namely, that the only way providing it is by a Government guaranteed price followed by Colony-wide control.

They consider that to provide a price incentive, should prices fall, it should be possible to devise a system of bonus payments on the crop or crops it is considered necessary to encourage.

The money might be provided from African Betterment Funds derived from maize, which is admitted to be a soil exhausting crop and can therefore be regarded as a reasonable provider for soil renovating crops. This might entail revision of the laws governing the disposal of African Betterment Funds.

They are firmly of the opinion that a Colony-wide Marketing Board of this nature which we recommend should not be employed for the purpose of imposing an agrarian policy on certain districts which must be the function of the Administration, or local Government.

Furthermore they draw attention to the following. —

- (1) The quantities of the scheduled crops shown in our para. 22 (other than those coming within the Increased Production of Crops Ordinance) are small.
- (2) That most of them are legumes and therefore presumably soil improvers.
- (3) That except for rice, they can be classified more as luxury foods than essentials.
- (4) That the relaxation of control (except Export Control on licence) would almost certainly lead to higher prices.
- (5) That the controlled prices in the past have borne little relation to the average yields or effort required to harvest them, in comparison with the Cereal Crops, and have therefore discouraged their production by the European farmers.
- (6) That there is evidence to suggest that a proportion of these crops has in the past escaped control measures.

They therefore consider it is their duty to recommend that Control is not warranted on the crops scheduled in our para. 22, with the exception of rice, which must be considered an essential foodstuff, and those crops scheduled under the Increased Production of Crops Ordinance (Wheat, barley, oats, etc.) and should cease forthwith

53. There remains for consideration the matter of meeting possible losses on guaranteed produce where, for example, an exportable surplus cannot be sold at a price sufficient to cover the guarantee. We consider that where prices are guaranteed for the purposes of furthering agrarian policy in the interests of good husbandry any losses on such produce should not be made good at the expense of profits on maize.

54. We append a summary of conclusions and recommendations:—

(i) We give a brief history of the development of Maize and Produce Marketing and describe the functions and methods of operation of the existing Maize and Produce Control Organization. We conclude that in the interests of stability, both from the point of view of the consumer and the producer, the controlled marketing of maize must continue (para. 1-27).

(ii) An examination of the legal basis of the existing organization leads us to the conclusion that the time has now come when control should cease to operate under Defence Regulations and that the administrative functions of control should be vested in a Statutory Central Board responsible to the Member for Agriculture and Natural Resources (para. 28).

(iii) The Central Board, in so far as maize is concerned, should be responsible for the collection, storage and subsequent distribution of the crop; for advising the Member for Agriculture of the quantities likely to be available for export and for the carrying out of his directions in this respect; for the maintenance of adequate reserves in good condition and for ensuring adequate distribution and availability of internal requirements (para. 29).

(iv) The instructions of the Central Board should become operative through the agency of an Executive Officer whose staff should be kept within the smallest limits compatible with efficiency. The executives of the Board should consist of Agents to be appointed by the Board on Contract to carry out such duties, including the work of collection and distribution, as may be determined by the Central Board. In the European areas the Agents should be the Kenya Farmers' Association who might also operate in this capacity as far as the Forest Reserves are concerned. We envisage the setting up of a Statutory Regional Board in the Nyanza Province which would be the agents of the Central Board in that area. In the other areas where the marketing system is insufficiently advanced to envisage the immediate introduction of Statutory Boards of this kind we recommend that the Central Board operate through licensed traders (paras. 30-33).

(v) We recommend that all storage be vested in the Central Board (or alternatively in a Public Utility Corporation which would lease it to

the Board) and that the stores themselves be operated by the agents under the direction of, and subject to inspection by the Central Board. The Board should be responsible for the safeguarding of all assets for which it assumes responsibility. In the European areas the agents would be the Kenya Farmers' Association and possibly also in the Forest Reserves. In Nyanza they would be the proposed Regional Board. In the Central and Coast Provinces the operation of railhead stores might appropriately be undertaken by the Kenya Farmers' Association. Agents operating railhead stores would also be responsible for carrying out the instructions of the Central Board as far as subsequent movement of the crop is concerned, either to miller or other consumer or for export either overseas or to other East African territories (paras. 34-37).

(vi) The Central Board will be responsible for the operation and maintenance of stores and conditioning plants outside the producing areas and including reserve stores. Here again it would employ agents which might appropriately be the Kenya Farmers' Association (para. 38).

(vii) The Central Board should consist of a chairman and four members, the chairman having a deliberative vote only. The chairman and members of the Board should have no connexion with any of the agents. The actual composition of the Board will require reconsideration if, at any time, it is decided to discontinue the policy of guaranteed prices (para. 39).

(viii) The Central Board, in the first instance, will have to operate with the use of finance supplied by the Government, but would be free to investigate the employment of other sources of finance. The Government, as far as financial provision is concerned, will deal only with the Central Board which will have to make such arrangements and issue such instructions as it may think fit with the agents. The agents will be responsible for the collection of any statutory cess, for payment to growers and for carrying out any instructions which the Central Board may give to them. The Board must have full access to the premises and accounts of any agent and have power to require that accounts be submitted in such form and at such times as it may think fit (paras. 40 and 41).

(ix) In the interests of incentive and efficiency consideration should be given to the guaranteeing of prices to the agent as opposed to the producer, and the agent should assume responsibility for losses and shortages (para. 42).

(x) It should be the object of the Central Board to decontrol milling as soon as possible and to discontinue the practice of "equated railage" (paras. 43 and 44).

(xi) The export of crops surplus to local requirements should be arranged by the Central Board under the direction of the Member. Provision should be made in the legislation which will be required if our recommendations are accepted for the disposal of surpluses either by auction or tender on an f.o.r. basis or by the sale, c.i.f., through an agent. All imports should be arranged by and financed through the Central Board (para. 45).

(xii) The control and marketing of wheat is now subject to the provisions of the Wheat Industry Ordinance, 1952, and the functions of the Central Board with regard to it will be confined to the requirements of the Member. The existing arrangements whereby the marketing of oats, barley and linseed is vested in the Kenya Farmers' Association should continue (paras. 46 and 47).

(xiii) A re-examination of all other produce at present under control should be undertaken at once with a view to decontrol where practicable. Should it be the Government's decision that any item of produce remain under control, the essential and attendant executive function should be the responsibility of the Central Board acting through its agents (paras. 48 and 50).

(xiv) Provincial Marketing Organizations should as far as possible be self supporting by means of cesses designed to cover administrative costs but, if this is not possible, where controlled marketing is considered to be essential in the interest of agricultural policy, subsidies, either from the General Revenues of the Colony or from the funds of the African District Councils concerned, or from both, should be arranged (paras. 51 and 52).

(xv) Mr. C. D. Hill and Mr. A. J. Don Small consider that all other produce except rice and those crops scheduled under the Increased Production of Crops Ordinance should be freed from control.

APPENDIX A

List of Meetings of the Board, of Persons Appearing to Give Evidence and of Memoranda Received

I.—THE BOARD MET IN NAIROBI ON THE FOLLOWING DATES: —

1951—	September	21st
	October	23rd
	November	27th
1952—	January	14th
	February	26th
	March	20th
	April	16th
	May	16th
	June	20th
	June	21st

II.—THE FOLLOWING PERSONS GAVE ORAL EVIDENCE: —

- Lt.-Col. R. C. Swain, M.B.E., Maize and Produce Controller.
- Mr. A. A. Haller, Chief Accountant, Maize and Produce Control.
- Mr. G. M. Pain, Managing Director, The K.F.A.
- Mr. L. W. Phillips, C.B.E., Messrs. T. A. Jones and Co., Chairman, National Federation of Corn Trade Associations.
- Messrs. A. Baumann, B. J. Valentine, C. J. Lewis, representing the Produce Section of the Nairobi Chamber of Commerce.
- Messrs. D. D. Puri, Manibhai Patel, R. N. Amin, Jamal, representing the Federation of Indian Chambers of Commerce and Industry.
- Mr. J. H. Ingham, M.B.E., Secretary for Agriculture and Natural Resources.
- The Provincial Commissioner, Central Province.
- The Provincial Commissioner, Coast Province.
- Mr. L. H. Brown, Provincial Agricultural Officer, Central Province.
- Mr. G. Gamble, Agricultural Officer, Nyeri.
- Mr. S. Everett, Deputy Maize and Produce Controller, Kisumu.
- Mr. R. A. Glenn, Marketing Officer, Central Nyanza.
- Mr. J. B. Dudin, Marketing Officer, North Nyanza.

III.—MEMORANDA WERE RECEIVED FROM THE FOLLOWING :—

The Maize and Produce Controller.
Mr. D. G. Mehta.
The East African Industries Ltd.
The Produce Section of the Nairobi Chamber of Commerce.
Messrs. Unga Ltd.
The Deputy Maize and Produce Controller, Mombasa.
The Kimilili Kitosh Native Farmers' Association.
The Liverpool Uganda Company (Africa) Ltd.
Messrs. Ralli Bros. Ltd.
Kairo s/o Ngori.
Mr. C. D. Hill.
Messrs. Kanti and Co.
The Nairobi Citizens' Cost of Living Vigilance Committee.
The Indian Merchants' Chamber, Mombasa.
The Indian Chamber of Commerce, Nairobi.
The Mombasa Oil Millers and Soap Manufacturers Association.
Messrs. Woodroffe Diggens, Mombasa.
The North Nyanza Indian Association.
The Kenya National Farmers' Union.
The Kenya Farmers' Association (Co-operative) Ltd.
The Provincial Commissioner, Nyanza.
The Conservator of Forests.

APPENDIX B**The East African Cereals Pool****GENERAL**

1. (i) The present participants of the Pool are:—

Kenya
Uganda
Tanganyika
Zanzibar
Seychelles
East African Railways and Harbours.

(ii) Executive Officer—Director of Produce Disposal. Agents—Kenya Maize and Produce Control.

2. (i) The Cereals Pool Year is from 1st August to 31st July.

(ii) The Executive Officer issues to Pool participants and other appropriate addressees a monthly schedule showing the Cereals Pool stock situation for the current Pool Year. This Pool schedule includes all cereal transactions in Kenya of both the Pool and the Kenya Maize and Produce Control, but excludes the figures for the internal transactions of both Uganda and Tanganyika, i.e. figures for Uganda and Tanganyika refer only to overall surpluses and/or deficiencies of those territories.

3. Maize being the principal African staple foodstuff of the Pool participants and also the main cereal crop in East Africa must always be placed at the disposal of the Pool and the Pool must accept it. Other cereals (such as cassava and wheat for admixing with maize) are only taken into the Pool when there is insufficient maize to meet the requirements of Pool participants.

4. No cereals may be exported from a Pool participating territory without prior reference to the Executive Officer of the Pool who may require that any surplus shall be made available to the Pool and not be exported by the producing territory. In any event maize can only be exported by the Cereals Pool.

5. The Kenya Government has undertaken to give the other participating Governments on or before 15th January in each year notice of the intended price of maize grown in Kenya for the coming crop year.

6. A participant wishing to leave the Pool is required to give notice of such intention on or before the 1st March in any calendar year; such notice being deemed to commence on the succeeding 1st August and to run for a period of two Pool years: for example, notice given on the 1st March, 1952, would be deemed to commence on the 1st August, 1952, and expire on 31st July, 1954, which would be the effective date of withdrawal.

7. Uganda and Tanganyika retain the maize they require for their own internal consumption and any surplus is sold to the Pool. Kenya whilst not taking exactly similar action does, for geographical reasons, retain a proportion of its current production outside the operations of the Pool (as in the case of Uganda and Tanganyika) but as the Cereals Pool stocks are stored in Kenya and a regular turnover of these stocks must be made, Kenya has to deliver to the Pool a large proportion of its current production which would otherwise be used for internal consumption and withdraw older stocks in its place.

BUYING AND SELLING

8. The Pool operates as follows:—

- (i) *Buying*.—The Pool buys maize and, when necessary, other locally produced cereals at controlled prices, plus controlled cost of bag, plus cost of transportation to Pool store; in times of scarcity imported cereals are purchased on the best terms negotiable.
- (ii) *Selling*.—The Pool invoices all cereals—
 - (a) to participants at a provisional price ex store or f.o.r. Sender's Station; plus a contribution on account of, but not in final settlement of, the charges detailed in paragraph 9 below. These provisional figures are adjusted when the actual cost of maize and lower priced cereals produced from all sources, and the cost of the items in paragraph 9 below, become known;
 - (b) to non-participants on the best terms negotiable with the exception of the War Department who are charged the final Pool cost.

N.B.—The above forms the basis on which *all* cereals are invoiced in the first instance to participants.

9. The following are the principal items in respect of which the charges referred to in paragraph 8 above are raised:—

- (a) Rail freight and road transport to Pool store (known as "first railage").
- (b) Storage and handling expenses.
- (c) Losses in transit, storage and conditioning.
- (d) Administration and general expenses.
- (e) Interest on finance.

APPORTIONMENT OF COSTS

10. The charges specified above are shared amongst all participants in proportion to their total withdrawals.

11. In addition to the charges listed in paragraph 9 the Pool may incur the cost of high priced cereals such as Kenya wheat and also the charges relative to stocks carried forward at the end of each Cereals Pool year.

(a) *Excess Cost of Local High Priced and Imported Cereals.*—These charges when incurred are passed only to those participants whose total withdrawals exceed the sum of their contributions of maize and other low priced cereals and the charges are apportioned in proportion to the quantities overdrawn.

(b) *Stocks Carried Forward.*—These are valued at their cost price in the year in which they accumulated. Other relative expenses (first railage, storage, administration, interest, etc.) are carried forward separately to the appropriate accounts in the next Pool Year.

FINANCE

12. (a) The Pool operates on an overdraft authorized by the Kenya Government which charges the Pool interest at a rate sufficient to cover the Kenya Government's own interest charges on money borrowed at current rates.

(b) The Cereals Pool in company with certain Kenya organizations utilizes stores, offices, vehicles and other equipment owned by the Government of Kenya and which are accounted for in a separate account known as the Control Management Account. The resultant costs, including depreciation and maintenance, are appropriately apportioned between the organizations concerned.

PROFITS AND LOSSES ON EXPORTS

13. (a) In the case of maize, which may only be exported by the Pool, the profits and losses will accumulate in a Pool "Export Suspense Account" covering the five-year period from 1st October, 1947, to 31st July, 1952; the balance at the latter date to be distributed to participants *pro rata* to the excess, if any, of each participant's contribution of basic cereals (*see* Note 1 below) over his withdrawal of all cereals, the calculation being made as the sum of contributions of basic cereals less the sum of withdrawals of all cereals over the five-year period as a whole and being expressed in bags of 200 lb. net.

(b) In the case of other staple African foodstuffs (*see* Note 2) in which the Pool might be obliged to deal in time of scarcity of maize, the distinction will be observed between those participants whose contributions of basic cereals exceed their withdrawal of all cereals calculated over the five-year period as specified in (a) above, and those participants whose position is the converse; profits and losses deriving from produce of a net contributing participant will accrue directly to that participant; profits deriving from a net withdrawing participant will accrue to the Pool "Export Suspense Account"; losses deriving from the produce of a net withdrawing participant will be reserved for allocation by the *ad hoc* decision of participants in consultation; "volume credit" (*see* Note 3 below) will be given in respect of the exports, whether direct or through the Pool, of the produce of a net withdrawer; "volume credit" will not be given for exports, whether direct or through the Pool, of the produce of a net contributor of the Pool.

(c) These arrangements concerning the export of foodstuffs other than maize have regard to the circumstance that, as is more specifically stated in Note 3 below, there is not, in respect of the current five-year period, serious doubt as to in which category, i.e. net contributor or net withdrawer each participant will be at the end of the five-year period; should doubts arise for any succeeding period it may be necessary to give further consideration to the manner in which the profits and losses on exports of cereals other than maize should be recorded and to what extent volume credit would be applicable.

NOTE 1.—“*Basic Cereals*” means maize and any other cereal purchased by the Pool the cost of which is the same as, or less than the average cost of maize in the Pool year of purchase.

NOTE 2.—“*Other Staple African Foodstuffs*” means cassava, millet, mtama, wheat; and also any other foodstuff in which the Pool has dealt or may deal in time of scarcity of maize and which by *ad hoc* decision of participants is agreed to be a staple African foodstuff for this purpose: if the costs are higher than the average cost of maize, such foodstuffs are termed “high priced cereals”.

NOTE 3.—“*Volume Credit*.” The export outside the Pool of basic cereals by a net withdrawing participant is treated as a contribution to the Pool and termed “Volume Credit”. “Volume Credit” is not given in respect of other than “basic cereals”, i.e. wheat and any other staple foodstuff the price of which is higher than the average cost of maize in the Pool year of export.

Export profits and losses are apportioned on performance over a five-year period, whereas the cost of the Pool’s internal operations are apportioned on performance year by year; it is therefore theoretically not possible to apply currently to the Pool’s yearly internal accounts “volume credit” which could not formally be claimed until the participant was established at the end of the five-year period to be a net withdrawer; it is however recognized in respect of the present five-year period that Kenya will in all probability be a net contributor, Uganda will almost certainly be a net contributor; all other participants will certainly be net withdrawers; of the “all other participants” Tanganyika is the only one which has exported, or is in the foreseeable future likely to export, produce for which volume credit could be claimed; in practice therefore it is to Tanganyika only that volume credit is given, and the application can be made currently to the Pool’s internal accounts of the year in which “volume credit” earning export is made.

ACCOUNTS

14. The final accounts are prepared by the Accountant General, Kenya, and the General Accounting is carried out by the Kenya Maize and Produce Control with a separate accounting staff:—

- (i) For purposes of accounting, the unit adopted for all cereals in the Pool is a bag of 200 lb. net of grain.
- (ii) Since purchases and sales in the Pool are on a f.o.r. Sender’s Station basis:—
 - (a) The date of railment is regarded as the date of purchase or sale.
 - (b) Any shortages in transit are for the Pool account in the case of purchases and for the account of the withdrawing participant in the case of sales.

- (iii) When withdrawals by participants are made in the form of meal, 2 per cent gristing loss is added back to the meal quantity drawn in order to convert the drawing into terms of the original whole grain.
- (iv) When a Pool participant exports African staple foodstuffs other than maize (e.g. cassava, millet, etc.) to another participant of the Pool outside the financial operation of the Pool, the exporting participant should, as soon as possible after the end of the Pool year in question, obtain from the receiving participant confirmation of such transactions, which transactions should then be advised to the Director of Produce Disposal and the Maize and Produce Controller, Nairobi, for incorporation into appropriate Cereals Pool accounts (such transactions to be advised in terms of 200 lb. net per bag).
- (v) When direct exports to non-Pool participants occur, the exporting participant should furnish to the Maize Controller, Nairobi, the relative trading account showing the net profit or loss on the transaction together with (in the former event) a cheque for the net profit.

June, 1951.

APPENDIX C

The Marketing System in Nyanza Province

The producer is served by many small African markets which have become established as a result of demands made to the Local Authority by the people. There are also a number of trading centres which have been developed almost exclusively by Indians. The District Commissioner, through the Marketing Officers licences a certain number of traders in each of these markets and trading centres to engage in the purchase of produce, on conditions which are imposed under the Marketing of African Produce Rules, 1935. The number of licences is usually regulated in African markets in accordance with the estimated turnover.

The price which is to be paid at these markets and trading centres has been made known at the time of planting and it is the same price everywhere in the district. The trader must display on a board the price payable.

The Marketing Officer, with the help of his Inspectors, decides when the produce is in a condition to be marketed, largely dependent upon its dryness, and declares the date on which each market will be opened for buying any particular type of produce. African markets normally have their weekly or bi-weekly market days when hundreds of people congregate at the market to barter and buy produce and locally-made articles and at the same time they bring in their surplus grain for sale.

The Marketing Officer has inspectors in the markets and trading centres who assist the traders to obtain produce of a suitable high quality by turning away that which is undergrade or supervising its sorting and screening. At the end of each marketing day the market inspector checks the purchases of each trader and records these on a return which is forwarded to the Marketing Officer every 10 days. The sum of the day's purchases by all traders in the market added to their stocks on hand is recorded by the Market Inspector on a daily report which he forwards to the authority controlling movement, usually a Senior Inspector at railhead.

Traders wishing to transport their produce from the markets or trading centres to railhead or Control Stores or mill apply to the Marketing Officer or his senior inspector for a movement permit which is issued under the Maize and Produce Control Regulations. These Regulations forbid any but small quantities of produce being moved, except by the grower to his nearest market, without a permit. The Marketing Officer or his senior inspector

refers to the daily market reports and if he is satisfied that the request is genuine and the maize or produce can be accepted he issues a movement permit in duplicate. The transporter takes both copies of this permit to the market where the inspector signs the original and gives it to the transporter authorizing him to remove the produce from his market and to transport it to the destination on the permit. At the time when the transporter delivers the produce to the Control or to a mill on behalf of the licensed trader, it is inspected by the Marketing Officer's inspector who stamps the reverse of the movement permit with a rubber stamp and certifies that the quality is adequate and the bags are suitable and properly stitched.

The Control accepts the movement permit as a voucher for payment to the licensed trader of the cost of transport from market to authorized destination and includes this amount in the sum paid for the produce. Payment in cash can be obtained on demand at Control offices in each District or by cheque from the Kisumu office.

The Control must not pay the trader for less than 10 tons but this is modified to some extent and three lorry loads of 35 bags each are paid for at one time.

The trader purchases his initial requirements of empty bags from the Control and afterwards can obtain bags on a bag for bag exchange basis from all the Control Depots.

The function of obtaining railway trucks and loading them is now done exclusively by the Control in Nyanza Province because storage has been built at all outlets.

A system has been introduced this season by which individual growers or co-operatives can deliver in 3-ton lots or more to the Control and be paid the full sum payable to the trader and one-half the Agricultural Betterment Fund subject to their having a certificate of good farming from the Agricultural Department.

The Nyanza Marketing Advisory Committee has the prices of produce under continuous review and recommends to the Member for Agriculture through the Provincial Commissioner how the f.o.r. guaranteed prices should be expended in order suitably to reward the trader and transporter for their services and to subscribe, where it is thought desirable, to the Agricultural Betterment Fund. In the latter connexion every factor is studied before any deduction is made from the price and, besides the all-important effect on agriculture, consideration is given to the incidence of incentive in relation to the labour involved and the dietetic implications which are advised upon by the Provincial Medical Officer; for example, no deduction is made from the price of legumes.

Although the fragmentary nature of production does not lend itself to the easy introduction of Co-operatives some progress has been made and it is hoped that the expansion will be progressively increased under the umbrella of the Marketing Organization, until, by virtue of representation on the governing body, the co-operatives should ultimately obtain control.

The Nyanza Marketing Advisory Committee are particularly concerned at present with the accentuated incentive given to the cereal crops by long period of enhanced prices and ease of disposal, and a careful examination is being made to see whether similar methods cannot be employed to put greater emphasis on the production of animal products with resultant benefit to the land.

It will be seen from this brief description that the Marketing Organization is to a great extent achieving the main objects defined above by the following means:—

1. *Guaranteed Prices*

- (a) Ensuring that the producer gets his full share of the price.
- (b) Directing the disposal of surpluses by an efficient Movement Control.

2. *Land Protection*

- (a) Spreading cultivation by means of transport pools.
- (b) Adjusting price incentives so far as possible towards desirable crops.
- (c) Creating funds with which good farmers can be rewarded, and land rehabilitation and development can be undertaken.

3. *Quality*

Maintaining high quality by inspection and seed distribution.

4. *Storage*

Building and organizing a network of storage, the operation of which co-ordinates the movement from grower to consumer and preserves the grain.

Maize Price Structure, 1951 Planting*

	North and Central Nyanza	South Nyanza and Kericho
	<i>Sh. cts.</i>	<i>Sh. cts.</i>
1. Grower for 200 lb. of maize	21 42	20 37
2. Bonus for 70 per cent Grades I and II at Sh. 2 per 200 lb. (<i>see Note 1</i>)	1 40	1 40
<i>A. Price to Grower at Market (Sh. 3/26cts. and Sh. 3/11cts. a debbi)</i>		
3. Allowance to first Trader	22 82 75	21 77 75
<i>B. Cost at Market</i>		
4. District Transport Pool (<i>see Note 2</i>)	23 57 1 40	22 52 2 80
5. Allowance to second Trader	55	55
<i>C. Average Cost at Control Store</i>		
6. Handling and loading onto Railway (add .05 cts. if loaded at Lake Ports)	25 52 15	25 87 15
7. Marketing, Control Storage and Shrinkage	58	58
8. Betterment Funds	3 45	3 10
<i>D. Cost without bag f.o.r.</i>		
9. If all maize were of Grades I and II additional Bonus would be due of 60 cts. (<i>see Note 1</i>)	29 70 60	29 70 60
<i>E. Price for Grades I and II maize for 200 lb. without bag f.o.r.</i>		
	30 30	30 30

* As in force prior to the acceptance by Government of the recommendations in the Troup Report.

NOTE 1.—Maize is purchased in accordance with certain Rules as to quality, given in Government Notice 236 of 16/2/51. The average quality in Nyanza is 70 per cent Grades I and II and 30 per cent Grades III and IV.

NOTE 2.—Transporters receive 7 cents a bag mile for the actual mileage from Market to Control Store or Railhead and any saving or loss on this estimated cost is credited or debited to the District Betterment Funds.

Producers who are in possession of a Certificate of Good Farming may deliver maize direct to the Control Store in not less than 3-ton lots and if their maize is of Grades I or II quality they will be paid Sh. 30/30, less items Nos. 4, 6, 7 and half of 8 (i.e. North Nyanza and Central Nyanza, Sh. 26/45 and South Nyanza and Kericho, Sh. 25/22) plus actual cost of transport from their nearest Market to Control Store at 7 cents a bag mile. If their maize is of Grades III or IV quality, they will receive Sh. 2 less.

APPENDIX D

Nyanza Province African Produce Marketing Board

It has been suggested that the general policy for marketing African produce in the Nyanza Province should be the encouragement of Marketing Co-operatives under the umbrella of a Provincial Marketing Board, with producer representatives as an essential element of such a Board; the very long-term objective being, when the time is ripe, to convert such a Board into a Co-operative Union. In pursuance of this policy, it is suggested that immediate steps should be taken to draft and introduce into Legislative Council an additional section of the Marketing of African Produce Ordinance (Cap. 184 of the Laws of Kenya, 1948) to enable the formation of African Produce Marketing Boards and, in so far as the Nyanza Province is concerned, it is considered that the amended law should enable the formation of a Nyanza Province African Produce Marketing Board with duties and powers similar to those already inherent in the Maize and Produce Organization in the Nyanza Province. The constitution, duties and powers recommended for the Nyanza Province Marketing Board are as follows:—

(1) COMPOSITION OF THE BOARD

The Provincial Commissioner, Nyanza (Chairman), The Provincial Agricultural Officer, The Provincial Veterinary Officer, The Executive Officer of the Nyanza Province Marketing Board, *ex officio*; and eight other members appointed by the Member for Agriculture and Natural Resources on the advice of the Provincial Commissioner, of whom at least six shall be direct representatives of African producers.

(2) DUTIES

The duties of the Board should be:—

- (a) On behalf of African producers to collect, grade, store and market, and where necessary, process agricultural and livestock products produced by Africans within Nyanza Province;
- (b) to carry out such tasks as agents for the Government as it may be required to perform in respect of produce, the prices for which are fixed by the Central Government;
- (c) to operate the storage at its disposal in accordance with the policy of the Government and the overall general directions of the Member for Agriculture and Natural Resources;
- (d) to exhibit at all scheduled markets the prices for scheduled products to be paid to producers.

(3) POWERS OF THE BOARD

- (a) With the consent of the Governor in Council to order that all producers of a specified agricultural product within the area of the Board's jurisdiction shall sell such product to the Board or through such agency or agencies as the Board may direct.
- (b) To act as a body corporate with powers to sue and to be sued in its own right and to own property.
- (c) To employ its own staff including inspectors and marketing officers.
- (d) To appoint agents for the purpose of purchasing a scheduled product or products at scheduled places.
- (e) To delegate its powers to marketing officers with an appeal to the full Board against the orders or acts of such officers.
- (f) To issue movement permits within the Province for scheduled produce.
- (g) To determine the prices which shall be paid to producers at scheduled places for scheduled products. In this connexion the law should require that the Board shall operate as a non-profit-making concern and that it shall be allowed to maintain only such margin between the prices at which it sells scheduled products and the prices which it pays producers as shall enable the Board to carry out its statutory duties.
- (h) To fix the rates of remuneration of the Board's agents, e.g. the rates to be paid to agents for bulking and transporting the products.
- (i) To operate storage on behalf of producers.
- (j) To operate storage as agents for the Government.
- (k) To raise such loans as may be approved by the Member with the consent of the Governor in Council for the purpose of carrying out its duties.
- (l) To carry out such processing of scheduled products as may be authorized by the Member for Agriculture and Natural Resources.
- (m) To produce out of the margin between the prices at which the Board disposes of scheduled products and the prices fixed to producers, such assets as are necessary for carrying out its duties.
- (n) To act as agents for the Government for the purpose of providing produce inspection services for such non-scheduled products as the Member for Agriculture may determine.
- (o) To maintain the financial reserves necessary for the efficient carrying out of its duties.