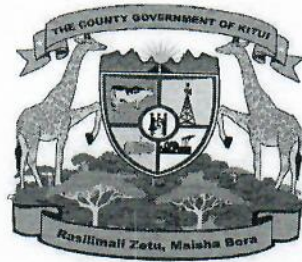


COUNTY GOVERNMENT OF KITUI



THE COUNTY ASSEMBLY

THIRD ASSEMBLY – (SECOND SESSION)

COUNTY BUDGET AND APPROPRIATIONS COMMITTEE

REPORT

ON CONSIDERATION

OF

THE KITUI COUNTY FISCAL STRATEGY PAPER

FOR THE FINANCIAL YEAR 2023/2024

CLERK OF ASSEMBLY CHAMBERS

P. O BOX 694-90200

KITUI

MARCH, 2023



Table of Contents

ABBREVIATIONS	iii
ANNEXURES.....	v
1.0 PREAMBLE	1
2.0 COMPOSITION AND MANDATE OF THE COMMITTEE	3
2.1 Composition of the Committee.....	3
2.2 Committee mandate	4
3.0 BACKGROUND	4
4.0 ACKNOWLEDGEMENT	8
5.0 OVERVIEW AND EXAMINATION OF THE COUNTY FISCAL STRATEGY PAPER, 2023/2024.	10
5.1 Overview of the CFSP, 2023/2024	10
5.2 Examination of the CFSP, 2023/2024.....	11
6.0 REVIEW AND CONSIDERATION.....	14
7.0 COMMITTEE'S OBSERVATIONS.....	16
8.0 COMMITTEE'S RECOMMENDATIONS.....	26
A. THE RECOMMENDED RESOURCE ENVELOP	26
B. THE RECOMMENDED MINISTERIAL PROGRAMMES' REALIGNMENTS	26
C. OTHER RECOMMENDATIONS	34
9.0 CONCLUSION	34

ABBREVIATIONS

ADP	Annual Development Plan
BPS	Budget Policy Statement
C/G	County Government
CARA	County Allocation of Revenue Act
CBAC	County Budget and Appropriations Committee
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CGA	County Government Act
CHRCE	Centre for Human Rights and Civic Education
CIDP	County Integrated Development Plan
CLIDP	Community Level Infrastructure Development Program
CoK	Constitution of Kenya
CRA	Commission on Revenue Allocation
EAK	Evangelical Alliance of Kenya
EIZs	Economic Investment Zones
FIF	Facility Improvement Fund
FY	Financial Year
GBV	Gender Based Violence
ICT	Information Communication Technology
KICOTEC	Kitui County Textile Centre
KSHS	Kenya Shillings
KWID	Kitui Women in Development
MCA	Member of County Assembly
MSMEs	Micro-Small and Medium-sized Enterprises
MTEF	Medium Term Expenditure Framework

O&M	Operations and Maintenance
OSR	Own Source Revenue
PFM	Public Finance Management Act
PLWDs	People Living with Disabilities
PPP	Public-Private Partnerships
S.O.	Standing Order
SDGs	Sustainable Development Goals
VTCs	Vocational Training Centres

ANNEXURES

- i. Signed List of Committee Members – **Annex i**
- ii. Advert for submission of written memoranda – **Annex ii**
- iii. Memorandum received from the Network of Civil Society Organizations working across Kitui County – **Annex iii**
- iv. Recommended County revenue projections – **Annex iv**
- v. Recommended County Entities Expenditure Ceilings – **Annex v**
- vi. Minutes adopting the report – **Annex vi**

1.0 PREAMBLE

Mr. Speaker,

On behalf of Members of the County Budget and Appropriations Committee (CBAC) and as required under Section 117 of the Public Finance Management (PFM) Act, 2012, as read together with Standing Order (S.O.) No. 205, I kindly take this opportunity to present to the Assembly the Committee's report and recommendations on consideration of the Kitui County Fiscal Strategy Paper (CFSP) for the Financial Year (FY) 2023/2024.

This is a report concerning public finances and it shall be considered and processed in accordance with the provisions of Chapter Twelve of the Constitution on public finances, including other legislations but not limited to the following: -

- i. The Public Finance Management (PFM), Act 2012,
- ii. The County Governments Act (CGA), 2012,
- iii. The Public Finance Management (PFM), (County Governments) Regulations 2015, and
- iv. County Assembly Standing Orders (S.O).

The above notwithstanding, the Committee greatly relied on prudent financial norms as practiced within public Sector budgeting.

Mr. Speaker,

The Constitution of Kenya, 2010 (CoK) envisages decent principles in public resource mobilization, planning and management. Article 224 of the Constitution provides that every County Government (C/G) shall prepare and adopt its own Annual Budget and an Appropriation Bill in the form, and

according to the procedure prescribed in an Act of Parliament. In this regard, the County Governments are specifically guided by Part 4 (four) of the PFM Act, 2012 that articulates on (C/G's) responsibilities with respect to Management and Control of Public Finance.

The law places significant responsibilities to the County Assemblies as relates to financial management in particular regarding to resource mobilization, allocation, monitoring and control. It bestows the fundamental responsibility of the County Budget process and approval of relevant appropriation laws to the County Assemblies. The CFSP is prerequisite to the County Budget and provides the ceiling of Revenues and Expenditures for a particular financial year. It's consideration and approval thereof are critical and statutorily required as outlined in the PFM Act, 2012.

Mr. Speaker,

Section 117 of PFM Act, 2012 inter alia provides that; -

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

The aforementioned provision of the law and the Standing Orders requires the County Assembly to consider and approve the CFSP within 14 days from the date of receipt with or without amendments. The CECM for County Ministry of Finance, Economic Planning and Revenue Management submitted to the Assembly the Kitui CFSP for FY 2023/2024 on 28th,

February, 2023 which was within the statutory timelines. The same was subsequently laid for approval in a County Assembly Sitting held on 1st March, 2023 and was deemed to have been committed to each Sectoral Committee to deliberate on and make recommendations to CBAC in accordance with S.O. 205 (3).

Mr. Speaker,

Section 117 (3) of the PFM Act, 2012 guides that in preparing the CFSP, the County Ministry of Finance, Economic Planning and Revenue Management shall specify the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and over the medium term. Arising therefrom, the CFSP inevitably becomes the guide to the County budgeting process. It is the document that looks at how the past and the present setting of the budget process can inform the future. It's comprehensive consideration by the Sectoral Committees and subsequent analysis by the CBAC thus is a very critical exercise in ensuring a realistic, achievable and a futuristic budget. This will entail undertaking a critical review to the four major CFSP components namely;

- i. Performance
- ii. Priorities
- iii. Projections, and
- iv. Ceilings.

2.0 COMPOSITION AND MANDATE OF THE COMMITTEE

2.1 Composition of the Committee

Mr. Speaker,

The Committee as currently constituted comprises of the following Members:

1. Hon. Zacchaeus Ivutha Syengo	-Chairperson
2. Hon. Jacquelyne Cate Kalenga	-Vice Chairperson
3. Hon. Alex Mutambu Nganga	-Member
4. Hon. Boniface Mukwate Katula	-Member
5. Hon. Sylvester Kitheka Munyalo	-Member
6. Hon. Kyalo Kimuli	-Member
7. Hon. Mary Mwendu Mutune	-Member
8. Hon. Mercy Muliwa Muema	-Member
9. Hon. Malinga Munyao	-Member

2.2 Committee mandate

Mr. Speaker,

S.O. No. 186 establishes the CBAC 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 CFSP for the FY 2023/2024 and has made recommendations to the Assembly for consideration and Adoption.

3.0 BACKGROUND

Mr. Speaker,

The Kitui CFSP, 2023/2024 was submitted, laid on the Table and committed to the Committee for consideration as indicated above in this report. It is the

tenth CFSP for the County Government of Kitui since devolution was ushered under the new Constitution and the first 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 2023/2024 budget estimates and over the medium term. The CFSP underpins the County fiscal and budget framework by laying out strategic priorities and fiscal policy, and indicates what the County plans to do regarding revenue, expenditure and debt management 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 Annual Development Plan (ADP) for FY 2023/2024 as well as the draft County Integrated Development Plan (CIDP) 2023-2027.

Mr. Speaker,

The Constitution of Kenya in Article 196, the County Government Act (CGA), 2012 and the PFMA 2012 underscores the essence of public participation in all matters of legislation touching the lives of the citizenry. The CFSP being a financial policy document cannot be exempted from this process despite the few days the Assembly is required to approve the paper. It is mandatory that the document is subjected to public participation as provided under Articles 174 (c), 196 and 201(1) of the Constitution.

An advert to the general public to submit written memoranda on the CFSP for the FY 2023/2024 to the Office of the Clerk of Assembly was placed in both electronic and print media on 2nd March, 2023 with a deadline for submission being 7th March, 2023 at close of business hours a copy of which has been annexed to this report as **annex ii**.

Mr. Speaker,

On the 7th March, 2023, the Committee received a memorandum attached to this report as **annex iii** prepared by a Network of Civil Society Organizations working across Kitui County. These are: Institute of Public Finance (IPF), Centre for Human Rights and Civic Education (CHRCE), Caritas Kitui, Initiative for inclusive Empowerment, Kitui Civil Society Network, Kitui Women in Development (KWID), Evangelical Alliance of Kenya (EAK), Building inclusive Kenya, Rockville Centre for Sustainable Development, Kitui County Disability Network and 'Muuwo wa ndiwa'.

In summary, the memorandum sought to address the following: -

- i. That the County decentralises the proposed programmes and projects aimed at improving youth skills.
- ii. The County to consider establishment of a youth hub to enable youth acquire soft skills.
- iii. The County increases the beneficiaries for development activities for the People Living with Disabilities (PLWDs).
- iv. The County prioritises awareness creation amongst women across the County on reporting and documenting cases of Gender Based Violence (GBV).
- v. The County to ensure timely implementation of procurement plans to increase development budget absorption ratio.

- vi. The County to ensure timely publicizing of all budget document through the official County website so as to enhance public participation and budget transparency.

Mr. Speaker,

It is worth noting that some of these prayers have been addressed in this CFSP as recommended and the Committee urges the County Executive to look into ways of addressing those that have not been tackled.

Mr. Speaker,

The CFSP 2023/2024, has been prepared taking cognizance of the 2022/2023 economic outlook and the sixteen-development agenda namely; Agriculture, Water, Health, Education, Urban Development, Roads and Construction, Trade and Investments, Micro Small and Medium Enterprises (MSMEs), Co-Operation Societies, Tourism and Hospitality, Women, Youth and PLWDs, Environment, Energy, Information and Communication; and Security. 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 2023/24 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's sixteen (16) development Agenda.

Mr. Speaker,

Section 130 of the PFM Act, 2012, provides that the CECM for County Ministry of Finance, Economic Planning and Revenue Management shall

submit to the County Assembly the budget estimates by 30th April of each year. Owing to this fact therefore, and taking in to consideration the statutory requirement of 14 days for consideration and approval of CFSP, the CBAC had to move with haste in compiling this report. It is imperative noting that the Committee managed to undertake this noble assignment notwithstanding the short period and the tight Assembly schedule of activities.

Mr. Speaker

The Committee undertook this exercise at Mwingi Cottage Resort as from 9th to 12th March, 2023. During this period, the Committee was able to analyse, consider and make recommendations on the submitted CFSP, for adoption by the Assembly.

4.0 ACKNOWLEDGEMENT

Mr. Speaker,

At this juncture, allow me to thank the Office of the Hon. Speaker and that of the Clerk of Assembly for the logistical support extended in successfully undertaking this activity.

The Sectoral Committees consideration of the document and recommendations to the Budget Committee was of essence in the entire process and I sincerely thank them for their valued input.

I also wish to express my gratitude to the Members of this Committee for their utmost commitment to deliver in their mandate. Finally, I will not hesitate to acknowledge the Staff of Assembly serving the Committee and the Official from the County Executive led by for the Chief Officer –

Economic Planning and Budgeting for their significant contribution in providing technical support and compiling this report.

A handwritten signature in black ink, appearing to read 'Zacchaeus Ivutha Syengo'. The signature is written in a cursive style with a large initial 'Z' and a circular flourish at the end.

Hon. Zacchaeus Ivutha Syengo

Chairman, County Budget & Appropriations Committee

March, 2023.

5.0 OVERVIEW AND EXAMINATION OF THE COUNTY FISCAL STRATEGY PAPER, 2023/2024.

Mr. Speaker,

In reviewing the CFSP for the FY 2023/2024, the CBAC held a total of four days sittings as indicated above in this report. During the retreat, the Committee was able to analyse the CFSP and interrogate the Sectoral Committee recommendations submitted to the Committee pursuant to the provisions of S.O. 205 (3). The Committee also had an opportunity to intensively interact with the Chief Officer and the Director - Economic Planning and Budgeting whose input was invaluable in arriving at meaningful Committee resolutions as contained in this report.

5.1 Overview of the CFSP, 2023/2024

Mr. Speaker,

The CFSP is a statutory document in respect to County Budget process as stipulated under the provisions of Section 125 of the PFM Act, 2012. Section 117 (3) and (4) of the PFM Act, 2012, provides that the County Ministry of Finance, Economic Planning and Revenue Management in preparing the CFSP, 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 Ministry of Finance, Economic Planning and Revenue Management shall further include in its CFSP the financial outlook with respect to County Government revenues, expenditures and borrowing for the coming FY and over the medium term. Therefore, the 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 expenditures and revenue along more suitable lines for delivering services and development interventions to the citizenry.

5.2 Examination of the CFSP, 2023/2024

Mr. Speaker,

The preparation of 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 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 4th 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 informed by the Budget Policy Statement (BPS) by National Treasury submitted to the National Assembly, the draft CIDP 2023-2027 and the County's Annual Development Plan (ADP) for FY 2023/2024.

As explained above in this report, the policy paper has benefited from feedback from members of the public and other interested stakeholders. The Committee in reviewing the Paper has established that to a very large extent, the 2023/2024 CFSP complies with the provisions of the Law and has provided most of the requisite information.

Mr. Speaker,

An analysis of the submitted CFSP, 2023/2024 reveals that the County Government of Kitui is strategically committed 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 Sixteen County development agenda of;

- | | |
|--|--------------------------------------|
| i. Agriculture, | ix. Co-operative Societies, |
| ii. Water, | x. Tourism and Hospitality, |
| iii. Health, | xi. Women, |
| iv. Education, | xii. Youth and PLWDs, |
| v. Urban Development, | xiii. Environment, |
| vi. Roads and Construction, | xiv. Energy, |
| vii. Trade and Investments, | xv. Information and |
| viii. Micro Small and Medium
Enterprises (MSMEs), | Communication; and
xvi. Security. |

Mr. Speaker,

It is anticipated that the County Government will receive a transfer of Kshs. 10,822,198,611 from the National Government as equitable share in the FY 2023/24 and grants from Development Partners of Kshs. 374,080,509. The allocations are indicative and are aligned to the National Treasury's Budget Policy Statement (BPS) 2023. The actual allocation will be provided in the County Allocation of Revenue Act (CARA), 2023.

It is key noting that, Own Source Revenue (OSR) targeted at Kshs. 450 million has never been achieved with the highest collection being Kshs. 443 for the FY, 2019/20. There is also a notable decrease in the total grants to Kshs. 374,080,509 from the approved grant allocation of Kshs.467,033,700 in the current FY 2022/2023. This as explained above is indicative and the actual

grants allocation will be provided in the County Governments Additional Allocations Bill, 2023.

Mr. Speaker,

The anticipated resource envelope for the FY 2023/2024 is therefore Kshs. 11,646,279,120. Notably, the projections for the outer two FYs are given for year 2024/2025 and 2025/2026 as required of it by the law. The County is a going concern, CFSP 2023/2024 should therefore observe the Medium-Term Expenditure Framework (MTEF) principal of a rolling three-year expenditure planning cycle. The resource envelope is set to finance the departmental expenditure ceilings as contained in table 1 below;

Table 1: Ministerial expenditure ceilings

Spending Entity	Recurrent	Development	Total Expenditure
Office of the Governor	1,171,644,129.00	785,000,000.00	1,956,644,129.00
Office of the Deputy Governor	151,157,186.00	63,200,000.00	214,357,186.00
Ministry of Water & Irrigation	118,452,033.00	467,507,486.00	585,959,519.00
Ministry of Education, Training & Skills Development	679,797,809.00	235,183,917.00	914,981,726.00
Ministry of Roads, Public Works & Transport	167,308,359.00	548,251,340.00	715,559,699.00
Ministry of Health & Sanitation	3,413,466,770.00	129,340,824.00	3,542,807,594.00
Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	160,444,008.00	215,458,990.00	375,902,998.00
Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	102,511,229.00	160,137,928.00	262,649,157.00
Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	57,353,022.00	138,850,914.00	196,203,936.00
Ministry of Finance, Economic Planning & Revenue Management	601,122,272.60	-	601,122,272.60
County Public Service Board	84,252,042.90	-	84,252,042.90
County Assembly Service Board	877,092,238.00	-	877,092,238.00
Kitui Municipality	75,686,688.00	152,761,711.00	228,448,399.00
Mwingi Town Administration	57,462,469.00	29,900,000	87,362,469.00
Ministry of Agriculture & Livestock	305,442,111.00	498,005,609.00	803,447,720.00

Spending Entity	Recurrent	Development	Total Expenditure
Ministry of Lands, Housing and Urban Development	64,765,282	134,722,752.00	199,488,034.00
Total Voted Expenditure	8,087,957,649	3,558,321,471	11,646,279,120
Percentage of the Total Budget	69.45	30.55	100.00

Source: County Ministry of Finance, Economic Planning and Revenue Management

The total expenditure ceiling for the next FY 2023/2024 is seen to be lower than the current FY 2022/2023 of Kshs. 12,379,005,756 since the one for the current FY contains a revote from the previous FY 2021/2022.

6.0 REVIEW AND CONSIDERATION

Mr. Speaker,

In reviewing the FY 2023/2024 CFSP, the Committee undertook a keen analysis of the document guided by the following principles as explained below;

- i. Performance
- ii. Priorities
- iii. Projections, and
- iv. Ceilings.

Mr. Speaker,

Performance is an indicator that provides an up-to-date sector-based information on County Government expenditure and revenue collection. This helps the Committee to determine whether the decisions made on revenue collection and expenditure are realistic. The CFSP should indicate how much revenue the County expects to receive from the National Government as equitable share and what to raise from its own sources of revenue. It should also indicate the expected revenue from donor funding, grants, and internal or external borrowing in the next financial year.

The expenditure **projections** should show items like recurrent expenditure, capital or development expenditure, debt repayment, among others (if any).

The Committee looked at the **Priorities** that inform the needs to be funded and the distribution of needs across sectors. This involved identification of priority spending areas and the rationale for the amount allocated.

Mr. Speaker,

The **ceilings** represent the sector budget limits. Therefore, the Committee evaluated the allocations for each sector vis-a-vis the total projected resource envelop for the County in the next financial year. This will go along with the amount of money the County will spend on actualising the identified priorities. The Committee undertook a keen review of the same to ensure and confirm that the allocated expenditure ceilings correlate with the priority spending areas. The figures provided in the budget ceilings should match with the narrative under priorities.

Mr. Speaker,

Further, for the Committee to come up with an informed decision, an analysis was done on the following items/areas;

- i. Compliance with the approved ADP for FY 2023-24.
- ii. Implementation status of the FY 2021-22 and 2022-23 County Budgets across the Ministries.
- iii. Equitability in the distribution of projects by County ministries across the forty (40) wards.
- iv. Performance of the Ministries towards realising their revenue targets and achieving the Kshs. 450M OSR target for the FY 2022/2023.

- v. Engagement with the Officials from the County Ministry of Finance and Planning.
- vi. Interrogation of the Sectoral Committees' reports on consideration of the CFSP.

7.0 COMMITTEE'S OBSERVATIONS

Mr. Speaker,

Regulation 26 (3) of the PFM (County Governments) Regulations, 2015 requires that before tabling a report containing recommendations on the CFSP for adoption by the County Assembly in accordance with section 117(6) of the PFM Act, 2012, the relevant Committee of the County Assembly shall seek the views of the County Executive Committee Member for Finance on its recommendations.

As highlighted above in this report, the CECM – County Ministry of Finance, Economic Planning and Revenue Management was represented by the Chief Officer and the Director for Economic Planning and Budgeting who appeared before the Committee on 10th March, 2023 to shed light on pertinent issues as singled out by the Committee and to give an overview of the submitted CFSP.

Mr. Speaker,

The Committee therefore as it makes its recommendations to the Assembly relied on the Sectoral Committees' observations and recommendations on the CFSP, 2023/2024, the oral and documentary submissions by the representatives from the County Ministry of Finance, Economic Planning and Revenue Management, the comments from the Commission on Revenue Allocation (CRA) on the CFSP, and the BPS approved by the National Assembly. All this was done in an endeavour to ensure that rational decisions

are made to arrive at well thought recommendations to the Assembly for adoption.

To this end, the Committee makes the following observations: -

1. That the submitted CFSP, 2023/2024 was submitted to the CRA as required of it by the PFM Act, 2012 for their comments.
2. That the CFSP submitted was to a great extent in line with the approved ADP 2023/2024 save for a few projects which were in the approved ADP 2023/2024 and lacked in the CFSP. It is worth noting that the projected County resource envelope in the approved ADP for FY 2023/2024 of Kshs. 12,386,329,456 was higher than the CFSP proposed revenues of Kshs. 11,646,279,120. From the foregoing, some proposed projects in the approved ADP were shelved off as a result of the reduced resource envelope. The proposed resource envelope in the CFSP for the FY 2023/24 is made up of;
 - Equitable share: Kshs. 10,822,198,611
 - Grants: Kshs. 374,080,509
 - Own Source Revenue: Kshs. 450,000,000
3. The submitted CFSP for the FY 2023/24 was prepared in observance of the Budget Policy Statement (BPS) 2023/24 as required of it by Section 117(2) of the PFM Act, 2012. The BPS is 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.
4. The CFSP submitted has proposed expenditures that are commensurate to the revenue projected for the FY 2023/24 which comprises of equitable share from the National Government, Grants and OSR collected from fees,

charges, rates, among others as allowed by the governing legal framework. The County does not intend to borrow externally.

5. That the submitted CFSP had inconsistencies as under:

- In the foreword, under paragraph four (4) of the CFSP mentions projected equitable share of Kshs. 10,672,321,736 and Kshs. 10,822,198,611. It is imperative to note that after scrutinising the BPS from the National Government, the Committee established that the right projected amount for equitable share should be Kshs. 10,822,198,611.
- Under introduction in page 1, paragraph 7 of the CFSP, there is mentioning of realization of the five (5) agenda manifesto instead of the sixteen (16) development agenda as contained in the Governor's manifesto. The same paragraph also proposes to undertake deliberate efforts to grow the local revenue base yet the proposed OSR target of Kshs. 450 million is the same as that of the current financial year.

The County Ministry of Finance, Economic Planning and Revenue Management should correct these inconsistencies in compiling the final CFSP, 2023/2024 after approval by the County Assembly so as to avoid misinformation.

6. That there are some proposed programmes and projects prioritised to be undertaken in the FY 2023/2024 yet they lack financial allocations. Some of these are: -

- Athi - Kilawa irrigation scheme under the Ministry of Water and Irrigation
- Purchase of two (2) vehicles for Chief Officers under the Ministry of Health and sanitation.

- Completion of construction of Seven (7) classrooms and abolition block at Mwingi Medical Training College under the Ministry of Health and sanitation.
 - Branding of all County properties e.g., vehicles and IT equipment, among others.
7. The County targets to generate OSR of Kshs. 450 million in the next financial year. The County Ministry of Finance, Economic Planning and Revenue Management officials informed the Committee that as at 28th February, 2023, the County had collected Kshs. 275 million out of a target of Kshs 450 million. This implies that there is still a balance of Kshs. 175 million to be collected within the four months to the end of the financial year. The County projects more collections in the Month of March since it is the period for payment of single business permits which is a great component of revenue realized in the County. The Ministry should therefore aim to surpass the proposed Kshs. 450 million and appropriate the extra collections in a subsequent supplementary budget. The Committee strongly recommends that this should form the biggest component of the looming performance contracting.
8. The CFSP proposed grant of Kshs. 374,080,509 is lower than that of the current FY 2022-23. However, the actual grant allocation to the County will be correctly indicated in the County Governments Additional Allocations Bill, 2023.
9. The development expenditure is projected at Kshs. 3.56 billion. This accounts for 31% of the overall budget. This is an increase from the current financial year's allocation of Kshs. 3,716,654,927 where development is at

30%. The recurrent expenditure for the FY 2023/24 is projected at Kshs. 8.09 billion which translates to 69% of the County resource envelope.

10. The wage bill is projected at Kshs. 5.28 billion in the FY 2023/24 compared to Kshs. 4.82 billion in the current FY 2022/23, an increment of 9%. The projected wage bill is at 45.3% of total revenues hence a non-compliance to regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015 which sets out the limit at 35% of the County Government's total revenue.
11. That the submitted CFSP does not have an allocation for pending bills. The approved supplementary budget I for FY 2022/2023 had provided an allocation of Kshs. 1.5 billion to pay the pending bills before the County. Mr. Speaker, it is imperative to note that the report by the County Pending Bills Committee established that the eligible pending bills for the County at Kshs. 1.4 billion and thus the allocation in the supplementary budget should be sufficient.
12. It is observed that the major fiscal risks are failure to attain the set revenue targets, high pending bills, the increasing wage bill, and over reliance on National Government transfers which have overtime been characterized by delays in remittance of the monthly exchequer transfers to the County thus posing a risk to proper budget implementation.

Ministerial Observations

Office of the Governor

1. County Allocation of Revenue Act normally sets recurrent ceilings in accordance with Section 107(2)(b) of the PFM Act, 2012 for both the County Assembly and the County Executive. The County Executive

recurrent ceiling captures the personnel costs as well as operations and maintenance costs for Office of the Governor, Office of the Deputy Governor and the County Public Service Board. It has been observed that over the years the ceilings to the County Executive are never adhered to whereas that of the County Assembly is observed to the latter.

Mr. Speaker, in the submitted CFSP, the aggregate recurrent expenditure allocated to these three ministries totals to Kshs. 1,407,053,358 while the proposed ceilings by CRA to the Senate is Kshs. 822,936,155, a deviation of Kshs. 584,117,203.

2. There is proposed allocations of Kshs. 120 million for Pro-poor programme and Kshs. 575 million for Community Level Infrastructure Development Programme (CLIDP). The CLIDP allocation translates to Kshs. 10.35 million per ward. This is an increase of only 1 million per ward from the allocation in the current FY 2022/2023. During the consideration of the supplementary budget, I 2022/2023, the Executive had committed to review the allocation upwards to a substantial figure in the next budget being the first for the new administration.
3. There is a proposed allocation of Kshs. 70 million for Completion of Ward Administrator's Offices. The Committee was not furnished with sufficient information as pertains to the stalled works to be undertaken by this allocation.
4. There is a proposed allocation of Kshs. 12 million for purchase of 2 vehicles for Sub- County Administrators.

Office of the Deputy Governor

1. There is a proposed allocation of Kshs. 11 million for establishment of Kanyonyoo Community Wildlife Conservancy with Grading and opening up of access and feeder roads, Development of County conservancies bill and Training of Rangers / Wardens.
2. That there is a proposed allocation of Kshs. 30 million under Performance Contracting to reward the top three ministries under performance appraisal system to be awarded a quarter, an eighth and a twelfth of their basic salaries for positions one, two and three respectively.
3. That there is a proposed allocation of Kshs. 8 million for Purchase of Emergency Response Center Management Software.

Ministry of Water and Irrigation

1. The new administration has committed in the Governor's manifesto to undertake substantial works towards provision of water for both domestic and irrigation purposes. Mr. Speaker, aware that this cannot be conclusively addressed within one financial year, the Ministry has committed to undertake the following in the submitted CFSP: -
 - Construction of sand dams at an allocation of Kshs. 160 million earmarked to construct four (4) earth dams per ward
 - Drilling and equipping of boreholes at Kshs. 50 million
 - Construction/desilting of mega earth dams at Kshs. 55 million
 - Construction / desilting of medium earth dams at Kshs. 50 million
 - Construction / desilting of small earth dams /pans at Kshs. 42 million
 - Extension of water pipelines at Kshs. 30 million

Mr. Speaker, it is important for the Honourable Members to note that not all of the aforementioned allocations can be shared equally to all the wards and achieve meaningful development.

Ministry of Education, Training & Skills Development

1. That the Ministry proposes an allocation of Kshs. 20 million for facelifting of existing Vocational Training Centres (VCTs).
2. That there is a proposed allocation of Kshs. 5 million for Construction of Child care facilities.

Ministry of Roads, Public Works and Transport

1. That the Ministry proposes an allocation of Kshs. 13 million for In-house gravelling and dozing works.

Ministry of Health and Sanitation

1. That the Ministry proposes an allocation of Kshs. 327,161,455 for Facility Improvement Fund (FIF). The FIF is used to support operations and maintenance in the health centres through defraying administrative expenses of the department and supporting health services in the health centres.
2. The Committee observed that model health centres (at Kanguu in Chuluni Ward, Voo and Nguni Wards as well as the completion, equipping and operationalization of Kakithya dispensary in Kanziko Ward) were conspicuously missing in the CFSP despite having been recommended for prioritization in the approved ADP 2023/2024.

3. There is a provision in the CFSP of Kshs 88.92 million as stipend allowances for a total of two thousand four hundred and seventy (2,470) Community Health Volunteers translating to ten per village.

Ministry of Trade, Industry, MSMEs, Innovation and Cooperatives

1. That, the Ministry proposes to have an allocation of Kshs. 150 million for establishment of aggregation and industrial park at the six economic and investment zones (EIZs). The Committee was not furnished with clear information on the scope of work to be undertaken and thus there is need to furnish the County Assembly with clear details of what is to be done before any funding is appropriated to avoid going the 'KICOTEC' way.
2. That there were no allocations towards market infrastructure development as approved in the ADP earmarked for fencing of markets, construction of market toilets and market sheds.

Ministry of Energy, Environment, Forestry, Natural and Mineral Resources

1. The Ministry proposes an allocation of Kshs. 21 million for Construction of Gemmology centre, mineral testing lab and offices at County Headquarters.

Ministry of Finance, Economic Planning & Revenue Management

1. That there is a proposed allocation of Kshs. 20 million for County budget preparation, implementation coordination and control.
2. There is a proposed allocation of Kshs. 60 million for Car & Mortgage Facility for County Executive Staff.

Kitui Municipality

1. That there is a proposed allocation of Kshs. 20 million for Construction of one (1) new slaughter house outside town at Isaangwa.

2. That there is a proposed allocation of Kshs. 5 million for Refurbishment of Kitui Municipality offices (Wall repairs and floor tiling).
3. That the Municipality proposes an allocation of Kshs. 10 million for 5km Walk ways, culverts, Storm water drains in other towns within Kitui Municipality.

County Assembly Service Board

1. That the submitted CFSP has proposed the County Assembly recurrent ceiling at Kshs. 877,092,238 and thus a non-adherence to the CRA recommendation of Kshs. 1,042,409,957 as the recurrent ceiling for the County Assembly in the next financial year.
2. That the approved ADP had recommend that the County Executive through Office of the Governor avails land to the County Assembly as follows:
 - At least one acre of land for construction of ward office in each of the 40 wards.
 - At least one acre of land for construction of the Speakers residence within Kitui Municipality.
 - At least three acres of land for construction of Assembly office block within Kitui Municipality.

The CFSP as submitted has not addressed these needs yet the Committee was informed by the County Ministry of Finance, Economic Planning and Revenue Management officials that there is no unutilized Government land within the Kitui Municipality for construction of the Modern office block and the Speaker's residence.

8.0 COMMITTEE'S RECOMMENDATIONS

Mr. Speaker,

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

A. THE RECOMMENDED RESOURCE ENVELOP

The Committee was not convinced that the County cannot raise more than Kshs. 450 million in Own Source Revenue. However, the officials of the County Executive were able to convince the Committee that it is better to project a lower revenue ceiling which is attainable and, in an event, it is surpassed, then the additional revenue can be dealt with at the supplementary budget level. The Committee thus recommends to retain the proposed OSR of Kshs. 450 million.

B. THE RECOMMENDED MINISTERIAL PROGRAMMES' REALIGNMENTS

Office of the Governor

1. The proposed CLIDP allocation in the submitted CFSP, is Kshs. 575 million. This translates to an allocation of Kshs. 10.35 million per ward which is an increase of only 1 million per ward from the current allocation of Kshs 9.4 million in the current FY 2022/2023. The Committee recommends an additional allocation of Kshs. 115 million so as to raise the allocation to Kshs. 690 million which translates to an actual allocation of Kshs. 12.42 million per ward. We know this project is dear to the Members and the Committee tried everything possible to raise this allocation to at least Kshs. 20 million per ward. However, due to the financial constraints and other competing needs within the County, the Committee was unable to achieve the

allocation of Kshs. 20 million per ward in this FY but will endeavour to progressively increase the allocation.

2. CARRA normally sets recurrent ceilings in accordance with Section 107 (2) (b) of the PFM Act, 2012 for both the County Assembly and the County Executive. The proposed ceilings by CRA to the Senate for the County Executive of Kitui is Kshs. 822,936,155. The aggregate recurrent expenditure allocated in this CFSP for the County Executive totals to Kshs. 1,407,053,358. This deviates from the proposed ceiling by Kshs. 584,117,203. For this reason, the Committee recommends a reduction of the Operations and Maintenance (O&M) in the Office of the Governor by Kshs.100 million.
3. There was an allocation of Kshs. 70 million for the completion of ward administrators' offices. The Committee was not furnished with sufficient information as pertains to the stalled works to be undertaken by this allocation. For this reason, the Committee recommends a reduction of Kshs. 30 million and advise the Executive to utilize the balance of Kshs. 40 million to first complete those that were started and not completed.
4. That reduce the proposed allocation for Constitution of Liquor Licensing Board and various committees as outlined in the Alcoholic drinks control act, 2014 and operationalization by Kshs. 5 million.
5. Drop in its entirety the proposed allocation of Kshs. 12 million earmarked for purchase of vehicles for Sub-County Administrators. This is not a priority at the moment as every Sub-County Administrator was initially allocated an official vehicle.

Office of the Deputy Governor

1. That reduce the proposed allocation of Kshs. 11 million for Establishment of Kanyonyoo Community Wildlife Conservancy with Grading and opening up of access and feeder road, Development of County conservancies bill and Training of Rangers / Wardens by Kshs. 6 million.
2. Drop in its entirety the proposed allocation of Kshs. 8 million for Purchase of Emergency Response Center Management Software.

Ministry of Education, Training & Skills Development

1. That reduce the proposed allocation of Kshs. 20 million for Face lifting of existing VTCs by Kshs. 11 million in order to bridge the budget deficit and undertake other competing needs in the County.
2. That drop in its entirety the proposed allocation of Kshs. 5 million earmarked for Construction of Child care facilities. It is the feeling of the Committee that this is not a priority at the moment and such facilities can be establishment through Public Private Partnerships (PPP) to give the private sector an opportunity.

Ministry of Roads, Public Works & Transport

1. Increase the proposed allocation for In-house gravelling and dozing works by Kshs. 12 million to a total of Kshs. 25 million. There are many areas in this County where roads have never been opened. This additional allocation will go a long way to ensure such roads have been opened.
2. That reduce the proposed allocation for formulation of Policy and legislative framework, and self-regulating mechanisms to ensure effective registration, regulation, monitoring and governing of the sector to facilitate unlocking its full potential by Kshs. 5 million to defray budget deficit.

Ministry of Health and Sanitation

1. The Committee was informed that the allocation provided for FIF was insufficient. This if not addressed will affect the operations in the health facilities. To cure this, the Committee recommends an additional allocation of Kshs. 32,838,545 so as to raise the allocation to Kshs. 360 million.
2. The Committee realized that there were very crucial programmes/projects approved in the ADP yet they had been omitted in the CFSP. These include, model health centres at Kanguu in chuluni, Voo and Nguni wards as well as the completion, equipping and operationalization of Kakithya dispensary in Kanziko ward. For this reason, therefore, the Committee recommends an allocation of Kshs. 46,063,736 to undertake these very crucial projects.

Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives

1. The Committee was shocked to realise that there was no money allocated for market infrastructure development. Although there was a mention of improvement of market infrastructure, the Committee realized there were no allocations for fencing of markets, construction of market toilets and putting up of market sheds. For this reason, the Committee recommends an allocation of Kshs. 80 million to undertake such market infrastructure at Kshs. 2 million per Ward in addition to the ministerial proposals in the CFSP.
2. Reduce a total of Kshs. 40 million to cater for budget deficits from the following programmes/projects:
 - Promote investment in the County by creating a conducive environment for doing business through improvement of markets and creation of national and foreign market linkages for local products by Kshs. 5 million.

- Operationalization and marketing of the County’s six Economic and Investment Zones (EIZs) by Kshs. 7.5 million
- Establishing livestock auction markets by Kshs. 5 million.
- Construction of modern Market storage facilities by Kshs. 4.5 million.
- Installation and maintenance of infrastructure to facilitate 24-hour economic activities by Kshs. 5 million
- Facilitation and support in the acquisition of modern working equipment by Kshs. 3 million.
- Ensuring safe and environmentally friendly operations of crusher by Kshs. 3 million
- Capacity building on entrepreneurship and business skills to entrepreneurs by Kshs. 2 million
- Organize Investor Conference by Kshs. 5 million

Ministry of Energy, Environment, Forestry, Natural and Mineral Resources

1. That reduce by Kshs. 14 million the allocation earmarked for Construction of Gemmology Centre, mineral testing lab and offices at County Headquarters. This can be implemented as a multi-year project and thus the balance of Kshs. 7 million is adequate to commence the works.

Ministry of Culture, Gender, Youth, ICT, Sports & Social Services

1. That reduce the proposed allocation for Support County and National Cultural Celebrations by Kshs. 3 million to defray budget deficit.

Ministry of Finance, Economic Planning & Revenue Management

1. That reduce the proposed allocation for Car & Mortgage Facility for County Executive Staff by Kshs. 10 million.

2. That reduce the proposed allocation for County budget preparation, implementation coordination and control by Kshs. 10 million to defray budget deficit.

County Public Service Board

1. That reduce the proposed allocation for Review and enhance the discipline procedure manual, Sensitize County HR Advisory Committee on discipline matters, and Process and finalize discipline cases by Kshs. 3 million to defray budget shortfalls.

Kitui Municipality

1. That reduce the proposed allocation for Construction of one new slaughter house outside town at Isaangwa by Kshs. 10 million. This can be implemented as a multi-year project and thus the balance of Kshs. 10 million will be adequate to commence the works.
2. That drop in its entirety the proposed allocation of Kshs. 5 million for Refurbishment of Kitui Municipality offices (Wall repairs and floor tiling). Due to the financial constraints and the financial gap, the Committee felt this can wait.
3. That reduce the allocation for 2.5km Installation of cabro paved walkways and parking slots in Kitui CBD by Kshs. 6 million to defray budget deficit.
4. That reduce the proposed allocation for Purchase of two (2) Tractor mounted skip loader with front end loader by Kshs. 9 million. The County to purchase one skip loader with the balance of Kshs. 9 million.
5. That reduce the proposed allocation for 5km Walk ways, culverts, Storm water drains in other towns within Kitui Municipality by Kshs. 5 million.

Ministry of Lands, Housing and Urban Development

1. That drop in its entirety the proposed allocation of Kshs. 21.5 million for Data collection and analysis; Situation analysis presentation; Draft plan report.
2. That the proposed allocation of Kshs. 20 million in the submitted CFSP earmarked for land banking be utilized to purchase at least one acre of land for construction of Speaker's residence and three acres for construction of County Assembly office block within the Kitui Municipality.

County Assembly Service Board

1. That provide an additional allocation of Kshs. 32,597,719 to the County Assembly operations and maintenance budget. This will raise the County Assembly recurrent budget ceiling to Kshs. 909,689,957 as recommended by the CRA to the senate. The actual recommended ceiling is Kshs. 1,042,409,957 which is inclusive of Kshs. 132.72 million for MCAs Car Reimbursements. Since this money has already been appropriated in this FY 2022/2023, there was no need to reappropriate it in the next FY.
2. In observance with the approved ADP, the CFSP should capture the need by the Assembly to purchase four vehicles as listed below:
 - i. Land cruiser (12-seater) at a cost of Kshs. 11,300,000
 - ii. Nissan X-trail at a cost of Kshs. 6,000,000
 - iii. Isuzu D – Max (7-seater) at a cost of Kshs. 9,000,000
 - iv. Toyota cross (1800 cc) at a cost of Kshs. 4.6 million

The cost for this is included within the Assembly's recurrent ceiling of Kshs. 909,689,957.

3. The ADP approved that the County Executive through the Office of the Governor provides: -

- i. At least One acre of land in each ward for construction of MCAs ward offices.
- ii. At least One acre of land within Kitui Municipality for construction of Speaker's residence.
- iii. At least Three acres of land within Kitui Municipality for construction of County Assembly office block.

Upon consultations with the County Executive officials who appeared before the Committee, it was realized that there exists no government land for such development. The Committee has addressed the issue of land for the Speaker's residence and the County Assembly office block by allocating Kshs. 24 million under the Ministry of Lands, Housing and Urban Development to purchase the said parcels of land.

Regarding the land for MCAs ward offices as well as providing Kshs. 400 million for their construction, the Committee was informed that the Ministry of Lands, Housing and Urban Development, was in the process of ascertaining availability of government lands across all the wards. At the conclusion of the exercise, the Ministry will determine the value of land in wards without government lands for subsequent budgeting. On the provision of Kshs. 400 million for construction of ward offices at a cost of Kshs. 10 million each, the Committee was further informed that the Ministry would undertake evaluation for construction cost for each ward as it may differ from one ward to another. For this reason, the Committee felt there was need to allow the Ministry time to finish this exercise before committing any funds.

C. OTHER RECOMMENDATIONS

- i. The above realignments changes the County entities expenditure ceilings. It is therefore recommended that the County entities readjusts their priorities to fit within the recommended expenditure ceilings as contained in **annex v** attached to this report.
- ii. All the other proposals in the CFSP not affected by the above movements are recommended for adoption as proposed.

9.0 CONCLUSION

Mr. Speaker,

In compliance to S.O. 205 (5) and (6), the Committee hereby recommends to the Assembly the schedules of the proposed revenues and expenditure ceilings for the County Government at **Kshs. 11,646,279,120** as contained in **annex iv** and **annex v** respectively.

Mr. Speaker,

The Committee therefore requests this House to resolve as follows;

That: -

- a) The House adopts this report;
- b) The recommended departmental expenditure ceilings in **annex v** becomes the departmental budgets for the financial year 2023/2024.

Report Compiled by Mr. Charles N. Nyaga (Senior Fiscal Analyst I), Mr. Chris Mwangangi (Clerk Assistant II) and Ms. Margaret Muthami (Fiscal Analyst II)

ANNEX I

ADOPTION OF THE REPORT BY THE COMMITTEE

We, the honourable members of the County Budget and Appropriations Committee, do hereby affix our signatures to this report to affirm its accuracy, validity and authenticity; -

- | | | |
|-----------------------------------|-------------------|---|
| 1. Hon. Zacchaeus Ivutha Syengo | -Chairperson |  |
| 2. Hon. Jacquelyne Cate Kalenga | -Vice Chairperson | ----- |
| 3. Hon. Alex Mutambu Nganga | -Member | ----- |
| 4. Hon. Boniface Mukwate Katula | -Member |  |
| 5. Hon. Sylvester Kitheka Munyalo | -Member | ----- |
| 6. Hon. Kyalo Kimuli | -Member |  |
| 7. Hon. Mary Mwendu Mutune | -Member |  |
| 8. Hon. Mercy Muliwa Muema | -Member | ----- |
| 9. Hon. Malinga Munyao | -Member |  |



COUNTY GOVERNMENT OF KITUI
THE COUNTY ASSEMBLY
THIRD ASSEMBLY - SECOND SESSION

**SUBMISSION OF MEMORANDA ON THE KITUI
COUNTY FISCAL STRATEGY PAPER 2023/2024**

Pursuant to the provisions of Article 196(1)(b) of the Constitution of Kenya, the County Assembly of Kitui hereby informs the general public that public participation on the **KITUI COUNTY FISCAL STRATEGY PAPER FY 2023/2024** will be conducted through submission of **written memoranda**.

The document has been committed to the Budget and Appropriations Committee pursuant to the provisions of the Kitui County Assembly Standing Order No. 205 for consideration. Members of the general public, civil society, NGOs, professional groups, youths, women groups, person living with disability, traders and faith-based organizations are encouraged to participate.

A copy of the Kitui County Fiscal Strategy Paper 2023/2024 can be downloaded from the County Assembly website:

www.kituiassembly.go.ke

Views or memoranda on the CFSP may be hand delivered to the Office of the Clerk of Assembly **P.O. Box 694-90200, Kitui**, or emailed to: **kituiassembly@gmail.com** to be received on or before **Tuesday 7th March, 2023 by 5.00 p.m.** (*soft copies of written memoranda through the provided email address are most preferable*).

E.M.A. MUTAMBUKI
CLERK OF THE COUNTY ASSEMBLY



37



S.F.A
Push by the
Committee.
11/03/2023

7th March 2023

Our Ref: 07/03/23
The clerk,
County Assembly,
kituiassembly@gmail.com
P.O Box 694-90200,
Kitui

Dear Sir,

MEMORANDUM TO THE COUNTY ASSEMBLY OF KITUI ON THE COUNTY FISCAL STRATEGY PAPER FY 2023/24.

Introduction.

This Memorandum is prepared by a Network of Civil Society Organizations that are working across Kitui County with the support of the Institute of Public Finance (IPF). IPF has been supporting the local CSOs and marginalized groups and enhancing their technical skills to participate in county planning and budget-making process. We submit several issues related to the Kitui CFSP 2023/24 in response to the call for submission by the County Assembly of Kitui. We have limited our focus on specific strategic development priorities for Women, Youth, and PWDs whilst reflecting on the extent to which development priorities of the marginalized groups have been integrated into the CFSP for budgeting and implementation.

We also highlight some Public Finance Management issues and recommendations that would be paramount for consideration while preparing this document namely Own Source Revenue performance, Development Expenditure performance, Budget Transparency and Public Participation. The performance has implications on the attainment of the set goals and objectives in the county plans and budget, therefore identifying preventive and corrective actions is equally important.

The Fourth Schedule of the Constitution of Kenya 2010 assigns the National Government the role of national economic policy and planning while county governments are responsible for county planning and development. Article 10 (2) of the Constitution on national values and principles of governance further prescribes the need for good governance, integrity, transparency and accountability, and sustainable development.

The County Fiscal Strategy Paper is published in accordance with Section 117 of the Public Finance Management Act, 2012. The law states 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 of February of each year. The County Treasury shall align its County Fiscal Strategy Paper with the National objectives in the Budget Policy Statement.

In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and over the medium term. The County Treasury shall include in its County Fiscal Strategy Paper the Financial outlook with respect to County Government revenues, expenditures, and borrowing for the coming financial year and over the medium term.

In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and consider the views of—

- The Commission on Revenue Allocation.
- The public.

- Any interested persons or groups; and
- Any other forum that is established by legislation.

The Constitution of Kenya 2010 places citizens at the center of development and contains language that aims to promote the inclusion of Women, Youth, and Persons with Disabilities (PWDs). Devolution brought with it one of the first constitutional gains for marginalized groups and with a comprehensive Bill of Rights and a special emphasis on economic, social, and cultural rights.

The County Fiscal Strategy Paper is important in that it underpins the county fiscal and budget framework by laying out strategic priorities and fiscal policy in what the county plans to do regarding revenue, expenditure, and debt management over the medium term. Also importantly, this document sets the sector and program resource ceilings that guide the budget estimates.

KEY FINDINGS AND RECOMMENDATIONS.

The 2023-2027 County Integrated Development Plan and the 2023/24 Annual Development Plan are not publicly available. Section 104 (1) of the County Government Act, 2012 states that “a county government shall plan for the county and no public funds shall be appropriated without a planning framework developed by the county executive committee and approved by the county assembly”.

Further, section 107, stipulates that a 5-year County Integrated County Development Plan (CIDP) shall be prepared to guide, harmonize, and facilitate development within each county. The CIDP is the county’s blueprint that reflects the broader picture and priorities of the county for efficient service delivery to the citizens. The laid priorities and fiscal policy in what the county plans to do regarding revenue, expenditure, and debt management over the medium term must be derived from the five-year term plan highlighted in the CIDP and in the subsequent annual year plans approved in the ADP.

The county economic planning department should review the priorities offered in the ADP and Sector Reports or Sector Hearings, as well as the indicative County Budget Review and Outlook Paper (CBROP) resource ceilings against sector resource requirements. However, these plans are not publicly available to confirm that the priorities are derived from the said legal county plans.

These plans should be publicly available for the people of Kitui to follow up on their implementation for an inclusive socio-economic development in the County. It would be difficult to establish whether development priorities are translated from the long- and medium-term plans into the Annual Development Plan, County Fiscal Strategy Paper, and the Programme Based Budget.

Ministry of Education, Training & Skills Development.

Youth: Youth Development is anchored in the Education, ICT and Youth Development sector with a vision to be a nationally competitive ministry in empowerment of children and youth with knowledge, skills and attitudes through Basic Education and training. As such, the sector continues to work towards achieving its overall goal of equipping Early Childhood Development Education (ECDE) to improve the quality of ECD education, promoting youth development and integration of ICT in all County government operations.

According to the draft CFSP, in mitigating the high unemployment rate among the youth, the County will continue to make deliberate efforts to support out of school youth to acquire technical skills which increase their chances of getting employment or starting their own small businesses.

Towards this end during the FY 2023/2024 the county government will rehabilitate and equip existing Vocational Training centers (Youth Polytechnics) with training tools and equipment to provide out of school youth with increased access to Vocational skills training. In addition, the government will continue to partner with key strategic partners including National Industrial Training Authority (NITA), International Labor Organization (ILO), Toolkit Institute, among others, to develop and implement tailor made short intensive work-based skills development programmes for the youth to enhance their employability status.

Recommendation: Towards enhanced inclusivity, the Kitui CSO network recommends that the county government considers that this programme is decentralized to all sub-counties to enable the county to deploy more youth for the initiative as it would improve youth welfare and development coverage.

Further, the county should consider funding a youth hub, this will equip the youth with job search soft skills like how to write a CV, cover letter, and how to present themselves during job interviews. This will also help to provide the youth with easy access to business and agribusiness.

The Kitui CSOs network also proposes that the CFSP 2023/24 should consider initiating a revolving fund with no interest charges for youth to access credit facilities to develop new and improve existing Micro, Small, and Medium-Sized Enterprises. More often the youth are excluded from access to formal financial services with some of the reasons being legal restrictions, negative stereotypes about them, and high transaction costs and this would go a long way in mitigating these issues.

The CFSP has not given priority to financing and supporting youth health issues. As the CSOs operating in Kitui County, we recommend that the county through the CFSP should give priority to youth health issues like depression and even building rehabilitation centers with various services including treatment and counselling, rehabilitation centers and services are important and have a positive impact in youth health.

Tourism, Sports, Culture and Creative Arts; Gender and Social Services:

Persons with Disabilities (PWDs): Socio-cultural empowerment, and promotion of gender mainstreaming are anchored in the Tourism, Sports, Culture and Creative Art, Gender, and Social Services with a vision to foster social integration and economic wellbeing. The sector goals and priorities are geared towards promoting socio-cultural empowerment, improve sporting activities and promote gender mainstreaming as key drivers of the County economy.

In the 20223/24 Financial Year in sports development, through the CFSP, the County Government will develop sports facilities in the county. This will involve the establishment of stadia, high standard sports grounds and related facilities in the county. All these spaces will be fitted with modern facilities so that local talent may be nurtured in competitive environments and accompanying programmes and activities.

A robust sporting talent development programme will be implemented in partnership with Sports Federations to tap talent from the village up to the County level and thereafter support the youth so identified nationally and internationally. The sports department will work with clubs to ensure adequate supply of uniforms, balls and other equipment that may be required for the full realization of their potentials. The County Government targets to have a playground with dais in every sub-county as well as ward.

Recommendation: Towards equal participation of PWDs in development activities, and enhanced inclusiveness the county government of Kitui should ensure that the target groups are increased in numbers even through encouraging PWDs to register with the government so that they can benefit from its support across all sub counties.

Trade, Cooperatives, and Investments.

The County aims to provide an enabling business environment through appropriate incentives and innovation to promote trade, industry and viable cooperatives for job and wealth creation. This has been achieved through strengthening the cooperative movement, initiating various business enterprises, and promoting the viable value chains within the County.

In the FY 2021/22, the county rolled out the Empowerment Fund to enable Kitui residents to access funds for their businesses and farming activities. The funds will be rolled out with each resident requiring capital within a group given the chance to access the funds for upscale of their income generating activities. This is geared towards wealth creation for Kitui Citizenry especially amongst those that lack the financial muscle to undertake relevant activities that generate income. This is expected to improve the livelihood of most residents as well as create employment through the multiplier effect.

Women: Women empowerment is key to social and economic development of every society. The county government of Kitui should consider capacity building for women, 100 per cent pro-wealth creation & access to procurement opportunities for Kitui women, assist them set up businesses, women socio-economic empowerment, provision of credit, revolving fund, value chains around the garment industry, and formation of women co-operative.

According to County Gender data sheets for 10 counties amongst them, Kitui County developed by the Council of Governors (2019) in collaboration with the Kenya National Bureau of Statistics with support from UN Women, key women empowerment indicators include: no. of Km of roads tarmacked, no. of market sheds, and no. of market centers with street lighting.

While we laud the county for the initiative, there's a need to increase the number of streetlights in market centers across the county as a means of empowerment especially to women who are engaged in trading activities. This will not only provide security to the women in trade but most importantly improve the livelihoods of the locals.

According to a rapid multi-sectoral assessment of Gender Based Violence (GBV) in Kitui and Nyeri Counties in August and September 2019 conducted by Centre for Rights Awareness and Rights (CREAW), violence against women and defilement of children both at home and in learning institutions stick out as significantly rampant forms of GBV requiring immediate attention by all stakeholders.

It was established that there is a clear gap in reporting and documenting of GBV cases which poses a challenge of appreciating the extent of the GBV problem and lack of awareness in terms of the laws that offer various protections regarding various forms of GBV.

Recommendation: The CSFP should prioritize awareness creation amongst women across the county and consideration for programs on reporting and documenting of GBV cases. As such, educating woman and supporting them to cascade the knowledge to many others amongst the population is important in creating much-needed awareness in the community.

Own Source Revenue (OSR) Performance.

Kitui county targets to collect Kshs. 750 million in Own Source Revenue in the FY 2022/2023. The county also projects to receive Kshs.10.39 billion from the National Government through equitable share allocation and Kshs. 505 million in conditional grants. The total resource basket for the County for the FY 2022/23 is Kshs 11.64 billion.

A review of Own Source Revenue performance over the last three financial years, i.e., 2018/2019, FY 2019/2020 and

FY 2020/2021, against the 2022/2023 projection, established that Kitui County did not achieve its revenue targets. In the FY 2018/2019 the county targeted to collect Kshs. 800 million but only collected Kshs. 440 million. The OSR target was increased to Kshs. 900 million in the FY 2019/2020 but the county only managed to collect Kshs. 410 million. In the FY 2020/2021, the target was lowered to Kshs. 600 million but the county only collected Kshs. 330 million. The trend in OSR performance reveals that the county government has not managed to realize its OSR target. Despite this, OSR target for the FY 2022/2023 was increased to Kshs. 750 million.

Recommendation: The County Government of Kitui should ensure that it sets realistic revenue targets informed by historical OSR performance and the prevailing economic conditions. This will ensure that budget implementation is not interrupted by cash flow crunches and mounting pending bills. It is advisable that the county works on ways to boost its OSR collections through expanding its tax base and addressing any revenue leakages that may be present. This can be done by mapping out new revenue streams and updating existing databases such as businesses eligible to pay the single business permits. This will not only bring in new taxpayers but also ensure that the County collects the optimum OSR.

Development Budget Absorption.

On average, Kitui County has absorbed 65 percent of its development budget since the FY 2013/14. The highest development budget absorption was posted in FY 2020/2021 where the county absorbed 78.3 percent. Comparing this to recurrent expenditure absorption that averages 94.9 percent over the same period, the county needs to improve its development absorption to realize its desired development outcomes.

Low development budget absorption is a threat to the attainment of County Fiscal Policy Plans. When programmes underperform, they fail to achieve the intended development outcomes and therefore derail the achievement of development plans and approved policies. They also deny citizens the opportunity to enjoy timely and responsive services from county government.

Recommendations: The Kitui County Government should strive to enhance development budget absorption. This can be done through timely procurement of goods and services especially those to be undertaken through open tender. As a best practice, the County Treasury should advertise all the projects to be undertaken through open procurement by the first month of the financial year.

Budget Transparency and Public Participation.

A review of the County Budget Transparency Survey 2021 shows that the county had a transparency index of 66/100 points and published nine (9) out of the ten (10) budget documents evaluated in the survey. The county only failed to publish the County Finance Act. The Survey evaluates the budget information that the Public Finance Management Act and other related laws require counties to make available to the public on how the government raises and spends public resources.

Recommendations: The county needs to publish and publicize all budget documents through the official county website within the required statutory timelines. The budget documents should also provide comprehensive information as stipulated by the Constitution of Kenya 2010, and the Public Finance Management Act, 2012.

To ensure increased comprehensiveness of the County Fiscal Strategy Paper, the County Assembly should ensure that the plan has provided information on:

- The priorities and programs in the CFSP should be derived from the third generation CIDP and the 2023/24 ADP.

- Programs and transformative projects projected in the CFSP to be implemented to achieve the desired developmental change.
- Clear and realistic revenue mobilization strategy for the county over the 2023/24 financial year.
- Key programmatic priority areas or projects for the coming budget year for each sector/department.
- Incorporate inputs from the public (including inputs from earlier Sector hearings – see Sector Reports), CBEF, CRA and other interested groups, before draft finalization and submission to the County Assembly.

Annex 1: Participant List.

Annex 1: Participant List- Organizations that participated in the preparation of this memorandum.

Organization	Participant	Email
EAK (Evangelical Alliance of Kenya) Kitui County Youth Representative	Manoti Mutunga	amanoti75@gmail.com
Institute of Public Finance	Victoria Justus	vjustus@ipfkenya.or.ke
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Kitui Women in Development	Faith Kiema	faithkiema1@gmail.com
Building Inclusive Kenya	Moses Kola	blink@blinkkitui.or.ke
Kitui civil society network	Kilonzi Kangangi	kilonzi53@gmail.com
Initiative for inclusive empowerment	Christine kalikanda	Christine@iie-kenya.org
Rockville Centre for sustainable development	Paul Kathenge	rockvillecentre@gmail.com
Kitui women for peace and security	Patricia Mutemi	Kituicountywps2022@gmail.com
Kitui county disability network	John Kilonzo	jomusyimi@gmail.com
EAK (Evangelical Alliance of Kenya) Kitui County Youth Representative	Manoti Mutunga	amanoti75@gmail.com
Muuwo wa ndiwa	Naomi Mwaka	valiannaomi@gmail.com

CONCLUSION

It is therefore our prayer that the issues and proposed interventions will be considered for enriching the County Fiscal Strategy Paper 2023/24.

Annex 2: LOGOS



ANNEX IV

COUNTY GOVERNMENT OF KITUI
RECOMMENDED OVERALL PROJECTED REVENUE FOR FY 2023/2024

S/No	Source	Actual Revenue 2021/22	Approved Revenue	Revenue Estimates 2023/24
		Kshs	Kshs	Kshs
1	Equitable share	9,562,452,779	10,393,970,413	10,817,497,530
	Transfer of Library Services			4,701,081
	Sub-Total Equitable Share	9,562,452,779	10,393,970,413	10,822,198,611
2	Grants			
	World Bank (Universal Health)	23,942,835		
	World Bank (Agriculture - Rural Growth)	150,349,620	283,089,026	169,475,223
	World Bank (Emergency Locust Response Project (ELRP))	14,076,914	30,223,000	70,223,000
	IDA (World Bank) credit (National Agricultural Value Chain Development Project (NAVCDP))			70,000,000
	HSSP/HSPS - (DANIDA/IDA)		18,609,300	28,405,688
	World Bank Credit to Finance Locally - Led Climate Action Program (FLLoCA)		125,000,000	22,000,000
	Kenya Urban Support Project - World Bank			2,339,915
	ASDSP	16,926,637	10,112,374	11,636,683
	Sub-Total Grants	205,296,006	467,033,700	374,080,509
	Total Revenues from National Government and Development Partners	9,767,748,785	10,861,004,113	11,196,279,120
3	Own Source Revenue			
	County Ministry/ Entity			
	Office of the Governor	9,128,100	10,106,642	11,369,972
	Ministry of Finance, Economic Planning & Revenue Management	64,270,545	79,390,967	89,314,838
	Ministry of Health and Sanitation	188,550,071	200,367,881	225,413,866
	Ministry of Education, Training & Skills Development	6,030,092	6,676,524	7,511,090
	Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	3,963,257	4,388,122	4,936,637
	Ministry of Roads, Public Works & Transport	3,468,925	2,011,552	2,262,996
	Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	72,000	79,718	89,683
	Ministry of Water and Irrigation	3,867,163	4,281,727	4,816,943

S/No	Source	Actual Revenue 2021/22	Approved Revenue	Revenue Estimates 2023/24
	Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	1,823,310	2,183,168	2,456,064
	Kitui Municipality	35,805,225	40,578,966	45,651,337
	Mwingi Town Administration	21,707,796	23,099,510	25,986,948
	Ministry of Agriculture & Livestock	21,104,722	1,638,808	1,843,659
	Ministry of Lands, Housing & Urban Development	1,480,136	25,196,415	28,345,967
	Sub Total Own Source Revenue	361,271,342	400,000,000	450,000,000
	TOTAL PROJECTED REVENUE	10,129,020,127	11,261,004,113	11,646,279,120

COUNTY GOVERNMENT OF KITUI
RECOMMENDED RECURRENT AND DEVELOPMENT EXPENDITURE CEILINGS FOR FY 2023/2024

VOTE	County Ministry	Recurrent Estimates		Total Recurrent Estimates	Development Estimates	Total Budget Estimates	% of the Total Budget
		PE	O&M				
3711	Office of the Governor	578,217,887	476,426,242	1,054,644,129	870,000,000	1,924,644,129	16.5%
3728	Office of the Deputy Governor	61,710,454	89,446,732	151,157,186	49,200,000	200,357,186	1.7%
3729	Ministry of Water & Irrigation	58,194,466	60,257,567	118,452,033	467,507,486	585,959,519	5.0%
3730	Ministry of Education, Training & Skills Development	612,571,218	67,226,591	679,797,809	219,183,917	898,981,726	7.7%
3731	Ministry of Roads, Public Works & Transport	99,203,247	68,105,112	167,308,359	555,251,340	722,559,699	6.2%
3716	Ministry of Health & Sanitation	2,497,270,315	949,035,000	3,446,305,315	175,404,560	3,621,709,875	31.1%
3732	Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	77,217,227	83,226,781	160,444,008	255,458,990	415,902,998	3.6%
3733	Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	77,413,543	25,097,687	102,511,229	146,137,928	248,649,157	2.1%
3734	Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	22,123,713	35,229,309	57,353,022	135,850,914	193,203,936	1.7%
3735	Ministry of Finance, Economic Planning & Revenue Management	323,189,953	257,932,319	581,122,273	-	581,122,272.6	5.0%
3722	County Public Service Board	31,847,496	49,404,547	81,252,043	-	81,252,042.9	0.7%
3723	County Assembly Service Board	478,403,137	431,286,820	909,689,957	-	909,689,957	7.8%
3724	Kitui Municipality	28,644,301	47,042,387	75,686,688	117,761,711	193,448,399	1.7%
3725	Mwingi Town Administration	25,850,143	31,612,326	57,462,469	29,900,000	87,362,469	0.8%
3736	Ministry of Agriculture & Livestock	264,931,809	40,510,302	305,442,111	498,005,609	803,447,720	6.9%
3737	Ministry of Lands, Housing and Urban Development	42,657,551	22,107,731	64,765,282	113,222,752	177,988,034	1.5%
	TOTALS	5,279,446,459	2,733,947,453	8,013,393,913	3,632,885,207	11,646,279,120	100.0%
	PERCENTAGES	45	23	69	31	100	

ANNEX VI

COUNTY ASSEMBLY OF KITUI

MINUTES OF THE COUNTY BUDGET AND APPROPRIATIONS COMMITTEE MEETING HELD AT COMMITTEE ROOM I WITHIN THE ASSEMBLY PRECINCTS ON 14TH MARCH, 2023 AT 8.00AM.

MEMBERS PRESENT

- | | |
|---------------------------------|--------------|
| 1. Hon. Zacchaeus Ivutha Syengo | -Chairperson |
| 2. Hon. Boniface Mukwate Katula | -Member |
| 3. Hon. Kyalo Kimuli | -Member |
| 4. Hon. Mary Mwendu Mutune | -Member |
| 5. Hon. Malinga Munyao | -Member |

ABSENT WITH APOLOGY

- | | |
|---------------------------------|-------------------|
| 1. Hon. Jacquelyne Cate Kalenga | -Vice Chairperson |
| 2. Hon. Mercy Muliwa Muema | -Member |

IN ATTENDANCE:

- | | |
|-----------------------|----------------------------------|
| 1. Charles Nyaga - | Senior Fiscal Analyst |
| 2. Chris Mwangangi - | Clerk Assistant (Taking Minutes) |
| 3. Margaret Muthami - | Fiscal Analyst II |

AGENDA

- 1) Prayer
- 2) Communication from the chair
- 3) Adoption of Committee report on consideration of the Kitui County Fiscal Strategy Paper for Financial Year, 2023/2024.

MIN (BAC) 009/2022: PRAYER

The proceedings commenced with a prayer at 8.00 AM.

MIN (BAC) 010/2022: COMMUNICATION FROM THE CHAIR

The Chairperson thanked and welcomed the Members to the meeting convened to adopt the report on the Kitui County Fiscal Strategy Paper for Financial Year, 2023/2024 as envisaged in Standing Order 179(4).

MIN (BAC) 011/2022: ADOPTION OF THE COMMITTEE REPORT ON CONSIDERATION OF THE KITUI COUNTY FISCAL STRATEGY PAPER FOR FINANCIAL YEAR, 2023/2024.

The Members were taken through the draft report, deliberated and adopted the same as the final copy for onward transmission to the Office of Speaker for approval.

MIN (BAC) 012/2022: ADJOURNMENT

There being no other business, the meeting was adjourned at 9.30AM



CHRIS MWANGANGI
For: CLERK OF ASSEMBLY
COUNTY ASSEMBLY OF KITUI.

CONFIRMED BY:
HON. ZACCHAEUS IVUTHA SYENGO
CHAIRPERSON, COUNTY BUDGET AND APPROPRIATIONS COMMITTEE.
COUNTY ASSEMBLY OF KITUI.