COUNTY GOVERNMENT OF KISUMU

COUNTY ASSEMBLY OF KISUMU

THE HANSARD

Official Report

SECOND ASSEMBLY – SIXTH SESSION

Wednesday, 30th March, 2022

House met in the Main Chamber at 09:00 a.m.

(The Speaker (Hon. Elisha Jack Oraro) in the Chair)

PRAYERS

The Temporary Speaker (Hon. Inviolate): Good morning Honourable Members. Pursuant to the provisions of County Assembly Standing Orders No. 32 (2), I request the Serjeant-at-Arms to ring the quorum bell for five minutes.

(Quorum Bell rung for five minutes)

The Temporary Speaker (Hon. Inviolate): Leader of Majority, please confirm if we have the requisite quorum.

Act. Leader of Majority (Hon. Agolla): Thank you Madam Speaker, from the look of things, I believe that we have enough quorum to enable us continue with the business of the day. Thank you.

The Temporary Speaker (Hon. Inviolate): Thank you. Madam Clerk, please take us through the Order of the day.

The Temporary Speaker (Hon. Inviolate): Next order!!

STATEMENTS

The Temporary Speaker (Hon. Inviolate): Honorable Members, it is Statement Hour?

The Temporary Speaker (Hon. Inviolate): Any Member with a statement to seek.

The Temporary Speaker (Hon. Inviolate): If there is none. Next order!!

MOTION

REPORT FROM THE SELECT COMMITTEE OF COUNTY BUDGET AND APPROPRIATIONS ON ITS CONSIDERATION OF THE KISUMU COUNTY FISCAL STRATEGY PAPER FOR FINANCIAL YEAR 2022/2023.

BY

HON. STEVE OWITI, MCA, KOLWA EAST.

(CHAIRPERSON, COUNTY BUDGET AND APPROPRIATIONS).

The Temporary Speaker (Hon. Inviolate): Yes Honourable Aslam Khan.

Hon. Khan: Thank you Madam Speaker. I seek you indulgence to allow me to read this report on behalf of my able Chairperson Honourable Steve Owiti?

The Temporary Speaker (Hon. Inviolate): Please proceed.

Thank you Madam Speaker. Madam Speaker and Honourable Members of this House. The Kisumu County Fiscal Strategy Paper (KCFSP), for FY 2022/2023 was committed to my Committee and the Sectoral Committees in accordance to standing order No. 221 (3). This follows its laying in the House on 2nd March, 2022.

The KCFSP is an integral part in the budget making process. It back pedals the budget estimates as it lays the foundation by which the proposed budget estimates will hinge on. It identifies the broad strategic priorities and policy goals that will guide the county in preparing the budget for Financial Year 2022/2023. It also highlights the resource envelope or financial resources that will be required to implement the identified priorities.

The CFSP links key National and County policy documents which include and not limited to;

the Kenya Vision 2030, MTP III2018-2022,Budget Policy Statement(BPS),CIDP 2018-2022 ADP 2022/2023, and Kisumu County COVID-19 Social Economic Re-Engineering Recovery Strategy 2020/21-2022/23. Its preparation relates broad strategic priorities and policy goals that always guide a County in Budget Preparation.

Mr. Speaker sir and Hon Members, this CFSP is geared towards completing development projects initiated in the previous Financial Years and putting the County Government on stable fiscal ground. In particular, this fiscal strategy focuses on reducing pending bills in the County and building the County headquarters. Among the pending bills are payment of pension funds for staff gratuity and other welfare/benefits expenditures, which are in arears.
Mr. Speaker Sir and Hon. Members, this CFSP (2022/2023) is unique in the sense that it is being prepared ahead of a general election and is meant to stand the test of any changes from the electoral process, at the Executive and Legislature.

This CFSP for FY 2022/2023 proposes a total budget of KSHS. 10,290,561,575 billion which is a drop from the approved budget for FY 2021/2022 which had a total of 12,146,176,307 billion representing 15.23% decline. Further, it is also mind boggling how the County will raise KSHS. 1, 571,268, 281 billion own source revenue given the fact that the County had not collected beyond KSHS. 1 billion in the three consecutive years i.e. FY 2018/2019, FY 2019/2020 and FY 2020/2021.

The County Fiscal Strategy Paper covers the following:

a) The legal basis for the fiscal strategy paper; and fiscal responsibility principles for the government;

b) A review of sector performance for the previous financial year 2020/2021 and budget implementation for the first half of the current financial year (2021/2022).

c) The recent economic developments and policy outlook thus providing the economic context for the 2022/23 budget.

d) The budget framework that will support growth over the medium term, while continuing to pursue seamless resource flow and management.

e) The resource envelope, spending priorities and expenditure ceilings for 2022/2023.

Finally, Mr. Speaker sir and Hon Members, this is the last strategy document in the County Budget making process that will be approved by this second Assembly, it is our constitutional duty to ensure that we put the (i_s) and join the (t_s) to ensure we leave behind a legacy and set a stable fiscal foundation for the next regime.

THE COMPOSITION AND MANDATE OF THE KISUMU COUNTY BUDGET AND APPROPRIATIONS COMMITTEE.

The Committee as currently constituted comprises of the following Hon Members;

1. Hon. Steve Owiti - Chairperson
2. Hon. Aslam Khan - Vice Chairperson
3. Hon. Kenneth Onyango - Member
4. Hon. Joachim Oketch - Member
5. Hon. Benny Pete Oiko - Member
6. Hon. Jacktone Ojwang' - Member
7. Hon. Beatrice Odongo - Member
8. Hon. Seth Okumu - Member
9. Hon. Nancy Owiti - Member
10. Hon. Vincent Jagongo - Member
11. Hon. Paul Okiri - Member
12. Hon. Seth Kanga – Member
13. Hon. Joseph Olale - Member
14. Hon. Maurine Otiang' - Member
15. Hon. Johnson Guya - Member

Secretariat

1. Peter Anditi - Senior Clerk Assistant
2. Isaac Omollo - Committee Clerk
3. Zablon Otiende - Hansard
4. William Ogada - Serjeant-at-Arms

Mandate of the Committee

The Select Committee of County Budget and Appropriation derives its mandate from the provision of County Assembly Standing Orders No 189 (3) which states as follows;

(a) Investigate, inquire into and report on all matters related to coordination, control and monitoring of the County budget;
(b) Discuss and review the estimates and make recommendations to the County Assembly;
(c) Examine the County Budget Policy Statement presented to the County Assembly;
(d) Examine Bills related to the County Government budget, including Appropriations Bills; and;
(e) Evaluate tax estimates, economic and budgetary policies and programs with direct budget outlays.

COMMITTEE MEETINGS

The Committee held two meetings deliberating on the document, we also conducted public participation on Thursday, 17th March, 2021 and afterwards the Committee retreated to write this report.

The Committee while interrogating the Kisumu County Fiscal Strategy Paper FY 2022/2023 was guided by the following TORs:

a) Ascertain whether the document presented before the Assembly adhered to the provision of section 117 of the PFM Act, 2012 and the Standing Order No. 221 and whether it was aligned to National Objectives and the Budget Policy Statement.
b) Performance. What were the absorption rates in the year under review?
c) Projections. Are the revenue projections realistic?
d) Priorities. The priorities in the budget. Examine the budgets for each sector to verify if the proposed sector priorities are in line with the National Objectives and CIDP II
e) Ceilings. This gives us information about the maximum amount of funds going to each sector.

Acknowledgement

The Committee would like to take this opportunity to applaud the Office of the Speaker and that of the Clerk for the invaluable support accorded to us by providing conducive atmosphere and

slotting adequate time to ensure that the Committee executed its mandate and that this document is properly analyzed and presented to the House on time.

Further, the Committee would wish to convey its gratitude to the Members of the Committee who took time out of their busy schedule to honor committee sittings and added valuable input on this report. Finally, the Technical staff who worked tirelessly to ensure that logistics were put in place and the final report is produced. Thank you.

LEGAL BASIS FOR PREPARATION OF COUNTY FISCAL STRATEGY PAPER

Mr. Speaker Sir and Hon. Members, this Fiscal Strategy Paper is prepared pursuant to Public Finance Management Act, 2012

Section 117 which stipulates that:

(1) 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.

(2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.

(3) 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.

(4) 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.

(5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of —

a) the Commission on Revenue Allocation;

b) the public;

c) any interested persons or groups; and

d) Any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.

(7) The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.

(8) The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.

FISCAL RESPONSIBILTY PRINCIPLES FOR THE COUNTY GOVENRRMENT

Mr. Speaker Sir and Hon. Members, the fiscal responsibility principles to ensure prudent and transparent management of resources are set in following provisions of the law;

1. Section 107 of the PFM Act, 2012
2. Section 25(1) of the Public Finance Management (County Government) Regulations, 2015

COMPLIANCE MATRIX IN THE PREPARATION OF THE PROPOSED KISUMU COUNTY FISCAL STRATEGY PAPER

Mr. Speaker Sir and Hon. Members, the Committee undertook an in depth analysis of the proposed CFSP to ascertain if it met the required legal threshold.

The Committees Observations are as follows;

S/NO	Fiscal Responsibility	Compliance by the Executive	Committee Recommendations
1	Expenditure on wages and benefits for the public	-Personnel Emoluments will be	-The CECM for Finance and Economic Planning must submit to the House a

	officers shall not exceed thirty five (35%)	46.9%. The Executive is in breach of the provisions section	tabulation showing total wages and other benefits for all public officers in the County -The County must freeze any further recruitment for the County Staffs to manage the optimal wages level required by law. -The executive must adhere to provisions of the law regarding wage bill
2	Debt- the regulations capped a County Public debt to twenty (20%) of the County Government total Revenue at any point	The County stock of debt is currently at Kshs.5,326,613,211.86 which translates to 52.35% of the Total County Revenue which is above the stipulated annual debt portfolio ceiling of 20% in line with the Provisions of Section 179(1) of the PFM Regulation of 2015. (DMSP FY 2022-2024)	-The County debt be described as provided by the Constitution and the PFM Act -The Executive shall maintain and comply with the law by having a sustainable debt level -The County Assembly to approve the County Debt Level -Pending Bills report detailing the arrangement of all the County Pending bills be submitted to the Assembly for Verification and Adoption

3	A minimum of thirty (30%) of the Counties budget expenditure shall be allocated to the Development expenditure	The Executive budget on the development expenditure will be at 30% thus The Executive complied by the Provisions of Section 107 of PFM 2012	A detailed comprehensive report on all the incomplete projects be availed to the County Assembly for verification and approval The Executive to prepare a realistic Budget Estimates especially the OSR.

	Legal Basis/Requirements of the CFSP Preparation		
4	The CFSP be submitted to the Assembly by 28th, February each year	The CECM for Finance and Economic Planning submitted vide a letter reference KC/FIN/COUNTY ASSEMBLY VOL. III/200 Dated 28th February, 2022 the CFSP to the assembly (see annex i)	The Executive should avoid submitting such timeline documents on the deadline dates This makes it difficult for the Assembly to adequately process and approve the document within the required timeline

RESOURCE ENVELOPE AND CRITERIA FOR RESOURCE ALLOCATION AND PROPOSED BUDGET CEILINGS

Mr. Speaker Sir and Hon. Members,

In the document under review, the Executive proposed a resource envelope for the FY 2022/2023 of Kshs. Ten Billion four hundred and twenty three million, three hundred and ninety one thousand and four hundred and thirty two (Kshs. 10,423,391,432)

The resource envelope is broken down as follows;

RESOURCE ENVELOPE FOR FY 2022/2023

	2022/2023	2023-2024
Exchequer	8,026,139,240.00	8,026,139,240.00
DANIDA	15,000,000.00	15,000,000.00
KISSIP	324,000,000.00	324,000,000.00
Transforming Health	51,833,637.00	51,833,637.00
ASDSP	12,312,984.00	12,312,984.00
KCSAP	290,007,432.00	290,007,432.00
EXCHEQUER & GRANTS	8,719,293,293.00	8,719,293,293.00
Land Rates	193,083,465.81	204,668,473.76
Rents	36,233,955.68	38,407,993.02
Trade license fees	213,953,451.99	226,790,659.11
Bus Park Fees	139,844,132.12	148,234,780.05
Parking Fees	69,953,403.52	74,150,607.73
Reserved slot	19,379,746.54	20,542,531.33
Monthly Stickers	46,251,150.33	49,026,219.35
Clamping Fees	384,037.50	407,079.75
Market Fees	88,026,827.12	93,308,436.75
Stock Ring	5,079,726.19	5,384,509.76
CESS	22,139,012.82	23,467,353.59
Building Plans	31,598,865.91	33,494,797.86
Sign Board promotion etc.	155,590,717.13	164,926,160.16

Liquor License	22,495,022.17	23,844,723.50
Boda-Boda	73,223.15	77,616.54
Sundry revenue	12,605,526.93	13,361,858.55
Public Health and Others	3,150,277.90	3,339,294.57
Sub-Total	1,059,842,542.81	1,123,433,095.38
Revenue from Departments		
Health	380,000,000.00	402,800,000.00
Agriculture, Livestock and Fisheries	8,220,605.78	8,713,842.13
Commerce, Tourism, Trade and Heritage	1,452,466.40	1,539,614.38
Water	-	-
Lands, Housing and Physical Planning	109,944,340.00	116,541,000.40
Education, Youth, Culture and Sports	6,502,391.28	6,892,534.76
Industrialization and Enterprise Dev.	-	-
Energy & Mining	-	-
Environment	1,644,587.56	1,743,262.81
Roads, Transport and Public Works	1,499,721.30	1,589,704.58
Governance and Administration	2,161,626.39	2,291,323.97
Sub-Total	511,425,738.71	542,111,283.03
Total	1,571,268,281.52	1,665,544,378.41
	10,290,561,574.52	10,384,837,671.41

The Committee Observation and Findings

That;

1. Total share of National Revenue Account for the FY 2021/2022 is 84.4%.
2. Locally Collected Revenue Account for FY 2021/2022 is 15.6%

The Proposed Locally Collected Revenue of KSHS. 1,621,268,295 is not realistic.

The Committee further noted a decrease in the resource envelope that's from KSHS. 12,177,852,473 in the FY 2021/2022 to KSHS. 10,290,561,574.52 for the FY 2022/2023, however, the proposed resource envelope excludes the opening balances.

Committee Recommendations

The CECM. Finance and Economic Planning to present to the House the Revenue Raising Measures the executive intends to put in place to realize the targeted Own Source Revenue.

PROPOSED SECTOR CEILINGS FOR FY 2021/2022

Mr. Speaker Sir and Hon. Members, The ceilings are based on sector priorities and the ADP Budget FY 2022/2023. The departmental allocations are inclusive of conditional grants.
Analysis of Sector Ceilings shows that the department of Health and Sanitation has the highest percentage allocation of 34.9% followed by Finance and Economic Planning at 22.5%.

Proposed Sector Ceilings

Department	Personnel Emolument	Ops & Maintenance	Development	Totals	Percentage
Agriculture, Livestock, Fisheries and Marketing	160,829,016	37,660,872	359,722,810	558,212,698	5.42%
The County Assembly of Kisumu	348,995,660	352,321,796	340,000,000	1,041,317,456	10.12%
City of Kisumu	247,426,844	100,000,000	80,000,000	427,426,844	4.15%

Kisumu County Public Service Board	32,323,182	42,708,281	0	75,031,463	0.73%
Education, Gender, Youth, Human Resource	359,291,976	223,145,000	90,899,894	673,336,870	6.54%
Office of the Governor	72,000,000	138,587,200	45,000,000	255,587,200	2.48%
Health Services	2,847,285,396	658,247,275	86,000,000	3,591,532,671	34.90%
Public Service and Administration & Devolution	208,181,736	110,080,891	0	318,262,627	3.09%
Tourism, Culture, Sports and Information	24,026,963	41,650,000	21,000,000	86,676,963	0.84%
Roads, Transport and Public Works	55,102,017	66,067,586	90,000,000	211,169,603	2.05%
Lands, Housing and Physical Planning	33,172,176	40,340,000	344,000,000	417,512,176	4.06%
Trade, Energy and Industry	71,403,491	29,197,775	55,545,769	156,147,035	1.52%
Finance and Economic Planning	298,503,373	510,166,212	1,510,000,000	2,318,669,585	22.53%
Water, Environment and Natural Resources	70,528,575	24,149,809	65,000,000	159,678,384	1.55%
TOTALS	4,829,070,405	2,374,322,697	3,087,168,473	10,290,561,575	100.00%

COMMITTEE OBSERVATIONS

That;

1. The proposed development budget of Kshs. 340,000,000 of the Assembly is meant to Finance completion of the Ultramodern County Assembly.
2. The Department of Health and Sanitation has the highest percentage allocation of 34.9% followed by Finance and Economic Planning at 22.53%.
3. The Departments of Kisumu County Public Service Board has least percentage allocation at 0.3%.
4. That the Kshs. 100Million disbursed to MCAs as car grant following a directive by the President has not been factored in the proposed County Assembly ceilings.

COMMITTEE RECOMMENDATIONS

The Ceilings be based on;

1. The priority areas as discussed during the Joint Committee Meeting with the CEM. Finance and Economic Planning as highlighted below,

Mr. Speaker Sir and Hon. Members, the Committee resolved that the transitional Budget be used to set the County on stable Fiscal balance by,

a) Clearing all the Pending Bills.
b) Completing the Incomplete Projects
c) Constructing County Headquarters and County Assembly Headquarters

2. That the Proposed allocations for County Assembly be amended to include Kshs. 100 Million for the Car and Mortgage facility Scheme.

ANALYSIS OF THE CFSP

COMPARATIVE ANALYSIS OF THE CFSP CEILING FY 2022/2023 AGAINST THE 1ST SUPPLEMENTARY ESTIMATES FY 2021/2022

No.	Sector Working Groups	CFSP Proposed Ceiling F/Y 2022/2023 (millions)	The 1st Proposed Supplementary FY 2021/2022 (Kshs) (millions)	Variations Kshs (millions)
1	Agriculture, Livestock, Fisheries and Marketing	558,212,698	785,079,095	-226,866,397
2	The County Assembly of Kisumu	1,041,317,456	929,317,456	112,000,000
3	City of Kisumu	427,426,844	758,512,744	-331,085,900
4	Kisumu County Public Service Board	75,031,463	75,031,463	0
5	Education, Gender, Youth, Human Resource Development, ICT and Social Services	673,336,870	790,294,850	-116,957,980
6	Office of the Governor	255,587,200	274,942,952	-19,355,752
7	Health Services	3,591,532,671	3,866,691,651	-275,158,980
8	Public Service Administration & Devolution	318,262,627	425,262,627	-107,000,000
9	Tourism, Culture, Sports and Information	86,676,963	200,226,963	-113,550,000
10	Roads, Transport and Public Works	211,169,603	708,141,887	-496,972,284
11	Lands, Housing and Physical Planning	417,512,176	419,612,176	-2,100,000
12	Trade, Energy and Industry	156,147,035	420,155,290	-264,008,255

13	Finance and Economic Planning	2,318,669,585	2,330,129,801	-11,460,216
14	Water, Environment and Natural Resources	159,678,384	194,453,528	-34,775,144
	Totals	10,290,561,575	12,177,852,483	-1,887,290,908

Comparison of Own Source Revenue for 2019/2020, 2020/2021 and 2021/2022 (Kshs Million)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2021/2022	243,890,311.00	119,477,446.00	-	-
2020/2021	138,562,499.00	127,477,743.00	369,377,149.00	268,781,755.00
2019/2020	162,025,980.00	199,638,909.00	300,021,642.00	142,701,141.00
Deviations	-	(7,216,166.00)	69,355,507.00	126,080,314.00
% Deviation	14.40	36.10	23.10	88.40

COMMITTEE OBSERVATIONS

1. That the County Own Source Revenue Collection has been on an increasing trend however, the OWSR targets are usually unrealistic.

COMMITTEE RECOMMENDATIONS

1. That, the CECM. Finance and Economic Planning to set realistic own source revenue targets
2. That, the CECM. Finance and Economic Planning to Enhancing revenue mobilization; by finalizing revenue automation , enhance enforcement mechanisms, identification of new revenue streams and record all revenue streams for the County.

THE COMPOSITION OF KISUMU COUNTY DEBT PORTFOLIO

Mr. Speaker Sir and Hon. Members, the Executive through the CECM for Finance and Economic Planning presented to the assembly a County debt portfolio of KSHS. 5,326,613,211.86.

The composition of the County's debt portfolio as at 7th February 2022 is shown below;

Total County Pending bills portfolio;

Description	(DMSP 2022) Kshs	% of Total debt	(DMSP 2021) Kshs.	% of Total Debt
Recurrent (Suppliers)	427,116,604.36	8%	951,454,079.00	17%
Development (Contractors)	1,295,093,489.22	24.3%	956,287,376.00	36%
NSSF	386,948,860.00	7.3%	288,000,000	11%
Unremitted retention	70,426,518.00	1.3%	70,426,518.00	3%
Gratuity	630,092,577.00	11.8%	365,000,000.00	14%
Medallion	8,000,000.00	0.2%	5,400,000.00	0.9%
LAPFUND	420,143,310.16	7.9%	206,794,398.00	8%
Legal fees and Court Decrees	790,000,000.00	14.8	246,859,533.00	9%
LAPTRUST	98,791,853.12	1.9	-	-
KRA unremitted taxes	-	-	31,239,288.00	1.1%
National Housing Corporation	1,200,000,000.00	22.5	-	
Total	5,326,613,211.86		2,621,461,212.00	

COMMITTEE OBSERVATIONS

1. That, the County debt portfolio stands at Kshs. 5,326,613,211.86 which is an increase of Kshs. 2,705,151,999.86 from the amount of Kshs. 2,621,461,212 reported in the 2020-2021 Debt Management Strategy Paper.

COMMITTEE RECOMMENDATIONS

1. The Executive to prepare realistic budget estimates with to avoid cash flow problems leading to pending bills.
2. That, the CECM. Finance and Economic Planning to propose sufficient budgetary allocation for the Pending Bills in the transitional budget FY 2022/2023 to put the County on a stable fiscal pedestal.

EXPENDITURE FOR 1ST HALF 2021/2022

Expenditure up to December 2021

Department	APPROVED BUDGET	ABSORPTION UP DEC 2021	ABSORPTION RATE
Agriculture, Livestock, Fisheries and Marketing	785,079,095	174,206,673	22.1897
County Assembly of Kisumu	929,317,456	697,222,876	75.02526
City of Kisumu	758,512,744	143,332,669	18.89654
Kisumu County Public Service Board	75,031,463	3,195,511	4.258895
Education, Gender, Youth, Human Resource Development, ICT and Social	790,294,850	171,641,080	21.71861
Governance and Administration	274,942,952	75,708,641	27.53613
Health and Sanitation	3,866,691,651	1,367,648,082	35.36998
Public Service Administration & Devolution	425,262,627	127,163,973	29.90246
Tourism, Culture, Arts and Sports	200,226,963	17,868,540	8.924143
Roads, Transport and Public Works	708,141,887	76,302,598	10.77504
Lands, Housing and Physical Planning	419,612,176	32,472,987	7.73881
Trade, Energy and Industry	420,155,290	65,068,650	15.48681
Finance and Economic Planning	2,330,129,801	548,162,180.70	23.52496
Water, Environment and Natural Resources	194,453,528	40,296,612.25	20.723

COMMITTEE OBSERVATION

1. That, the County Assembly of Kisumu has the highest absorption rate at 75% as at the 1st half of the FY 2021/2022.

2. That, the Kisumu County Public Service Board recorded the least absorption rate at the 1st half of the FY 2021/2022 of 4%.

COMMITTEE RECOMMENDATIONS

1. That, the various Departments/Sectors be allocated Funds in the forthcoming budget based on their absorption rates to avoid over budgeting.

SUBMISSIONS BY SECTORAL COMMITTEES ON THEIR ANALYSIS OF THE CFSP PURSUANT TO STANDING ORDER 221(3).

Mr. Speaker sir and Hon Members, it's regrettable that only one Sectoral Committees submitted their report to us.

COMMITTEE ON AGRICULTURE, LIVESTOCK AND FISHERIES

Mr. Speaker Sir and Hon. Members, the committee presented the following observations and recommendations from its analysis of the document.

Committee Observations.

The Committee did a comparative analysis of the proposed sector ceilings in the CFSP and 1st proposed supplementary estimates FY 2021/2022 as follows;

Sector Working Groups	CFSP Proposed Ceiling F/Y 2022/2023 (millions)	The 1st Proposed Supplementary FY 2021/2022 (Kshs) (millions)	Variations Kshs (millions)
Agriculture, Livestock, Fisheries and Marketing	558,212,698	785,079,095	-226,866,397

1. The Committee noted that the CFSP sector ceilings for the Department are less than the 1st proposed supplementary estimates FY 2021/2022 with a variance of Kshs. 226,866,397.
2. That the CFSP ceilings for the Department is Kshs. 558,212,698 which only represents 5.42% of the proposed total sector ceilings.
3. That the proposed departmental strategic actions are aligned to the National and County Policy documents.

COMMITTEE RECOMMENDATION

1. That the proposed sector ceilings should be aligned to the Maputo declaration (2003) aiming at allocate the Agriculture Sector annual Budget 10% of the entire Budget to enhance growth of the Agricultural output.

PUBLIC PARTICIPATION

Mr. Speaker Sir and Hon. Members. Pursuant to the provisions of Article 196 of the Constitution of Kenya 2010, section 87 and 115 of the County Government Act, 2012 and Section 117 and 123 of the PFM Act, 2012, the Clerk of the County Assembly placed an advertisement in the local media i.e. Star and Nation Newspapers dated Friday, 11th March, 2021 (see annex ii) notifying the public of the Public Participation on the Kisumu County Fiscal Strategy Paper FY 2022/2023 scheduled on Thursday, 17th March, 2022 at the County Assembly Headquarters as from 09:00 a.m. to 12:00noon.

Further, views from members of the public were taken into account to enhance transparency and accountability on matters public finances as stipulated in article 201 and 221 (5) of the Constitution of Kenya 2010.

Tabulation of Public Submissions on the KCFSP FY 2022/2023

S/NO	NAME	ORGANISATION/ WARD	PUBLIC SUBMISSIONS
1.	Willis Ochiaga	ICPAC	1. Structure of the CFSP - That the structure of the County Fiscal Strategy Paper is complex and makes it difficult to logically follow key thematic areas recommended that the CFSP should be organized as follows; a) The Recent Economic Development and Policy Outlook b) Overview of The County Fiscal Strategy Paper c) global perspective, the National perspective and then the County perspective d) County Fiscal Framework including revenue and expenditure e) Sectoral analysis

f) Risks

2. Absorption Rate

- the Institute observed that the absorption rate of development expenditure has been low whereby it decreased from 58.2% in FY2019/20 to 40.6% in FY2020/21 and the County did not present their development expenditure for the First Quarter of FY2021/22

It therefore recommended as follows;

a) The County should identify and address issues causing delays in implementing development projects.

b) The County should address its revenue performance to ensure the approved budget is fully financed.

c) The County should ensure the integrity of budget implementation systems by enhancing budgetary controls and revising the budget whenever there is a budget deficit due to falling revenue collection

d) The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget

f) The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to curtail wasteful expenditure.

3) PENDING BILLS

-The Institute noted that there was an increase of Pending Bills from Kshs 323.4 million in 2020 to Kshs 1 billion in 2021.

The Institute Recommends as follows;

-The County Treasury should prepare a pending bills payment plan and ensure the entire stocks of outstanding bills are settled in the current financial year.

4) Expenditure Rationalization-
Focus on Personnel Emoluments

- The institute noted that the annual expenditure on personnel emoluments for the County is not within the maximum allowed limit of 35 per cent. High expenditure on personnel emoluments is unsustainable and will crowd out spending on development activities.

The following recommendations were made;

a)The County Should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management, 2015

b) Expenditure rationalization by finalizing and subsequent implementation of the staff rationalization report.

5) Kisumu County Own

Source Revenue

- That from the County Fiscal Strategy Paper, the County is expected to generate Kshs.1.98 billion (16.3 per cent) from own sources of revenue. In order for the County to meet the revenue target, the Institute recommends the following.

Recommendations

a) Have a clear, consistent, and standard forecasting model needs to be adopted by the country as a basis for determining revenue projections. This can be based on either of the following growth factors:

b) Inflationary adjustment

c) Average revenue performance over the years

d) Develop a comprehensive analysis and mapping of county's revenue potential

e) Capacity building and professionalize all cadres of county staff on revenue administration to ensure the revenue staff is well stocked with relevant skills and competencies.

6) Resource Envelop

a) The Institute noted that the Past data have shown that the country has always fallen short of its target every year

b) Expenditure ceilings on Agriculture, Livestock, Fisheries and Marketing as only been allocated 5.42% yet the Counties economic growth is largely from agriculture and having it as a key priority in the fiscal policy framework is then not commensurate with the expected outcome from the program

8) EDUCATION

- That the Institute conducted a devolution survey in 2020 and documented challenges that are impeding the successful delivery of educational services, especially at the county level as follows;

- high turnover rates for Early Child Development Education (ECDE) teachers

- low funding for ECDE, inadequate investment in succession planning within departments, low and unclear scheme of service for ECDE teachers,

- Inadequate infrastructure to support the learning of children living with disability; and

- Inadequate number of trained instructors in most polytechnics.

Recommendations by the Institute

- There is need to increase ECDE funding for the following purposes

a) Increased Capitation for ECDE teachers

b) Employment of skilled and qualified instructors in polytechnics.

c) To support development of adequate monitoring and assessment of performance (quality assurance) of learning at that level

9. AGRICULTURE

- That a quick scan of the Sector allocation is in non-compliance with the Maputo declaration which stipulates that allocation to the Agriculture sector should be at least 10% of the total country budget

The Institute recommends that for the County to realize growth the sector the following to be consider;

a) Diversification of Agricultural Production-.

b) Improving rural infrastructure

c) Access to agricultural financing

d) Improve livestock management to curb diseases through reviving cattle dips, adherence to standards of cleanliness, using of chemicals in county abattoirs, partnership with veterinary.

e) Continuous training and research in the field of agriculture

10) HEALTH

The Institute recommends Increase budgetary allocation to Health and Sanitation in line with global standards and for efficient service delivery.(Abuja and Otawa Declaration)

2. Loys Omondi Manyatta

Department of Health

- Improvement of Social Health Services

- Improvement of Education and Social Services

- Establishment of Psychiatric Centers

- Recruitment of adequate psychiatric doctors/consultants in the mental health centers

Education

- Establishment of integrated schools with the capacity to take care persons with mental

- Creation of Jobs for persons with mental health cases

General Comments:

1. The compliment that represents arrears of statutory deduction should then be disclosed.

2. Encourage PPP frameworks in the County: Increased engagement with donor community to fund some programs and fast track development of PPP implementation guidelines (which are the programs that could benefit from such partnerships?) Possibly to quantify.

3. The critical call of the budget and Economic Forums at the county government should be enhanced alongside the M and E to achieve value for money and allow citizens social audit and reporting mechanisms.

4. Possibility of debt Swap as a strategy of dealing with debt, how feasible is this strategy?

Sheryl Omondi	Kenya Taxpayers Association	The budget to consider prioritizing development projects
Memorandum from Union of Civil Servants	Kisumu Advocacy and Accountability Network	Health a) The County ambulances be fully equipped with trained drivers in medical services b) X-ray Machine for Muhoroni County Hospital be procured and Commissioned c) X-ray Machine for Ahero County Hospital be procured and Commissioned d) More funds be allocated for the recruitment of more health staff to address the staffing gap more so in the County Hospital e) Need for policy framework on local funding for health programs Governance and Administration a) Views from Members of the Public be considered while preparing the County Fiscal Strategy Paper b) Proper implementation of the County Public Participation Act, 2015 c) Formulation of CIDP III be cascaded to the village units d) The County to Partner with CSOs for Civic Education

COMMITTEE RECOMMENDATIONS ON THE PUBLIC SUBMISSIONS

- That, the Executive to consider the views and recommendations from members of the public as captured in the table above.

GENERAL COMMITTEE RECOMMENDATIONS

- That the Committee Recommendations from its analysis of the CFSP, the Sectoral Committee recommendations and Memoranda from the Public be considered in preparing the approved Kisumu County Fiscal Strategy Paper FY 2022/2023 as appropriate.

CONCLUSION

THAT, Pursuant to the provision of Standing Order No. 221 (7) and (8). The Assembly to consider adopting this report on the Kisumu County Fiscal Strategy Paper for FY 2022/2023 laid on the table of this Assembly and ensure proper implementation of the Recommendations contained herein.

Madam Speaker, the others are actually annexures that have been tabled with the report and have been clearly witnessed.

Therefore, it is now my privilege and honour to call upon the Leader of Minority Honourable Benny Pete Oiko to second this report. Thank you.

The Temporary Speaker (Hon. Inviolate): Yes Leader of Minority.

Leader of Minority (Hon. Oiko): (Bows).

The Temporary Speaker (Hon. Inviolate): Honourable Members, a report from the Select Committee of County Budget and Appropriations on its consideration of the Kisumu County Fiscal Strategy Paper of the FY 2022/2023 has been moved by Hon. Aslam Khan on behalf of the Chairperson, Hon. Steve Owiti and seconded by the Leader of Minority Honorable Oiko Pete. I now open the report for debate.

The Temporary Speaker (Hon. Inviolate): Yes Acting Leader of Majority.

Acting Leader of Majority (Hon. Agolla): Thank you Madam Speaker. I believe that I am audible enough. Foremost, allow me to appreciate the County Budget and Appropriations Committee for taking their time despite this being an electioneering period. Madam Speaker, I believe that you are aware that a majority of the Members of this House are out there campaigning for various positions and by this committee convening and preparing such a report, we must appreciate the work of this House Committee including the technical staff.

Madam Speaker, my major concern was the issues to do with Public Sensitization which from this report, has been taken care of because, as we legislate in this August House, we represent the masses outside there so, when it comes to Public Participations, I believe it is fundamental and I want to beseech this House Committee to assure this House at large that, the concerns of the Members of the Public will be considered as we continue with the Budget Making Process.

Madam Speaker, I believe that you are aware that, Budget Making is a process that cuts from one point to the next. Hence, this is just a starting point where we are gearing up in the preparation of our Budget making to run this County and this is for both the County Executive and the Assembly.

Additionally, I want to commend the Committee for considering and including the Car Grant for Members of the County Assembly. Madam Speaker, you can recall that this was an Executive Order and a subsequent circular. This order was issued from the Office of the President and it was

not anticipated and included in the Budget Estimates. Accordingly, by factoring this, it is a good gesture and it will allow the Third County Assembly to move smoothly without any hitches. Madam Speaker, without much ado, I want to thank you for this opportunity that you have accorded me to participate in this motion. Thank you.

The Temporary Speaker (Hon. Inviolate): Yes Olang'o.

Hon. Olang'o: Thank you Madam Speaker. Looking at the mood of the House, may I call upon the mover to reply?

The Temporary Speaker (Hon. Inviolate): The mover, Hon. Khan, you have been called upon to reply.

Hon. Khan: Thank you very much Madam Speaker. As has been deliberated by the Honourable Members, this is a clear manifestation of what has been factored in the report. I would like to assure Honourable Agolla that, the concerns of the public constitutes part of the report and this will continue unaltered for posterity and ensure that Public Participation will always be an integral part of the Budget Making Process as required by law.

Furthermore, the Car Grants that Honourable Agolla has talked about is paramount since it had to be factored and it has been factored in this report so that, when we have left this place or if we make our way back into this House, it is in black and white to enable continuity in the Third Assembly.

To conclude, I would like to say that, I want to thank the Honourable Members and I believe that they are going to adopt this report to enable us work on the forthcoming Budget Estimates which is also going to be on that same line. Madam Speaker, I beg to reply. Thank you.

The Temporary Speaker (Hon. Inviolate): Honourable Members, A report from the Select Committee of Budget and Appropriations on its consideration of the Kisumu County Fiscal Strategy Paper for the FY 2022/2023 has been moved by Honourable Aslam Khan on behalf of the Chairperson, Honourable Steve Owiti, seconded by the Leader of Minority Honourable Oiko Pete. I now want to put a question for its adoption?

(Question put and agreed to)

The Temporary Speaker (Hon. Inviolate): Honourable Members, the House has adopted the Report from the Select Committee of Budget and Appropriations on its consideration of the Kisumu County Fiscal Strategy Paper for the FY 2022/2023 today, Wednesday, 30th March, 2022 at 09:42 a.m.

Further, I direct that the Hansard Report be prepared forthwith and forwarded to the County Executive for further action.

The Temporary Speaker (Hon. Inviolate): Madam Clerk, next order!!

ADJOURNMENT.

The Temporary Speaker (Hon. Inviolate): Honourable Members, there being no any other business to transact, this House stands adjourned until today Wednesday, 30th March, 2022 at 02:30 pm.

(House arose at 09:45 a.m.)

Addendum

The Hansard Team

Zablon Otiende – Senior Hansard Reporter

Edward Odanga – Hansard Reporter

Fanuel Okode – Hansard Reporter

Patrick Okoyo – Hansard Reporter

Jacklyne Otieno – Hansard Reporter

Jesca Otieno – Hansard Reporter

Vallery Achieng' – Hansard Reporter