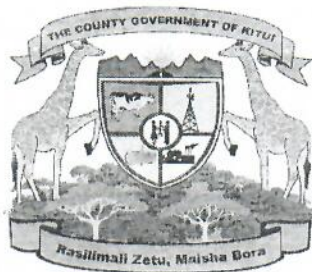


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CFSP

COUNTY GOVERNMENT OF KITUI



THE COUNTY ASSEMBLY

SECOND ASSEMBLY – (FOURTH SESSION)

COMMITTEE ON BUDGET AND APPROPRIATIONS

REPORT ON
CONSIDERATION OF THE KITUI COUNTY FISCAL STRATEGY PAPER
FOR THE FINANCIAL YEAR 2020/2021

CLERK OF ASSEMBLY CHAMBERS

P. O BOX 694

KITUI

MARCH, 2020

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1. ABBREVIATIONS

ATC	Agricultural Training Centre
BPS	Budget Policy Statement
CARA	County Allocation of Revenue Act
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CHV	Community Health Volunteer
CIDP	County Integrated Development Plan
CLIDP	Community Level Infrastructure Development Program
COB	Controller of Budget
CRA	Commission on Revenue Allocation
ECDE	Early Childhood Development Education
FY	Financial Year
K-CHIC	Kitui County Health Insurance Cover
K-CWEP	Kitui County Ward Equalization Program
KES	Kenya Shillings
LAPSSET	Lamu Port Southern Sudan Ethiopia Transport
MTEF	Medium Term Expenditure Framework
PFM	Public Finance Management Act
SDG	Sustainable Development Goals

2. ANNEXURES

- i. Signed List of Committee Members
- ii. Recommended County revenue projections
- iii. Recommended County Entities expenditure Ceilings
- iv. Minutes adopting the report

3. PREAMBLE

Mr. Speaker,

On behalf of Members of the Budget and Appropriations Committee and as required under Section 117 of the Public Finance Management (PFM) Act, 2012, as read together with Standing Order 205, it is my pleasure to present to this House, the Committee's Report on the consideration of the Kitui County Fiscal Strategy Paper (CFSP) for the FY 2020/2021.

Mr. Speaker,

Section 117 of the Public Finance Management (PFM) Act, 2012 inter alia provides that:-

“The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly, by the 28th February of each year”.

It is further provided under the same provisions of the law that, not later than fourteen days after submission of the County Fiscal Strategy Paper to the County Assembly, the County Assembly shall consider and may adopt it with or without amendments.

In compliance therefore, the County Executive Committee Member (CECM) for County Treasury submitted to the County Assembly the Kitui CFSP for FY 2020/2021 on 28th February, 2018. However, it was not possible for the Assembly as required by Section 117 (6) of the PFM Act, 2012 to consider it within the statutory timelines. The Assembly had just resumed from the

December recess and in addition, the budget and Appropriations Committees whose tenure had lapsed at the beginning of the Session had not been constituted.

Mr. Speaker,

Section 117 (7) of the PFMA, 2012 provides that the County Treasury shall consider any recommendations made by the County Assembly when finalizing the budget proposal for the FY concerned. The CFSP for the FY 2020/2021 will be approved outside the statutory timelines nonetheless, this cannot be in anyway a basis for the CECM County Treasury to prepare the budget estimates for the year which inconsistent with the approved CFSP. This is a very important stage in the budget cycle as it not only provides recommendations to be considered when finalizing the budget, but also sets out the revenue and expenditure ceilings for the various County entities which must be adhered to.

4. THE COUNTY ASSEMBLY BUDGET AND APPROPRIATIONS COMMITTEE

COMPOSITION AND MANDATE.

2.1 Composition of the Committee

Mr. Speaker,

This is the second Budget and Appropriations committee constituted to serve for the rest of the term for the Second Assembly pursuant to Standing Order 186(4). The recent Committee elections brought changes in membership with the current composition being;

1. Hon. Boniface K. Kasina -	Chairperson
2. Hon. James M. Munuve -	Vice Chairperson
3. Hon. Mary P. Ndumbu -	Member
4. Hon. Stephen I. Katana -	Member
5. Hon. Sylvester K. Munyalo -	Member
6. Hon. James M. W. Kula -	Member
7. Hon. Deiys M. Mukala -	Member
8. Hon. Anne M. Mumo -	Member

2.2 COMMITTEE MANDATE

Mr. Speaker,

Standing Order 186 establishes the County Budget and Appropriations Committee with Specific mandates as to inter alia to;

- i. Investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget.*
- ii. Discuss and review the estimates and make recommendations to the Assembly.*
- iii. Examine the County Budget Policy Statement Presented to the County Assembly.*

In undertaking her mandate therefore, the Committee has considered the Kitui Fiscal Strategy Paper for the FY 2020/2021 and has made some recommendations to the House for consideration and subsequent adoption.

5. BACKGROUND

Mr. Speaker

The Kitui County Fiscal Strategy Paper, 2020/2021, was submitted to the Assembly on 28th February, 2020. As explained above in this report, its Committal certainly delayed to 5th March 2020 after the constitution of the Budget and Appropriations Committee. This is the seventh CFSP since devolution was ushered under the new Constitution and the third under the current administration. Its purpose is to build direct linkages between policies, plans and budgets, and present the County Fiscal framework for the FY 2020/21 budget estimates and over the medium term.

Mr. Speaker

The CFSP provides an overview of recent economic development and outlook as well as expenditure ceilings for County Departments, units and agencies and detailed guidelines that are aimed at structuring County Government expenditure towards priority areas. These priorities are set on the basis of the county development agenda, sector proposals arising from feedback from the public and other stakeholders, the 2020/21 Annual Development Plan as well as the approved County Integrated Development Plan (CIDP) 2018-2022.

Mr. Speaker,

The CFSP 2020/2021, has been prepared by taking cognizance of the 2020/2021 economic outlook and the five Pillar county development agenda namely; Food and Water; Healthcare, Education and Youth

Development; Women Empowerment and Wealth Creation. Further, the paper seeks to give a framework for implementation of programmes and projects prioritized by the citizens and ensuring the same are aligned to the Vision 2030. This policy paper has greatly benefited from feedback from members of the public and other interested stakeholders. It will serve as a guide in the preparation of the budget estimates for the FY 2020/21 as contemplated in Section 117 of the PFM Act, 2012. The paper highlights programmes, policies, strategies and activities while at the same time underlining the structural reforms required for actualization of the County Government of Kitui five (5) development Agenda.

Mr. Speaker

The CFSP, 2020/2021 as explained above forms the basis for preparation of the County budget for the next FY. Section 130 of the PFM Act, 2012, provides that the CECM for County Treasury shall submit to the County Assembly the budget estimates and documents by 30th April. Owing this fact therefore, the Committee on Budget and Appropriations had to move with haste in compiling this report. It is imperative noting that the Committee out of its deliberate desire to deliver has managed to undertake this noble assignment notwithstanding the catastrophe the Country is faced with (COVID 19) which to some extent has pushed for an early recess of the Assembly.

Mr. Speaker

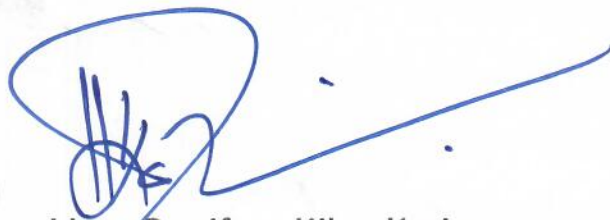
The Committee undertook this exercise at Pride Inn - Azure Hotel between 18th and 21st March, 2019 immediately after finalizing with the report for the

Kitui County Supplementary Budget 1, 2019/2020. Noting the work load in handling the CFSP, the supplementary budget and the dangling cloud of fear to every Kenyan, it was an uphill task to complete this exercise.

4. ACKNOWLEDGEMENT

Mr. Speaker

The Committee wishes to thank the Office of the Hon. Speaker and that of the Clerk of Assembly for the support extended in fulfilling its mandate. The Committee is also grateful to the Sectoral Committees and all the Members of the County Assembly for participating in this exercise and working hard to ensure that the CSFP is finalized. I also wish to express my gratitude the members of this committee for their utmost commitment to deliver in their mandate even sometimes under uncomplimentary circumstances. I lastly appreciate the Staff of the Assembly who over the period worked tirelessly and offered the necessary technical support to compiling the report.



Hon. Boniface Kilaa Kasina

Chairman, Committee on Budget & Appropriations

March, 2020.

6. OVERVIEW AND EXAMINATION OF THE COUNTY FISCAL STRATEGY PAPER, 2020/2021.

Mr. Speaker,

In reviewing the CFSP 2020/2021, the Committee on Budget and Appropriations held a total of four days sittings as captured above in this report. During the retreat, the Committee interrogated the CFSP and the Sectoral Committee recommendations which had been submitted to the Committee on Budget and Appropriations pursuant to the provisions of Standing Order 205 (3). The Committee in addition reviewed reports on the CFSP by the Controller of Budget (COB) and the Commission of Revenue Allocation's (CRA) Comments as required of it under Sub Section 117(5) of the PFM Act, 2012 in order to compile this report. It is out this background and due considerations by the Committee that comprehensive recommendations were made for approval by the Assembly.

Overview of the CFSP, 2020/2021

Mr. Speaker,

The CFSP is a statutory document/stage in respect to County Budget process as stipulated under the provisions of Section 125 of the PFMA, 2012. Section 117 (3) and (4) of the PFMA, 2012, provides that the County Treasury in preparing the County Fiscal Strategy Paper, shall specify the broad strategic priorities and policy goals that will guide the county government in preparing

its budget for the coming FY and over the medium term. The County Treasury shall further include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming FY and over the medium term. Therefore, CFSP is a very important document for policy makers as it facilitates evaluation and effectiveness of the existing policy. It offers policy makers and government at large an opportunity to adjust its expenditure and revenue along more suitable lines for accelerating service delivery to the citizens.

Examination of the CFSP, 2020/2021

Mr. Speaker,

The preparation and the form for the CFSP is majorly guided by the provisions of Section 117 of the PFM Act, 2012. Being a financial policy document, it is mandatory that the same is also subjected to a rigorous public participation to collect their views as pronounced under Article 174 (c), 196 and 201(1) of the Constitution. The submitted CFSP is aligned to the Vision 2030, the 3rd Medium Term Plan, the United Nations Sustainable Development Goals (SDGs), national government policies and other guidelines as communicated through various government circulars. It is heavily inform by the Budget Policy Statement (BPS) from the National Treasury, the approved County CIDP 2017-2022 and the County's Annual Development Plan for 2020/2021 FY. As explained above in this report, the policy paper has moreover benefited greatly from feedback from members of the public and other interested stakeholders.

Mr. Speaker,

The committee established that to a large extent, the 2020/2021 CFSP complied with the provisions of the Law and has provided most of the required information.

Mr. Speaker,

The period 2020/2021 FY, and the years to follow, the County Government of Kitui Strategic commitment is to continue rolling out various programmes, projects and activities with the highest potential for high economic and social impact over the medium term. These development interventions will be in line with the five pillar County development agenda of;

- i. Food and water,
- ii. healthcare,
- iii. education and youth development,
- iv. women empowerment and,
- v. wealth creation as identified by the public through the various forums held.

Major areas of focus will be ensuring provision and access to water, universal health care and the road infrastructure. Other areas will include value addition in the livestock sector, textile sector, agribusiness and empowerment programmes. The Government has proposed quite a number of strategic activities aimed to objectively improve quality of life to the residents and spur the County economy. This will be implemented through programs with tailored activities implemented across all county sectors during the year under review.

Mr. Speaker,

The County government projects to receive a transfer of about KES.

9,600,754,359 from the National Government for the FY 2020/21. This constitutes of an equitable share allocation of KES. 8,898,400,000.00 and conditional grants of KES. 702,354,359.00. The allocations are indicative and in line with the Budget Policy Statement from the National Treasury. The actual allocation will be provided in the County Allocation of Revenue Act (CARA), 2020. The County's revenues have been growing slowly over the past FYs, but it is expected to improve further in the FY 2020/21 with the enactment of the relevant laws and automation of revenue. For the 2020/21 FY, the County projects KES. 600,000,000.00 revenues from its own sources. The projected total revenue for the FY 2020/21 is therefore KES. 10,200,754,359.00. Notably, the projections for the outer two FYs 2021/22 and 2022/2023 was not indicated. The county is a going concern, CFSP 2020/21 should therefore observe the Medium Term Expenditure Framework (MTEF) principal of a rolling three year expenditure planning cycle.

It is key noting that, own revenue targeted at KES. 600M has never been achieved with the highest collection being KES. 443M. for the last FY. This always results to a financing gap and thus an actual budget deficit at close of the year. The submitted CFSP does not explain the justifications thereto. There is also a notable decrease in the total grants by KES. 507,997,913.00 with no justification either. The grants suspended were utilized in offering very crucial services which definitely must affect the 2020/2021 service delivery without counter funding being sourced elsewhere.

The projected departmental expenditure ceilings for the FY 2020/2021 therefore appears as contained in the table below:

Vote	Spending Entity	Printed estimates 2019/20 (A)	% of the total budget 2019 / 20	Estimates 2020/21 (B)	% of the total budget 2020/21	Reduction from the 2019/20 budget (A-B)	% of reduction from the 2019/20 budget
3711	Office of the Governor	1,382,229,820	12	1,180,160,395	11.6	202,069,425	17.2
3712	Ministry of Public Service Management and Administration	410,133,271	4	375,681,915	3.7	34,451,356	2.9
3713	Ministry of Agriculture, Water & Livestock Development	1,622,857,177	14	1,474,881,316	14.5	147,975,861	12.6
3714	Ministry of Basic Education, ICT & Youth Development	653,794,257	6	586,122,466	5.7	67,671,791	5.7
3715	Ministry of Lands, Infrastructure, Housing & Urban	874,707,104	8	800,169,452	7.8	74,537,652	6.3
Vote	Spending Entity	Printed estimates 2019/20 (A)	% of the total budget 2019 / 20	Estimates 2020/21 (B)	% of the total budget 2020/21	Reduction from the 2019/20 budget (A-B)	% of reduction from the 2019/20 budget
	Development						
3716	Ministry of Health & Sanitation	3,346,625,717	29	3,250,229,040	31.9	96,396,677	8.2

3717	Ministry of Trade, Cooperatives & Investment	612,873,963	5	500,437,678	4.9	112,436,285	9.5
3719	Ministry of Environment & Natural Resources	236,292,836	2	185,835,051	1.8	50,457,785	4.3
3720	Ministry of Tourism, Sports & Culture	221,849,288	2	185,886,500	1.8	35,962,788	3.1
3721	The County Treasury	434,783,127	4	389,780,356	3.8	45,002,771	3.8
3722	County Public Service Board	40,176,022	0	36,017,550	0.4	4,158,472	0.4
3723	County Assembly	959,239,760	8	859,952,450	8.4	99,287,310	8.4
3724	Kitui Municipality	499,183,960	4	307,515,300	3.0	191,668,660	16.3
3725	Mwingi Town Administration	83,753,947	1	68,084,890	0.7	15,669,057	1.3
	Total Voted Expenditure (Ksh)	11,378,500,249	100	10,200,754,359	100.0	1,177,745,890	100.0

Mr. Speaker,

The Ministerial expenditure ceilings have been reduced as can be seen above in this table. To some extent, some County spending entities have ceilings decreasing beyond 10%. This will have an effect of reduced operations and activities within the ministry during the year under review without an external borrowing. With the phenomenon of limited resources, prudence must be applied in efficient budgeting for optimal output. We should therefore ensure that greatest public good is achieved in the most cost-effective way.

7. COMMITTEES GENERAL OBSERVATIONS AND RECOMMENDATIONS

Mr. Speaker,

Regulation 26 (3) of the Public Finance Management (County Government) Regulations, 2015 requires that before tabling a report containing recommendations on the County Fiscal Strategy Paper for adoption by the County Assembly in accordance with section 117(6) of the Act, the relevant committee of the County Assembly shall seek the views of the County Executive Committee Member on its recommendations. It was not practically possible to physically have a session with him owing to the fact that the Cabinet was fully engaged in deliberations on measures to put in place to comply with the trickling national directives on combating the spread of the dreaded COVID 19. Nevertheless, adequate consultations were made via electronic means to ensure his comments were taken and put in consideration by the Committee.

Mr. Speaker,

The Committee further relied on the Sectoral Committee's observations and recommendations, the County Fiscal Strategy Paper, 2020/2021 comments from the COB and CRA as submitted through letters Ref: OCOB/DBI/KTU/L/201920(07) and CRA/C/18/VOL.1(72) dated 9th March and 28th February, 2020 respectively. All this was in an attempt to ensure a rational decision is made and well thought recommendations are made to the Assembly for adoption.

OBSERVATIONS

- i. That the submitted CFSP, 2020/2021 was submitted to office of the COB and CRA as required of it by the PFM Act, 2012 and the COB Act, 2016 for their comments.
- ii. That the CSFP submitted was in line with the ADP, 2020/21 which is an extract of the CIDP, 2017-2022. This has ensured compliance to the County Government Budget making process as outlined in Section 125 of the PFM Act, 2012. The CSFP as explained above was prepared and submitted in line with the law.
- iii. The submitted CFSP for the FY 2020/21 is prepared in line with the Budget Policy Statement (BPS) 2020/21 prepared by the National Treasury which sets out the national broad strategic priorities and policy goals guiding budget preparation for the next FY at the national level.
- iv. The CFSP submitted has proposed expenditures that are commensurate to the revenue projected for the FY 2020/21 which comprises of equitable share from the National Government, Grants and own source revenue collected from fees, charges, rates, among others as allowed by the governing legal framework. The County does not intent to borrow externally.
- v. The County resource envelope is projected at KES.10,200,754,359 which is a 10% reduction from the current FY's resource allocation of KES. 11,378,500,249.

The resource envelope for the FY 2020/21 is made of;

- Equitable share: KES.8,898,400,000

- Conditional grants: KES.702,354,359
 - Own-revenue: KES. 600,000,000
- vi. The county targets to generate own-source revenue of KES.600M. Of concern to the Committee is that preceding county revenue targets have never been achieved since 2013. In addition, the collection strategies to employ and revenue streams are not clearly captured in the submitted CFSP.
- vii. Significantly to note, is the zero projected revenue under office of the Governor. This is without due regard that bar and restaurant operators in the County have been paying liquor licencing fees whose projection is conspicuously missing under this county entity.
- viii. The County is losing approximately 42% in the conditional grants allocation i.e. from receiving KES. 1,210,352,272 in the FY 2019/20 to KES. 702,354,359. This is a worrying trend as grants contribute majorly to County development.

Key to note, the County will not be receiving the following grants:-

- Grants from World Bank (KDSP)
- World Bank (Agriculture - Rural Growth)
- Danish International Development Agency and International Development Association (DANIDA/IDA) HSSP/HSPS
- Kenya Urban Support Project - World Bank
- Kenya Urban Support Project (UIG)- World Bank
- Agricultural Sector Development Support Programme (ASDSP)
- Kenya Cereals Enhancement Programme (KCEP)
- Food and Agriculture Organization (FAO)

- ix. There is a notable decrease in ministerial allocations as contained in the County entities expenditure ceilings. Notably, the highest losers being;
- Office of the Governor - 17.2% reduction, a decrease of KES. 202,069,425.
 - Ministry of Agriculture, Water & Livestock Development -12.6% reduction, a decrease of KES.147,975,861.

This is a worrying decline as there is an expected scale-down in the projects/programmes to be undertaken across the ministries affected.

- x. The development expenditure is projected at KES.3,544,852,369. This accounts for 35% of the overall budget. Of concern, this is a decrease of KES.738,579,017 from the FY 2019/20 allocation of KES.4,283,431,386. This contradicts the general expectation of growth in development expenditure.
- xi. The recurrent expenditure for the FY 2020/21 is projected at KES.6,655,901,990 which translates to 65% of the county resource envelope. The allocations in recurrent expenditure seemingly appears to consume the biggest share of the budget and with this trend, development index will always be undermined.
- xii. The wage bill is projected at KES. 4,594,871,062 as compared to Kshs. 4,376,067,679 in the FY 2019/20. The projected wage bill is 45% of the total revenues hence a non-compliance to regulation 25(1) (b) of the Public Finance Management (County Governments) Regulations, 2015 which sets out the limit at 35% of the county government's total revenue.

- xiii. The CFSP only acknowledges the rolling out of the Kibwezi-Mutomo-Kitui Road which is a National Government project under the Lamu Port Southern Sudan Ethiopia Transport (LAPSSET). However, as a policy, strategy and a planning paper, the CFSP is expected to showcase how the County will position itself to tap on the benefits associated with the mega-development project which criss-crosses the County. The same case for Thwake Mega Dam, along Athi-river. The relevant County Ministries and the line Sectoral Committees should be proactive in ensuring the County benefits adequately from this.
- xiv. In reviewing the last FY's county performance, the submitted CFSP does not give actual results which should serve as a benchmark for projections for the CSFP 2020/2021. There is no comparative point and thus there is no clear foot marks to achieving the next year budget targets.
- xv. It is observed that the major fiscal risks are failure to attain the revenue target and the bloating wage bill. The explanations to counter the effects therefrom and compliance with the law lacks.

COMMITTEE SPECIFIC RECOMMENDATIONS

The Committee took ample time to examine the submitted CFSP document for 2020/21 FY, the sectoral committee reports and held extensive and thorough deliberations to make informed decisions.

To this end, the committee makes the following recommendations for **ADOPTION** by the Assembly;

a. Office of the Governor

i. Improved service delivery through support to the available work force.

The Construction of the Governor and the Deputy Governor's residences has been allocated funds in most of the preceding budgets. Implementation of this has been dragged for long with no commitment to undertake the same by re-allocating these funds in subsequent supplementary budgets.

The committee is in agreement with the proposal to undertake these projects. However, this should this time round be fast-track to ensure its implementation before expiry of the deadline extended.

ii. Enhanced Disaster Management Preparedness within the County

The County has an Emergency Fund Act, 2018. The Committee hereby recommends that the Sectoral Committee on Finance and Planning moves with speed to ensure that regulations to operationalize this fund are put in place and the same to be domiciled under the County Treasury.

b. Ministry of Public Service Management and Administration

i. Provide conducive working environment

The Committee recommends;

a. That the Ministry should prioritize the completion of the stalled ward administrators' offices and move construction of Village Administrators offices to the next FY i.e. 2021/22 owing to the budget constraints.

b. Purchase of Motor cycles for the Ward administrators

c. Ministry of Agriculture, Water and Livestock Development

i. **Increased agricultural production, food and nutrition security**

The committee recommended the following not to be undertaken:

- a. *'Promotion of sisal production'* the Committee felt that this is not a priority at the moment and the same should be replaced with *'promotion of avocado farming'* as recommended by the line Sectoral Committee.
- b. The Committee observes that *'Construction of a ndengu processing plant'* is viable project but lacks a clear sustainability plan.
- c. The committee therefore recommends to drop this program and in turn the ministry to emphasize on organizing farmer cooperative associations along the production chain, buying silos/cleaning machines as recommended by the line Sectoral Committee.

ii. The Committee observes that there is a mismatch of projects/programmes under broad Priority, *'improved farm income and profitability'* as below:

- a. Soil testing and fertility improvement;
- b. Water harvesting for crop production (dams and stream irrigation ponds for runoff harvesting); and
- c. Agricultural mechanization services program; thus recommended the same be moved to the broad priority *'increased agricultural production, food and nutrition security'*.

iii. The Committee recommends all the projects/programmes under broad priority *'Improved human and institutional capacity'* be undertaken under Kitui Agricultural Training Centre (ATC).

- iv. The Committee recommends the activities under the broad priority, *'Sustainable use and conservation of agricultural resources'* be undertaken on conducting a feasibility study for gravity irrigation and be equitably distributed along the water sources in the County
- v. The Committee recommends transfer of *'construction of livestock loading ramps'* under the broad priority *'Livestock breeds improvement and management'* to the Ministry of Trade, Cooperatives and Investments under broad priority *'Creating an enabling environment for trade and industrial development'* to avoid replication of services under the ministries.
- vi. **Provision of modern bee hives for apiary establishment and honey extraction equipment'**

The Committee recommends;

- a. Local sourcing of beehives for this project to promote local trade.
- b. Operationalization of the existing apiaries and honey collection units in the County to ensure that the citizenry get value for money.

d. Ministry of Basic Education, ICT and Youth Development

i. Establishment of a Policy on ECDE Administration and management

The Committee recommends that the Ministry should establish and implement an Early Childhood Development Education (ECDE) and Child Welfare Act. This will aid in documenting methodology on registration, management, monitoring, evaluation, reporting channel and safety measures to safeguard pupil's welfare in these learning institutions.

ii. Physical Infrastructure

The Committee recommends;

- a. That projects like construction of ECDE classrooms and toilets, provision of outdoor play equipment, purchase and installation of 5,000Ltr water tanks for ECDE and purchase of teaching/learning materials just to name a few which are under the broad priority *'To improve infrastructure in ECDE centers'* be implemented with due compliance to Early Childhood Service Standards guidelines.
- b. The stalled ECDE projects should be given priority for completion and operationalization.
- c. The existing ECDE classrooms be upgraded to complete ECDE Centers with facilities such as offices, kitchen, toilets, water tanks, playing grounds, mattresses and instructional materials.

iii. Youth Development.

- a. The committee recommends that the broad objective *'To equip youth with relevant skills to increase employability using a variety of approaches via; apprenticeship, internship, attachment and placement programmes, volunteerism and short formal trainings'* should be implemented while observing equitable distribution of opportunities across the forty (40) Wards.

e. Ministry of Lands, Infrastructure, Housing and Urban Development

- i. The committee observed that *'Construction of Low Water River crossing drifts programme'* was not featuring in the submitted CFSP and thus recommends the same to be included improve road connectivity within the County.
- ii. The Committee recommends;

- a. That *'In-house grading 2000Km-50Kms per ward'*, should be undertaken equitably in all the wards and in addition the Ministry and the line committee should establish and take into consideration the road network coverage in every ward which should inform the ratio for the grading distance with a set minimum for every ward. The road network is not equal across all the wards.
- b. Continuous maintenance of county roads and related infrastructure (Concrete Slabs, Box and Pipe Culverts) to improve connectivity and movement of goods and services.
- iii. The committee recommends that the *'Bush clearing programme'* should be undertaken by ward-base contractors in a bid to empower them. Further, training of the ward contractors is necessary to make sure they are compliant to the e-procurement system and requirements.
- iv. Under *'Completion of the county building blocks as per user requirement programme'* the committee recommends renovation and refurbishment of the defunct Mwingi County Council Offices which were burnt to provide for more office space.
- v. The Committee recommends dropping purchase of heavy plant machinery from the project *'Purchase of heavy plant machinery, workshop tools, spares and small equipment programme'*. The County should embrace leasing these machines because of the associated high operating and maintenance costs and the reducing ministry ceilings.

f. Ministry of Health and Sanitation

The Committee recommends;

- i. That as the ministry enhances K-CHIC registration, it should:
 - a. Constitute a K-CHIC Management Committee as a matter of urgency to oversee the management of the programme.
 - b. Provide a clear waiting period for one to get a K-CHIC card upon full payment.
 - c. Put in place a system/software to capture all details of registration to avoid manipulation and misuse of data
- ii. That enough Community Health Volunteers (CHVs) should be recruited, trained and equipped with right resources to offer primary care services by rationalizing expenditures within the ministry.
- iii. Infrastructural adjustments, staffing and other needs should be addressed to enable the remaining 12 level III B health Centres to attain the status of level IV in order to bring services closer to the people.
- iv. The Ministry has proposed to undertake a lot of activities which cannot be funded within the available budget. The Committee thus recommends :
 - a. To consider upgrading of additional 6 level IV hospitals one for each sub-counties to bring the total to eight.
 - b. Outsource additional donor funding to supplement the available budget for the proposed expenditures for the ministry.
- v. That due to the financial constraints, the expenditure ceiling for Ministry be reduced by KES. 40M to boost expenditures proposed in other County Ministries.

g. Ministry of Trade, Cooperatives and Investment

The Committee recommends;

- i. That the programme on the construction of a leather industry and shoe making factory be dropped since it's not a priority project. The ministry should focus on completing and operationalizing the programs currently underway such as ballast crusher etc. instead of commencing new ones.
- ii. The Committee is alive to the fact the purchase of livestock trucks is still under investigations by the Ethics and Anti-Corruption Commission (EACC). Budget allocation to this item is key in the event that the matter is ruled in favour of the County. The contract remains in force unless nullified by the Court and such trucks once purchased can be utilized in other County projects.
- iii. That the empowerment funds regulations be amended as recommended by the C.O.B in order to operationalize the fund.
- iv. That the programme on the purchase of specialized equipment for processing of pulses/grains be dropped in totality. This is **not** a priority at the moment and the county should focus on regional integration/capacity by utilizing the World Bank funded - Makueni pulse processing plant as recommended by the Sector Committee.
- v. That due to the financial constraints, the expenditure ceiling for Ministry be reduced by KES. 40M to boost expenditures proposed in other County Ministries.

h. Ministry of Environment and Natural Resources

The committee recommends;

- i. Implementation of forest management plans under '*Forest Management and Conservation*'.

- ii. That the ministry formulates a policy to regulate the County tree growing programme to avoid instances of inefficiency as experienced in the past.
- iii. That under '*Forest conservation measures*' the ministry in conjunction with the National Land Commission and other relevant bodies to gazette more forests across the County and enforce strict laws to discourage intruders whose main aim is deforestation.
- iv. That the ministry supports Community Based Organizations (C.B.O'S) whose aim is to grow trees and protect them through provision of seedlings, farm tools and equipment. This will result to an increased forest cover.
- v. Operationalization of Kitui county climate change fund (KCCCF) regulations, 2018 which will support Capacity building through establishment of steering sub-committees, technical and ward climate change planning teams.
- vi. That the Ministry develops a Waste Management Act on top of the proposed waste management guidelines to reduce the risks associated with the disposal of both general and hazardous waste to landfill sites.
- vii. The Ministry prioritises implementation of a Waste Recycling plant to manage hazardous and solid waste to prevent the waste of potentially useful materials and reduce consumption of fresh raw materials thereby reducing energy usage, air pollution, and water pollution and eventually earn revenue for the County.
- viii. The Ministry to fast track the process of entering into a new memorandum of understanding (M.O.U) with Rural Electrification Authority (REA) in order to light market centers, households, churches,

health centres, dispensaries, ECDE centres, water boreholes and vocational centres in all the wards.

- ix. That the ministry to prioritise installation of solar security lights and flood lights across the county under the proposed programme '*promotion of green energy technologies*'. Additionally, a policy should be put in place to guide the maintenance and installation of solar powered pumps in the boreholes already installed and those the Ministry intends to undertake. The Ministry should also embrace outsourcing maintenance services.
- x. The County should come up with a legal framework on mineral development and exploitation taking into account the existing national legislations on the same.
- xi. Timely training of the community; to create awareness to people on issues concerning mineral exploitation, land rehabilitation and other associated benefits and effects before the initial exploitation of the minerals starts.

i. Ministry of Tourism, Sports and Culture

i. Tourism promotion and marketing event

The committee recommends that the ministry should target the whole county when conducting the familiarization trips by visiting all the forty (40) wards. This will give the stakeholders involved in the familiarization trip, a fair understanding on how to market and develop tourism in the County as recommended by the Sector Committee.

ii. Develop phase 3 of Kalundu Dam Eco-park

The Committee recommends that the ministry should first complete phase 2 of the project before embarking on phase 3 as proposed in the CFSP.

iii. **Construction and operationalizing snake houses and snake pit at Mutomo Reptile Park**

The committee noted that development of the reptile park has been very slow notwithstanding budgetary allocations in preceding budgets. It was thus recommended that the ministry should move with speed to complete and operationalize the park as it will be a source of revenue to the County.

iv. **Development of Sports Facilities and Talent Promotion**

That the ministry should improve the pace at which works are being implemented at Kitui Stadium which has dragged for long from the previous budgets. Further, development of Ithookwe and Public Sports Facility opposite the County Ministry of Trade Offices at the County Headquarters should be considered.

v. **Gender and Social Services**

The Committee recommended for increased Gender Based Violence (GBV) awareness campaigns to improve timely reporting and management across the County.

vi. **The ministry proposes to undertake Prefeasibility studies on Cultural sites, Ngomeni, Mukenyeke Shrines and development of online repository for Kamba artifacts. The committee notes that Kitui County is endowed with plenty of cultural sites like colonial governor's residence in Kitui town and Ngomeni in Mwingi, ngomeni caves, and Nzambani rock just to name a few. Therefore, the committee**

recommends that the ministry should come up with a comprehensive list of the cultural sites to undertake the prefeasibility studies.

j. County Assembly

i. To ensure improved Legislation, Representation and Oversight

The Committee recommended enhanced public participation in all county legislative matters as envisaged in the Constitution, County Government Act, 2012, PFM Act, 2012 and other legislations. Ensure operationalization of the Ward Forums Act by setting the necessary funds and finalizing on its regulations.

ii. Construction of the speaker's residence

This budget item has never missed in any County Budget but without implementation taking place. The Assembly should acquire land and ensure construction is done taking into account the extended Salaries and Remuneration Commission (SRC) deadline of 2022.

iii. That the Assembly reinstates the purchase of the two pool vehicles owing to the fact that the funds for the same were reallocated in the supplementary budget 1, 2019/20.

iv. That the County Assembly expenditure ceiling be increased by KES. 10M to cushion for the funds released KES. 10M to County Ministry of Health through the supplementary budget 20219/2020 to address issues regarding the deadly COVID 19.

k. Kitui Municipality

- i. The Municipality should embrace installation of solar (green energy) as this will be economical as compared to electricity lights.
- ii. The Committee recommends the construction of a fully pledged fire station in order to efficiently address any emergencies of fire outbreak. The station should have a residence for the fire fighters who are expected to be on call and install raised back-up water tanks.
- iii. The committee recommends construction of a modern ablution block at the Kitui Municipal Public Park opposite Kitui Law Courts. This will improve hygiene and comfort for the users at the facility.

I. Mwingi Town Administration

- i. The committee recommends to increase the expenditure ceiling for Mwingi town Administration with KES. 40,000,000.
The Town is on course to being a Municipality and will need adequate funding for additional activities such as;
 - Promotion, regulation and provision of an integrated wastes management system;
 - Promotion and provision of water and sanitation services and infrastructure;
 - Construction and maintenance of urban roads and associated infrastructure among other.
- ii. The committee observes on the need to install street lights in Mwingi town. This will lower the crime rate and boost business and thus the committee recommends additional two flood lights (*mulika Mwizi*); behind Mwingi police station and Musila Gardens.

m. Own-Source Revenue

The Committee recommends a reduction of the own-source revenue projected at KES.600M with KES.100M. The proposed strategies to collect this amount of revenue are similar year in year out with such targets having never been met. This further complies to the CRA comments on the same with an analysis of revenue collected for the previous five budget years as contained in the table below:-

FY	Target (KES.)	Actual (KESH.)	% of Actual vs Target
2014/15	650,000,000	320,521,294	49
2015/16	608,200,000	416,188,728	68
2016/17	668,610,000	315,347,364	47
2017/18	579,158,072	335,122,477	58
2018/19	797,985,098	440,523,923	55

The actual own source revenue collected as at February, 2020, was approximately KES. 259M against approved target of KES. 600M noting that its only four months to the end of the financial year. Therefore, the target of KES.600 as proposed in the CFSP for 2020/21 is not realistic. The Committee therefore recommends the resource envelop for the FY 2020/21 to be KES.10,100,754,359 as contained in annex ii to this report.

Mr. Speaker Sir,

After adjustments made above, the Committee hereby recommends the following schedule of ceilings of expenditure for the County Government entities/ministries as contained in the attached **annex iii**.

n. Other Specific Recommendations

- i. The KES. 40M ward projects (K-SWEP) to be contained in the budget be sourced from the Annex ii and iii of the submitted CFSP
- ii. The CLIDP projects to be sourced through a separate public participation exercise in consultation with the Members of County Assembly.
- iii. Light grading projects should be sourced through a consultative forum between the executive and the Members of County Assembly and the same should not form part of the projects contained annexures ii and iii of the CFSP.

8. CONCLUSION

Mr. Speaker,

In compliance to Standing Order number 205 (5) and (6), the Committee hereby recommends to the Assembly the schedules of the proposed revenues and expenditure ceilings for the County Government as contained in the attached annexures II and III respectively.

It is therefore my pleasant duty and privilege, on behalf of the Budget and Appropriations Committee to table this Report for adoption by the Assembly.



The Report was compiled by:

Charles Nyaga (Senior Fiscal Analyst I), Mulandi Kavali (First Clerk Assistant) and Chris Mwangangi (Second Clerk Assistant).

ANNEX I

**SIGNED LIST OF MEMBERS OF THE BUDGET AND APPROPRIATIONS
COMMITTEE IN AGREEMENT AND ADOPTION OF THE REPORT ON
THE KITUI COUNTY FISCAL STRATEGY PAPER FOR THE FINANCIAL
YEAR, 2020/2021**

1. Hon. Boniface K. Kasina

-Chairperson

2. Hon. James M. Munuve

-Vice Chairperson

3. Hon. Mary P. Ndumbu

-Member

4. Hon. Stephen I. Katana

-Member

5. Hon. Sylvester K. Munyalo

-Member

6. Hon. James M. W. Kula

-Member

7. Hon. Deiys M. Mukala

-Member

8. Hon. Anne M. Mumo

-Member

ANNE M. MUMO

ANNEX II

COUNTY GOVERNMENT OF KITUI
REVENUE PROJECTIONS FOR FY 2019/2020 AND THE MTEF

S/No	Source	Actual Revenue		Actual Revenue		Revenue Estimates		Revenue Estimates		Projected Estimates	
		2016/17 (Kshs)	2017/18 (Kshs)	2018/19 (Kshs)	2019/20 Kshs	2020/21 Kshs	2021/22 (Kshs)	2022/23 (Kshs)	2021/22 (Kshs)	2022/23 (Kshs)	
1	Equitable share	7,841,480,359	8,652,300,000	8,729,200,000	8,830,350,000	8,898,400,000	9,788,240,000	10,767,064,000			
2	Grants										
	Free Maternal Healthcare	70,080,000									
	Compensation for User Fees Forgone	23,144,996	23,144,997	22,499,906	22,499,906	22,499,906	24,299,898	26,243,890			
	Road Maintenance Fuel Levy	120,484,292	309,636,150	287,290,294	280,638,858	264,131,438	285,261,953	308,082,909			
	Grants from World Bank (KDSP)	-	53,665,066		30,140,998		-	-			
	World Bank (Universal Health)		47,013,831	67,082,450	146,059,341	323,076,845	348,922,993	376,856,832			
	World Bank (Agriculture - Rural Growth)		50,609,855	50,078,476	384,709,261		-	-			
	HSSP/HSPS - (DANIDA/IDA)	150,020,244	32,522,346	29,008,126	26,062,500		-	-			
	World Bank loan to Supplement financing of County Health Facilities										
	Development of Youth Polytechnics		67,576,636	44,141,075	72,882,525	92,646,170	100,057,864	108,062,493			
	Other GOK Grants (Doctors & Nurses Allowance)	88,992,000		-	-		-	-			
	Kenya Urban Support Project - World Bank			232,374,200	363,132,592		-	-			
	Kenya Urban Support Project (UIG)- World Bank			41,200,000	50,000,000		-	-			
	ASDSP			8,946,484	36,633,313		-	-			
	KCEP-COCRLA				3,251,286		-	-			
	FAO				4,337,271		-	-			
	Pro Poor				1,592,166		-	-			
	Sub total Grants	382,641,532	584,168,881	782,621,011	1,421,940,017	702,354,359	758,542,708	819,226,124			
	Total National Government Transfers	8,224,121,891	9,236,468,881	9,511,821,011	10,252,290,017	9,600,754,359	10,546,782,708	11,586,290,124			
3	Own Revenue										
	County Ministries/Entity										
	Office of the Governor	16,392,240	17,002,350		-		-	-			

S/No	Source	Actual Revenue		Actual Revenue		Revenue Estimates		Revenue Estimates		Projected Estimates	
		2016/17 (Kshs)	2017/18 (Kshs)	2018/19 (Kshs)	2019/20 Kshs	2020/21 Kshs	2021/22 (Kshs)	2022/23 (Kshs)			
	Ministry of Public Service Management and Administration	-		9,876,970	15,200,000	15,200,000	15,960,000	16,758,000			
	The County Treasury	106,022,233	91,863,116	126,941,699	140,000,000	140,000,000	147,000,000	154,350,000			
	Ministry of Health and Sanitation	72,740,757	106,553,358	176,097,641	230,000,000	130,000,000	241,500,000	253,575,000			
	Ministry of Basic Education, ICT and Youth Development	-	-	-	-	-	-	-			
	Ministry of Trade, Cooperatives and Investments	425,671	428,707	1,046,812	50,000,000	50,000,000	52,500,000	55,125,000			
	Ministry of Land Infrastructure and Urban Development	24,958,150	26,196,850	26,925,512	35,000,000	35,000,000	36,750,000	38,587,500			
	Ministry of Tourism, Sports and Culture	-	1,095,150	132,500	2,000,000	2,000,000	2,100,000	2,205,000			
	Ministry of Agriculture water and Livestock Development	17,167,612	12,989,871	16,418,764	24,000,000	24,000,000	25,200,000	26,460,000			
	Ministry of Environment, Energy and Minerals Investment Development	6,785,460	5,060,700	850,900	1,800,000	1,800,000	1,890,000	1,984,500			
	Kitui Municipality	45,252,270	48,923,181	57,387,816	67,000,000	67,000,000	70,350,000	73,867,500			
	Mwingi Town Administration	25,602,970	25,009,194	27,966,066	35,000,000	35,000,000	36,750,000	38,587,500			
	Subtotal	315,347,363	335,122,477	443,644,680	600,000,000	500,000,000	630,000,000	661,500,000			
	TOTAL	8,609,549,254	9,571,591,358	9,955,465,691	10,852,290,017	10,100,754,359	11,176,782,708	12,247,790,124			
	% of Equitable Share	91	90	88	81	87	88	88			
	% of Own Resources	4	4	4	6	6	6	5			
	% of Grants	5	6	8	13	7	7	7			
	Revote from previous budget	1,843,914,081	1,319,665,314	880,167,531	526,210,232	-	-	-			
	Total Resource Envelope	10,453,463,335	10,891,256,672	10,835,633,222	11,378,500,249	10,100,754,359	11,176,782,708	12,247,790,124			

ANNEX III

**KITUI COUNTY GOVERNMENT
DEPARTMENTAL CEILINGS
FOR FINANCIAL YEAR 2020/2021**

Vote	Spending Entity	Printed Estimates 2019/20		% of the Total Budget 2019/20		Estimates 2020/21		% of the Total Budget 2020/21		Reduction from the 2019/20 Budget		% of Reduction from the 2019/20 Budget
		(A)	(B)	(A)	(B)	(A-B)	(A-B)					
3711	Office of the Governor	1,382,229,820		12%		1,162,960,395		12%		219,269,425		16%
3712	Ministry of Public Service Management and Administration	410,133,271		4%		372,781,915		4%		37,351,356		9%
3713	Ministry of Agriculture, Water & Livestock Development	1,622,857,177		14%		1,462,281,316		14%		160,575,861		10%
3714	Ministry of Basic Education, ICT & Youth Development	653,794,257		6%		580,422,466		6%		73,371,791		11%
3715	Ministry of Lands, Infrastructure, Housing & Urban Development	874,707,104		8%		793,869,452		8%		80,837,652		9%
3716	Ministry of Health & Sanitation	3,346,625,717		29%		3,232,029,040		32%		114,596,677		3%
3717	Ministry of Trade, Cooperatives & Investment	612,873,963		5%		450,937,678		4%		161,936,285		26%
3719	Ministry of Environment & Natural Resources	236,292,836		2%		181,535,051		2%		54,757,785		23%
3720	Ministry of Tourism, Sports & Culture	221,849,288		2%		182,786,500		2%		39,062,788		18%
3721	The County Treasury	434,783,127		4%		385,980,356		4%		48,802,771		11%
3722	County Public Service Board	40,176,022		0%		35,617,550		0%		4,558,472		11%
3723	County Assembly	959,239,760		8%		861,552,450		9%		97,687,310		10%
3724	Kitui Municipality	499,183,960		4%		291,215,300		3%		207,968,660		42%
3725	Mwingi Town Administration	83,753,947				106,784,890		1%		(23,030,943)		-27%
	Total Voted Expenditure (Ksh)	11,378,500,249		99%		10,100,754,359		100%		1,277,745,890		11%

Annex IV

COUNTY ASSEMBLY OF KITUI

MINUTES OF THE BUDGET AND APPROPRIATIONS COMMITTEE MEETING HELD AT COUNTY ASSEMBLY BOARDROOM ON 24TH MARCH, 2020 AT 12.00 PM.

MEMBERS PRESENT:

- | | |
|------------------------------|-------------------|
| 1. Hon. Boniface K. Kasina | -Chairperson |
| 2. Hon. James M. Munuve | -Vice Chairperson |
| 3. Hon. Mary P. Ndumbu | -Member |
| 4. Hon. Stephen I. Katana | -Member |
| 5. Hon. Sylvester K. Munyalo | -Member |
| 6. Hon. James M. W. Kula | -Member |
| 7. Hon. Deiys M. Mukala | -Member |
| 8. Hon. Anne M. Mumo | -Member |

IN ATTENDANCE:

- | | |
|-----------------------|---------------------------------------|
| 1. Charles Nyaga – | Senior Fiscal Analyst |
| 2. A. Mulandi Kavali- | First Clerk Assistant(Taking Minutes) |
| 3. Chris Mwangangi- | Second Clerk Assistant |

AGENDA

- 1) Prayer
- 2) Communication from the chair
- 3) Adoption of committee report on consideration of The Kitui County Fiscal Strategy Paper, 2020/2021 and Supplementary Budget 1, 2019/2020.

MIN (BAC) 007/2020: PRAYER

The proceedings commenced with a prayer at 12.00 PM.

MIN (BAC) 008/2020: COMMUNICATION FROM THE CHAIR

The Chairperson thanked and welcomed the Members for the special sitting convened to adopt the reports for onward transmission for approval for tabling pursuant to

Standing Order 179(4).

MIN (BAC) 009/2020: ADOPTION OF THE COMMITTEE REPORT ON CONSIDERATION OF THE KITUI COUNTY FISCAL STRATEGY PAPER, 2020/2021 AND THE SUPPLEMENTARY BUDGET 1, 2019/2020.

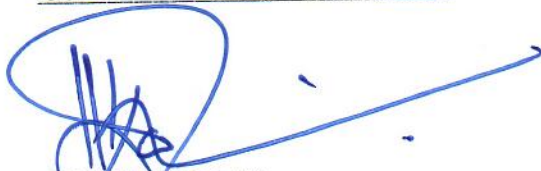
The Members were taken through the draft reports, deliberated and adopted the same as the final copies for onward transmission to the office of speaker for approval. This was in adherence to the provisions of Standing Order 179(6). The Members then appended their signatures in a copies of the registers attached to the report in assertion with the content thereto.

MIN (BAC) 010/2020: ADJOURNMENT

There being no other business, the meeting was adjourned at 4.00 PM.



MULANDI KAVALI
For: CLERK OF ASSEMBLY
COUNTY ASSEMBLY OF KITUI



CONFIRMED BY:
(HON. BONIFACE KILAA KASINA)
CHAIRPERSON, COMMITTEE ON BUDGET AND APPROPRIATIONS.
COUNTY ASSEMBLY OF KITUI.