



KERICHO COUNTY ASSEMBLY

SECOND ASSEMBLY

(Third session)

COUNTY BUDGET AND APPROPRIATION COMMITTEE

REPORT ON KERICHO COUNTY FISCAL STRATEGY PAPER 2019

(Submitted pursuant to standing order 190)

MARCH 2019

CLERK'S CHAMBERS

KERICHO COUNTY ASSEMBLY BUILDING

KERICHO

## **1.0 PREAMBLE**

**Mr. Speaker,**

Pursuant to Standing Order 209 (1), the County Fiscal strategy paper was submitted to the County Assembly in accordance with section 117 of the Public Finance Management Act of 2012 on 28<sup>th</sup> February 2019 and was committed to the sectoral committees and subsequently the committee of Budget and Appropriation was to consider the same on 11<sup>th</sup> March 2019 after getting views from the sectoral committees.

The committee on Budget and Appropriation had sittings where they consulted with each chairperson of the sectoral committees regarding the ceilings of the respective departments. The committee in coming up with this report relied on the following documents:

1. The Constitution of Kenya 2010
2. The Public Finance Management Act 2012
3. The Public Finance Management Act 2012( Regulations)
4. Second Generation Intergrated Development Plan (2018-2022)
5. The Annual Development Plan 2019
6. The programmes as submitted by the respective County Executive Committee Members.

The members of Budget and Appropriation Committee noted that the County Fiscal strategy paper has broad strategic priorities, policies and goals which will guide the County Government in preparing the budget for the next Financial Year of 2019/20.

### **1.1 Committee Mandate**

**Mr. Speaker Sir;**

Standing Order no.190 (1) (3) establishes the County Budget and Appropriation Committee and its mandate is as follows:

*‘(a) Investigate, inquire into and report all matters related to coordination control and monitoring of the county budget.*

*(b) Discuss and review the estimates and make recommendation to the assembly*

*(c) Examine the County Fiscal Strategy Paper presented to the assembly*

*(d) Examine bills related to the county budget including appropriations bills; and*

*(e) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays . '*

## **1.2 Committee Membership**

The members of budget and appropriation committee are as follows:

1. Hon. Albert Kipkoech - Chairperson
2. Hon.Hezron Ngetich- Member
3. Hon. Gilbert Ngetich- Member
4. Hon.Sammy Rono- Member
5. Hon. Bernard Mutai - Member
6. Hon. Cheruiyot Bett - Member
7. Hon. David Rono - Member
8. Hon. Joseph Kirui- Member
9. Hon.David Mitei- Member
10. Hon.Alex Bett- Member
11. Hon.Josphat Rutto- Member
12. Hon.Anthony Rutto- Member
13. Hon.Edith .C. Kaptich - Member
14. Hon.Paul Chirchir- Member
15. Hon.Evans Kibet Member
16. Hon.Philip Rono Member
17. Hon.Collins Biegon Member
18. Hon.Denis Kirui Member

## **2.0 BACKGROUND INFORMATION**

**Mr. Speaker Sir**, on behalf of the Members of the Budget and Appropriations Committee, and as required under Section 117 of the Public Finance Management Act 2012 as well as Standing Order 209; it is with great pleasure that I present to this House the Committee's report on the County Fiscal Strategy paper (CFSP 2019.)

**Mr. Speaker Sir**, this is the second CFSP prepared under the third session of this County Assembly. It builds on the pillars of the economic transformation agenda and the achievements of the County government over the last five years and sets the pace for key policies, priority programmes and reforms which will be implemented over the five years (2018 - 2022) to enhance job creation and improve the quality of life for Kenyans and in this aspect Kericho residents.

The County Government aims at achieving quality life for the residents of Kericho. The CFSP highlights the following strategic priorities in the following order:

**Strategic Priority 1:** Enhanced provision of Quality Health Care and implementation of universal health care to residents.

**Strategic Priority 2:** Promotion of Food Security.

**Strategic Priority 3:** County wide promotion of Infrastructural developments.

**Strategic Priority 4:** Supply and access to quality basic services

**Strategic Priority 5:** Enhancing efficiency and effectiveness in service delivery.

The CFSP also provides an allocation for strategic interventions amounting to Kshs.379.9 million which has been scaled down to Kshs. 245.5 million to fund the key strategic programmes of the County.

### **2.1 Examination of the County Fiscal Strategy Paper**

**Mr. Speaker Sir**, as required by the Constitution, the Public Finance Management Act 2012, Standing Order, the County Fiscal Strategy Paper (CFSP) 2019 was committed to the committee on Budget and Appropriation on 11<sup>th</sup> March, 2019 after the same was

deliberated upon by the sectoral committees as committed to them on 28<sup>th</sup> February 2019.

The Budget and Appropriations Committee held fruitful deliberations with the various chairpersons of departmental committees on their submissions with regard to the County Fiscal Strategy Paper. The recommendations arising from each of these discussions are contained in this report.

**Mr. Speaker Sir**, once approved by the House, the CFSP recommendations will form the basis for the Budget Estimates since it informs departmental ceilings for the FY 2019/2020.

### **Acknowledgements**

**Mr. Speaker Sir**, the Committee wishes to thank the Office of the Speaker and the Clerk of the County Assembly for the support extended in fulfilling this mandate. The Committee is also grateful to the Sectoral Committees who participated in the process by working hard to ensure that the report is finalized on time.

**Mr. Speaker Sir**, I would also like to express my gratitude to the County Assembly Budget Office and secretariat attached to this committee for the unwavering support given to this Committee.

**Mr. Speaker Sir**, It is therefore my pleasant undertaking, on behalf of the Budget and Appropriations Committee, to table this Report and recommend it to the House for adoption.

Signed

The Hon. Albert Kipkoech, MCA

**Chairman, Budget & Appropriations Committee**

## THE KERICHO COUNTY FISCAL STRATEGY PAPER, 2019 (CFSP)

### Introduction

- 1) Mr. Speaker, the County Fiscal Strategy Paper, (CFSP) is a government policy document that sets out the broad strategic priorities and policy goals that will guide County government in preparing the budget for the next financial year. The policy direction of the CFSP is typically informed by the policies outlined in the various government policy documents such as the Vision 2030, Medium term plans, and Sectoral Strategic plans as well as the strategic interventions. The County Fiscal Strategy Paper (CFSP) therefore provides broad strategic direction that will guide the County government in formulating their annual budget for a given financial year.
- 2) **Mr. Speaker Sir**, for the County Fiscal Strategy Paper to provide strategic policy information, it requires the annual development plan to be provided and disseminated so as to link the budget to our county development agenda. In future, the departments should endeavor to cooperate with the committee by submitting programmes and other supporting documents on time and when requested.

### II. Adherence to the Legal Framework for the County Fiscal Strategy Paper

- 3) **Mr. Speaker Sir**, the format and content of the County Fiscal Strategy Paper should be in line with provisions of the various relevant legal instruments such as the Public Finance Management Act 2012, the Public Finance Management Regulations, 2015 the Standing Orders and any other relevant policy. In reviewing the CFSP, the committee established that to a large extent, the 2019 CFSP has complied with the provisions of the law and has provided most of the required information. However, there were concerns with regard to some information not being provided.
- 4) Furthermore **Mr. Speaker Sir**, the County Assembly is the budget making institution of this County. As such, any recommendations on the budget should be taken seriously

especially if these are tied to existing legal provisions. Since failure to provide this information inhibits County Assembly review of CFSP and estimates, the House must take necessary measures, including censuring the relevant departments, to ensure that the failures are addressed.

5) The CFSP should at all times conform to the following legal provisions and principles:

- i. Compliance with articles 201 of the Constitution of Kenya 2010;
- ii. Compliance with section 107 of the Public Finance management Act, 2012;
- iii. Demonstrate linkages to other planning documents namely C-BROP, CIDP, ADP, Budget Policy statement for national Treasury;
- iv. Should show priority areas that the county undertakes;
- v. Revenue sources;
- vi. Ceilings and programmes of the various departments;
- vii. The proof that public participation on CFSP was done; and
- viii. The proof of county executive committee approval.

## **II Resource Envelop**

The county government of Kericho is earmarked to receive Kshs. 5.27 Billion in FY 2019/20 compared to Kshs.5.7 billion for the current FY 2018/19 from National equitable share. Other sources of revenue include, local revenue of Kshs.512 million, FIF of kshs 401,641,000, DANIDA fund, Transformative health system Fund(World Bank), Kenya Devolution Support Project (World bank) and Climate Smart Agriculture Project(World bank). Kenya Urban Support Programme, Kenya Urban Support Programme (UIG) and other Donor Funds of Ksh.17.5Milion Ksh.61.5 Million, Ksh.44.5 Million, Ksh.117Million, Kshs.256 Million, Kshs.10 Million and Kshs.92.7Million respectively totaling to Kshs 6,983,726,788. The county government is working on a balanced budget and it is prudent for the county government to embrace low recurrent expenditure while increasing development expenditure.

The annexure 1 attached to this report shows the approved estimates for the 2019/20 budget estimates and projections for recurrent and development respectively.

### 3.0 SECTORAL PRIORITIES

Mr. Speaker Sir, Allow me to kindly highlight details of sectoral priorities as per the committee observations:

#### 3.1 Public Works, Roads and Transport

The members noted that the ceilings as per the CFSP was Ksh.369,005,42 and Ksh.71,643,521 for development and recurrent expenditure respectively.

The committee enhanced the department's development ceiling to Kshs.451,705,442 inclusive of RMLF which shall cater for the below programmes:

1. Kshs.284 million has been set aside for construction of County roads as per the below table:

NO	ZONE	WARDS	AMOUNT ALLOCATED PER WARD
1	A	Chilchila,Kunyak,Soin,Soliat,Kaplelartet and Kamasian	Kshs.12Million
2	B	Chepseon,Tebesonik,Cheplanget,Kipkelion,Kaps oit, Kapsaos,Kedowa/Kimugul,Londiani,Tendeno/S orget, Ainamoi,Chemosot,Sigowet,Kisiara and Kabianga	Kshs.10Million
3	C	Kapsuser,Kapkatet,Cheboin,Litein,Kipchimchim, Seretut, Waldai, Kipchebor and Kapkugerwet	Kshs.8Million

2. Kshs.10 million has been set aside for design and construction of drainage structures and other infrastructures and civil works (culverts and bridges)

3. Kshs. 152.7 Million has been set aside for Routine Roads Maintenance Fuel Levy Fund

4. Kshs. 5 Million has been set aside for Street lighting/Solar light maintenance

The department's recurrent vote has been reduced to Kshs.65.6Million to cater for the development deficit.

### **3.2 Agriculture, Livestock and Fisheries**

The members noted that the ceiling as per the CFSP was Ksh.75.7Million and Ksh.205.7 Million for development and recurrent expenditure respectively.

The development vote has been enhanced to Kshs.77.5million to cater for the following programmes:

- |   |                  |
|---|------------------|
| 1. Livestock Pests and disease control program                  | Kshs.5million    |
| 2. Soin Agricultural Training Center Modernization              | Kshs.3million    |
| 3. Enhancement of Industrial Crops                              | Kshs.29 million  |
| 4. Promotion of food and nutrition security                     | Kshs.10million   |
| 5. Agriculture Mechanization technological development projects | Kshs.1million    |
| 6. Livestock Breeding   | Kshs.10million   |
| 7. Enhancement of Fish farming and utilization projects         | Kshs.4.5 million |
| 8. Small Holder Irrigation                                      | Kshs.10million   |
| 9. Agriculture Extension Service Programme                      | Kshs.5million    |

The Kenya Climate Smart Agriculture project (KCSAP) has been set at Kshs.117 million. The recurrent vote stands at Kshs 200, 730, 032.

### **3.3 Water, Environment, Energy, Forestry and Natural Resources**

**Mr. SPEAKER SIR** The department was allocated **Kshs 108.5 million** for the development expenditure while **Kshs. 121.6** is for recurrent expenditure as per the CFSP submitted to County Assembly by the County treasury.

The development ceiling was enhanced to Kshs 196 million to cater for the following programs and projects:

1. Kshs. 146 million was allocated for construction and water works infrastructure across the County as zoned below;

No	Zone	Wards	Amount Allocated per ward	Justification
1.	A	Cheplanget, Kisiara, Waldai, Kabianga, sigowet, soin, soliat, Kipkelion, kunyak, Chilchila, kamasian, tendeno/sorget, tebesonik, londiani, chepseon, Kedowea kimugul, cheboin and kaplelartet	Kshs 6 million	Not serviced by KEWASCO
2.	B	Kapsaos, Kipchichim, Kaspoit, Ainamoi, Kapsuser, Serutut, Chemosot, Kapkatet And Litein	Kshs 4 million	Partly covered by KEWASCO
3.	C	Kapkugerwet and Kipchebor	Kshs 1 million per ward	Fully covered by KEWASCO

2. Kshs 20 million was set aside for Garbage collection.

3. Kshs 5 million was allocated for purchase of tree seeds, seedlings and nursery materials.

### **3.4 Trade, Industrialization, Tourism, Wildlife and Co-Operative.**

**Mr. Speaker Sir,**

The department's development ceiling is Kshs 71.1 million and recurrent ceiling is Kshs 74.2 million as per the CFSP 2019/2020.

The development vote was enhanced to Kshs. 72.5 million to cater for construction of buildings (market sheds), chain link fencing and toilet blocks.

The recurrent was reduced to kshs. 70 million to cater for development works in the department.

### **3.5 Health Sector**

#### **Mr. Speaker Sir**

The department's development ceiling has been set at Kshs.204.8 and the recurrent ceiling was set at Kshs 1.98 billion as per CFSP 2019/2020.

The development vote ceiling was enhanced to Kshs. 249 million to cater for the following programmes and projects:

1. Kshs 20 million was allocated for purchase of hospital land for Belgut sub county hospital, Kasheen dispensary and other level 2 and level 3 facilities;
2. Kshs 10 million was set aside for construction of Belgut Sub county hospital (phase I);
3. Kshs 58 million was set aside for completion of on-going and renovation of level 2 and level 3 facilities;
4. Kshs 30 million was set aside for the purchase of 3 new ambulances;
5. Kshs 8 million was set aside for installation of fire alarms, hydrants and signages in the hospitals;
6. Kshs 28 million was set aside for purchase of 4 primary health care support vehicles;
7. Kshs 8 million was set aside for the construction of surgical ward at Roret Sub County hospital;
8. Kshs 87 million was set aside for purchase of medical equipment for newly constructed level 2 and level 3 facilities and maternity wings;

### 3.6 Education and Vocational Training

#### Mr. Speaker

The department was allocated **Kshs.112.2 million** and **Kshs. 406 million** for development and recurrent expenditures respectively as per the CFSP 2019/2020.

The ceiling for development was enhanced to kshs. 224.4 million to cater for the following programs and projects:

1. Construction of ECDE classrooms was allocated Kshs. 151 million as per the following zoning;

No.	Zone	Wards	No. of ECDE classrooms
1.	A	Kipchimchim, Kipchebor and Kapkugerwet	7 per ward
2.	B	All other wards not mentioned in zone A	5 per ward

2. Construction of ablution blocks was allocated kshs 43.5 million

3. Equipping of ECDE classrooms was allocated Kshs 11.6 million;

4. Purchase of play equipments for the ECDE centres at Kshs 5.8 million;

5. Fencing of ECDE centres was allocated 1.5 million

6. Purchase of equipments for PWDs was allocated Kshs 5 million;

7. Construction of cultural centres/ Social halls was allocated kshs 6 million.

The recurrent ceiling was reduced to kshs 112.4 million to cater for development deficit.

### **3.7 Land, Housing and Physical Planning**

**Mr. Speaker Sir,**

The department was allocated **Kshs.117.1 million** and Kshs. **69.1** million for development and recurrent respectively as per the CFSP 2019/2020.

The new development vote ceiling for the department stands at Kshs 386.4 million inclusive of the Kenya Urban Support Program. The programmes under lands include the following;

1. Kshs. 10 million was allocated to preparation of development plans for Kapkatet, Kipkelion Kokwet towns;
2. Kshs. 10 million was allocated for informal land settlement upgrading;
3. Kshs 10 million was allocated for construction and refurbishment of non- residential;
4. Kshs. 25 million was allocated for acquisition and construction of Governors and deputy governor's residence
5. Kshs. 10 million was allocated for compensation of land for KEWASCO owned water tanks
6. Kshs. 3 million was set aside for acquisition of land at Kiptere sweet potato plant, kshs 29 million for acquisition of land for markets and Kshs 3 million was allocated for development of chebulu conservancy.

The recurrent vote of the department was reduced to Kshs 65.1 million to cater for development deficit.

### **3.8 Information, Communication and E-Government**

The development vote ceiling was Kshs 28.5 million and the recurrent vote ceiling was Kshs 200.9 million as per CFSP 2019/2020.

The development vote ceiling was enhanced to Kshs 40 million to cater for the following programmes and projects;

1. Kshs 25 million was allocated towards construction of workshops for vocational training centres across the county;
2. kshs 10 million was allocated to equipping of data centre and creation of on line portals;
3. Kshs 5 million was allocated towards internetworking and communication establishment County wide.

The recurrent expenditure was reduced to **Ksh. 190.9 million** to cater for development deficit.

### **3.9 Public Service and Administration**

The public service and administration was allocated Ksh.11.1 million for development and Kshs. 302.6 million recurrent ceilings as per the CFSP 2019/2020.

The development vote was enhanced to Kshs 15.2 million to cater for purchase and fabrication of a fire truck.

The recurrent vote was reduced to Kshs 292.6 million to cater for development deficit.

### **3.10. County Public Service Board**

The County Public Service Board's recurrent expenditure ceiling was Kshs 69.7 million and has been reduced to Kshs 64.7 million to cater for development deficit.

### **3.11. Finance and Economic Planning**

**Mr. Speaker,**

The development ceiling was set at kshs 18 million and the recurrent expenditure ceiling was set at Kshs 307.6 million as per the CFSP 2019/2020.

The development ceiling for the department was enhanced to Kshs 60.8 million inclusive of the donor fund to cater for the following projects:

1. Establishment of county resource centre

2. Conducting baseline survey
3. Establishment of enterprise resource planning (audit, budget, accounts and planning unit)
4. Kenya devolution support programme

The recurrent vote ceiling was reduced to kshs 300.6 million to cater for development deficit.

### **Strategic Interventions Programmes**

The Ceiling for strategic interventions was set at Ksh379.9 million that catered for various strategic programmes. The committee introduced the following projects as new strategic interventions programmes amounting to Kshs 65 million in the principle of equitable distribution of resources across the county.

1. Kshs 15 million drainage works in Litein town;
2. Kshs 10 million was allocated to completion of stalled market at Chemosot centre;
3. Kshs 10 million was allocated for water works and construction of wards at Cheborge health centre;
4. Kshs 10 million was allocated for waterworks in Kapsuser ward;
5. Kshs 10 million was allocated for water works in Kabianga ward;
6. Kshs 10 million was allocated to water works at Kipchebor ward.

### **3.12 Office of the Governor and Deputy Governor**

**Mr. Speaker sir,**

**The recurrent vote ceiling in this department** was Kshs166 million as per the CFSP 2019/2020. This ceiling has been reduced to Kshs 141 million to cater for development deficit.

**3.13 County Assembly**

**Mr. Speaker,**

The County Assembly development vote ceiling was set at **Kshs. 25 million** to cater for acquisition and construction of speaker’s residence.

**4.0 CONCLUSION**

**Mr. Speaker**

It is important to note that the County Government will implement this budget on a percentage of 68% in recurrent budget and 32% in development budget.

I wish to thank the Office of the Speaker and the Clerk for the support and the entire County Assembly for their trust to the committee and by extension the committee members for their tireless effort and commitment in production of the report.

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Date:.....

Hon Albert Kipkoech

**Chairman, Budget and Appropriation Committee**