

**COUNTY GOVERNMENT OF KITUI**



**THE COUNTY ASSEMBLY**

**SECOND ASSEMBLY – (SECOND SESSION)**

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**COMMITTEE ON BUDGET AND APPROPRIATIONS**

**REPORT ON**

**CONSIDERATION OF THE KITUI COUNTY FISCAL STRATEGY PAPER  
FOR FINANCIAL YEAR 2018/2019**

**CLERK OF ASSEMBLY CHAMBERS  
P. O BOX 694  
KITUI**

**JUNE, 2018**

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## Abbreviations

ADP	Annual Development Plan
BPS	Budget Policy Statement
CASB	County Assembly Service Board
CBEF	County Budget and Economic Forum
CCTV	Closed Circuit Television
CEC	County Executive Committee
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CHIC	County Health Insurance Cover
CIDP	County Integrated Development Plan
CLIDP	Community Level Infrastructure Development Programme
CRA	Commission on Revenue Allocation
ECDE	Early Childhood Development Education
FSA	Financial Services Associations
FY	Financial Year
ICT	Information Communication Technology
KCCCF	Kitui County Climate Change Fund
MCAs	Members of County Assembly
MIU	Manifesto Implementation Unit
MOU	Memorandum of Understanding
MSME	Medium and Small Micro Enterprises
NITA	National Industrial Training Authority
NYS	National Youth Service
PFMA	Public Finance Management Act
SACCO	Savings and Credit Cooperative Society
UHC	Universal Health Cover

## Annexures

- i. Signed List of Committee Members
- ii. County revenue projections
- iii. Proposed County Spending Entities Budgetary allocations Ceilings

## Preamble

Hon. Speaker,

On behalf of Members of the Budget and Appropriations Committee and as required under **Section 117 of the Public Finance Management Act, 2012 (PFMA)** as well as **Standing Order 205 (4)**, it is my pleasure to present to this House, the Committee's Report on the consideration of the Kitui County Fiscal Strategy Paper (CFSP) for the FY 2018/2019.

Hon. Speaker,

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

*“The County Treasury shall prepare and submit to the County Executive Committee (CEC) 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”.*

Further, the Section states that, 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.

In compliance with the above provisions and that of **Standing Order 205 (1)**, the County Executive Committee Member (CECM) for County Treasury submitted to the County Assembly the Kitui CFSP for financial year 2018/2019 on 28<sup>th</sup> February, 2018. However, it was not possible for the Assembly as required by Section 117 (6) of the PFMA, 2012 to proceed and consider the CFSP in absence of an approved Annual Development Plan (ADP) which is a pre-requisite planning document pursuant to provisions of Section 125 of the PFMA, 2012.

Worth noting, Section 126 (3) of the PFMA, 2012 provides the timelines upon which the ADP should be submitted to the Assembly for consideration. The committee notes with great concern that the failure by the Executive to strictly adhere to the legal deadlines of submitting planning documents has put the House into an unprecedented situation. This,

**Mr. Speaker,** must be discouraged in future to avoid the situation the House has experienced. To fast-track its approval after having been laid on the Table of the Assembly on 20<sup>th</sup> March, 2018 during the afternoon sitting, and in ensuring that it conforms to the ADP, the County Executive were requested to submit the ADP so as to be considered alongside the CFSP.

After tabling, the paper stood committed to the Sectoral Committees pursuant to **Standing Order 205 (3)** who were able to sit from 7<sup>th</sup> to 12<sup>th</sup> of May, 2018 at Mwingi and submitted their sector recommendations to this committee.

**Hon. Speaker,**

Section 117 (7) of the PFMA, 2012 provides that the County Treasury shall consider any recommendations by the County Assembly when finalizing the budget proposal for the financial year concerned. Now that the financial year 2018/2019 budget estimates have already been tabled in the House, it is worth mentioning that once the CFSP is approved, it should form the basis of evaluating the budget estimates for financial year 2018/2019 for the various spending entities. This is therefore a very important stage in the budget cycle as it not only provides recommendations to be considered when finalizing the budget, but also sets the expenditure ceilings for the various spending entities which must be adhered to.

#### **Mandate and Composition of the Committee.**

**Hon. Speaker,**

The role of consideration of the CFSP is an absolute mandate of the Committee on Budget and Appropriations as conferred by **Standing Order 205 (3), (4) and (5)**. The Committee on Budget and Appropriations is a select Committee established under Standing Order 186 with specific mandate as to inter alia;

- (i) Investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget.

(ii) Examine the County Budget Policy Statement presented to the County Assembly.

It was therefore the full responsibility of this Committee to consider and ensure a report is tabled for approval by the Assembly.

**Hon. Speaker,**

The Committee on Budget and Appropriations as currently constituted comprises of the following Members:-

Hon. Boniface Kilaa Kasina	Chairperson
Hon. Baridi F. D. Mbevo	Vice Chairperson
Hon. Esther K. Ndile	Member
Hon. Mary K. Philip	”
Hon. Philip Nguli	”
Hon. Annastacia M. Mutunga	”
Hon. Nicholas N. Mwalali	”
Hon. Mary P. Ndumbu	”
Hon. James Munuve	”

**Examination of the CFSP by the Committee.**

**Hon. Speaker,**

In reviewing the CFSP 2018/2019, the Committee on Budget and Appropriations held a total of eight days retreat at Sai Rock Hotel - Mombasa. During the retreat, the Committee interrogated the CFSP, the Sectoral Committee recommendations which had been submitted to the Committee on Budget and Appropriations pursuant to the provisions of **Standing Order 205 (3)**, the review report of the CFSP by the Controller of Budget as well interviewed the Deputy Director of Planning and Budgeting in order to compile up this report which carries the Committee recommendations for approval by the Assembly.

## Acknowledgement

**Hon. Speaker,**

The Committee wishes to thank the Office of the Hon. Speaker and that of the Clerk of Assembly for the support extended in fulfilling its mandate. The Committee is also grateful to the Sectoral Committees and all the Members of the County Assembly (MCAs) who participated in the process, for working hard to ensure that the report is finalized on time. I also wish to express Committee's gratitude to the Deputy Director Planning and Budgeting who within a very short notice appeared before the Committee to give highlights on the CFSP amidst his tight schedule. Last but not least, I sincerely thank the members of this committee and the Staff of the Assembly who worked tirelessly to compile the report.

**Hon. Boniface Kilaa Kasina**

**Chairman, Committee on Budget & Appropriations**

**June, 2018**

## Overview of the County Fiscal Strategy Paper 2018/2019

### (a) Introduction

Hon. Speaker,

The CFSP is a statutory document in respect to County Budget process as stipulated under the provisions of Section 125 of the PFMA, 2012. The CFSP, as per provisions of Section 117 (3) and (4) of the PFMA, 2012, sets out 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. Further, it should include the financial outlook with respect to County Government revenues, expenditures and borrowing for the coming financial year and over the medium term. As such, it provides a valuable platform for a review of fiscal policy in light of emerging challenges and opportunities for the economy. Therefore, CFSP is a very important document for policy makers as it facilitates evaluation and effectiveness of the existing policy. It offers policy makers and government at large an opportunity to adjust its expenditure and revenue along more suitable lines for accelerating service delivery to the citizens.

### (b) Adherence to the legal framework

Hon. Speaker,

The format and content of the CFSP should be in line with provisions of the various legal instruments such as PFMA, 2012, Public Finance Management (County Government) Regulations, 2015 and the Standing Orders. In reviewing the CFSP, the committee established that to a large extent, the 2018/2019 CFSP complied with the provisions of the Law and has provided most of the required information. However, there were concerns with regard to:-

- (i) That the CFSP was anchored on a draft County Integrated Development Plan (CIDP) and ADP which did not have the County Assembly's input as required under Section 125 of the PFMA, 2012.
- (ii) That the proposed expenditure ceilings of the County Assembly were set below those recommended to the Senate by the Commission on Revenue Allocation (CRA).
- (c) **Review of the County Fiscal Strategy Paper 2018/2019**

**Hon. Speaker,**

The County Fiscal Strategy Paper (CFSP), is the fifth since devolution, and the first for the new County Government. It has been prepared taking cognizance of the 2018/2019 economic outlook and the five pillars of the county development agenda namely; Food and Water, Health Care, Education and Youth Development, Women Empowerment and Wealth Creation. Further, the paper seeks to give a framework for implementation of programmes and projects prioritized by the County and aligned to the Country's Vision 2030, National Government policies and guidelines as communicated through various Circular's, the 2018/2019 Budget Policy Statement (BPS), the draft County Integrated Development Plan (CIDP) 2018-2022 and the draft County's Annual Development Plan for Financial Year 2018/2019.

**Hon. Speaker,**

It is worth noting that the policy paper benefited from feedback from members of the public and other interested stakeholders. The paper ought to serve as a guide in the preparation of the FY 2018/2019 budget estimates. It highlights programmes, policies, strategies and activities while at the same time underlining the structural reforms required for actualization of the County's five development agenda items.

In the period 2018/2019, the County Government intends to initiate and implement various programs, strategies and proposed projects under the County Broad sector priorities. The County Government's Strategic Intent is to pay more attention to a couple

of projects and activities with the highest potential for high economic and social impact within the shortest time possible. Specifically, the key county sector priorities are identified as follows:-

- i. Food & water
- ii. Health care
- iii. Education & Youth Development
- iv. Women Empowerment
- v. Wealth creation

**Hon. Speaker,**

In an endeavor to achieve the above key county sector priorities, the 2018/2019 CFSP identifies a number of strategies to be applied with key specific areas of focus being:-

- (i) Value chain approach
- (ii) Health
- (iii) Agriculture
- (iv) Infrastructure Development
- (v) Education and skills development
- (vi) Youth training
- (vii) Women empowerment
- (viii) Wealth creation

**Value Chain Approach**

**Hon. Speaker,**

The value chain approach will enable the producers to improve the quality of their products so as to ensure high prices in the market with minimal cost of production. Value chain is a process or activities by which an organization adds value to an article/item, including production, marketing and provision of after sales service. During the FY 2018/2019, the County Government plans, through carefully selected value chains, to

directly support the producers right from operations at the farm level/production to the final market/marketing outlets. The county government has identified a number of items that it aims to add value to. The items identified for value addition and the set out activities of value addition are as summarized below;

- **The *Ndengu* (green grams) revolution** - *Ndengu* Revolution was officially launched on 9th October, 2017 with the sole objective of making the crop one of the key vehicles for socio-economic transformation of the Kitui County. During the FY 2018/2019, the County Government plans to develop a policy framework to make *ndengu* the official cash crop of Kitui County. The strategic plan includes;
  - (i) Provision of certified seeds
  - (ii) Use of mechanized farming
  - (iii) Timely distribution and application of appropriate pesticides
  - (iv) Post-harvest management services such as transport logistics
  - (v) Branding and identification of marketing outlets.
  
- **The Livestock and Poultry Value Chains** - Kitui County is endowed with vast savannah lands, very much ideal for cattle and goat rearing. Due to the climate, the livestock produces high quality beef which has high demand and with low supply. To this end, the County Government will invest in a modern abattoir which will generate a viable value chain with the potential to create several hundreds of jobs, directly and tens of thousands indirectly. Further, the county intends to sign MoUs and enter into agreements with Strategic Partners to put up leather industries which will make use of the by-product from the abattoir i.e. leather thus generating both direct and indirect employment.
  
- **Textile Value Chain** - During the FY 2018/2019, the county plans to training youth and women on use of modern textile machines and supporting them with the necessary machines and start-up capital. The county will also pay special attention towards the revival of cotton farming by supporting cotton farmers with certified cotton seeds and

the relevant pesticides including provision of necessary support to complete the entire value chain.

- **Mango and other fruits Value Chain** - Kitui is very well endowed with mango and other high value fruits. Despite the fact that there are seven mango/fruit processing factories, their capacity is not sufficient to process current produce resulting to huge losses being suffered by farmers. During the financial year 2018/2019, in an endeavor to cushion farmers from such losses, the County Government plans to invest heavily in fruit husbandry with the view to ensuring that Kitui farmers get value for their money.
- **The Honey Value Chain** - The planned strategy for FY 2018/2019, is to make deliberate efforts to ensure all Kitui bee-keepers are mobilized and organized into cooperatives, and their honey processed, bulked, branded and marketed under the Kitui honey brand. This will result into enhanced livelihoods for both traditional and modern bee keepers in the County thus ensuring bee farmers get value for their hard work.
- **Ballast Crushing** – noting that housing is one of the Big Four declared by the National Government, Kitui County can benefit by investing heavily in ballast crushing. Yatta plateau and especially in Kitui rural and Kitui South and parts of Mwingi North Sub-County especially the Mumoni area have a long range of rocks, which can be crushed into ballast. During the FY 2018/2019 the county government plans to purchase and distribute ballast crushers to organized youth and women groups.
- **Ceramics and Pottery** - Evidence adduced from elsewhere indicates that, there is a direct correlation between the increased incidences of cancer cases in Kenya today and the use of plastic materials. Despite the fact that raw materials for production of ceramic and pottery products are available locally, lack of skills and machinery has hindered the same. In an effort to deal with the overreliance with China made products and contain the cancer menace, the County Government intends to invest in training its youth and women in ceramic and pottery making in the next financial year.

- **Soap and detergent making** - Nearly every household, out of the close to 250,000 households in Kitui County uses soap for bathing and detergents for washing their clothes. Nevertheless, over 90% of all the soaps and detergents used in the county are manufactured elsewhere, yet the technology for making both has existed for well over a century. To this end, during the FY 2018/2019, the County Government plans to train, equip and support youth and Women on soap/detergent making for own use and for sale.
- **Dairy Farming and Milk Processing** – today, there is a critical mass of dairy farmers in Kitui, with enough milk to support a medium sized dairy processing plant. In the current financial year 2017/2018, the County Government has budgeted to support one dairy Co-operative Society with dairy processing equipment and a motor vehicle for the marketing of the processed products. In the FY 2018/2019 however, this will be scaled up to cover more groups with an aim of establishing a county milk-processing factory. Additionally, to support the proposed dairy farming/milk processing initiative in the county, pasture farming, coupled with artificial insemination services will be enhanced.
- **Furniture and Brick Making** – over the years, many Kenyans (Government offices included), have imported cozy looking furniture mostly from China. Regrettably, none of them have given the buyers value for their money, not to mention potential job opportunities that have been lost in the process. For this reason, during the FY 2018/2019, the County Government intends to train, equip, support and profile youths involved in furniture making and the fabrication business to enhance their livelihoods. Further, the county plans to training youths on modern brick making and skills development. Funds will be set aside for purchase of interlocking brick making machines and to support the entire value chain.
- **Sand and Charcoal Harvesting** – sand is a critical resource in the construction Industry the world over, with Charcoal being a ready and cheap source of energy particularly in the urban areas in Kenya. Both are available in great abundance in Kitui County. Unfortunately, the lion’s share of the gains from both primarily benefits the brokers

and the final consumers, the majority of whom are from outside the County. Further, with the amplification of global warming and the negative effects of climate change, both sand harvesting and charcoal burning are slowly turning the woodlands of Kitui into a desert. During the FY 2018/2019, the County Government will put in place stringent measures to protect her environment including;

- ❖ Setting aside resources to support reforestation programmes and projects
- ❖ Preservation of water towers,
- ❖ Create awareness on environmental matters e.g. encouraging the setting up of environmental clubs in institutions of learning.
- ❖ Setting aside funds to ensure alternative livelihoods for communities affected by the ban on sand and charcoal harvesting.

**Hon. Speaker,**

Beside value chain approach as one of the key focus strategy, other areas that the county government intends to pay attention to include but not limited to:-

### **Climate Change focused programmes and projects**

**Hon. Speaker,**

It is now an open secret that, negative effects of climate change are a reality in Kitui County with cyclical drought increasingly being the norm than the exception. To this end, during the FY 2018 / 2019, measures will be put in place with the view to ensuring that deliberate efforts to mainstream climate change initiatives in all key County programmes, projects and activities at all levels throughout the County. Additionally, the County Government will closely work with strategic like-minded development partners, to develop and implement appropriate policy and legislative frameworks to guide responsible and sustainable sand and charcoal management for a win-win situation.

## **Establishment, Equipping and Continuous Support to Skills Development**

**Hon. Speaker,**

Kitui County, just like all the other Counties, has a serious deficiency of people with basic practical life skills. These include, but not limited to: salon and hair dressing; phone repairs; plumbing works, electrical repairs; Business Process Source, call Center operators etc. During the FY 2018/2019, the County Government plans to introduce and equip a skills focused training in Kyuso and Syongila, to mostly cater for out of school youths who will have a chance to be equipped with important technical skills outside the formal training programme. Short courses lasting not more than 60 days will focus on equipping the learner with necessary skills to empower them and increase their employability.

## **Infrastructure Development**

**Hon. Speaker,**

Infrastructures a catalyst for moving all other sectors up the value chain. For this reason, the county government has identified the under mentioned infrastructural programmes with specific set out activities for funding in the FY 2018/2019.

- **Roads** - since independence, Kitui County has never received its rightful share of infrastructure development. This could partly be attributed to the ignorant thought that, being a vast mass of semi-arid land, ostensibly with no known cash crop, Kitui had nothing to contribute towards baking of the national cake, and hence did not deserve any investment, particularly roads, hence the poor state of her road infrastructure. During the FY 2018/ 2019, the County Government plans to turnaround this sector by putting in more resources to improve an estimated 3,000 kilometres of existing road network through a continuous programme of grading, murraming, and tarmacking of various roads. Additionally, the County Government will develop and table before the Assembly a Policy on the utilization of locally available materials in the construction industry.

- **Housing Development** – development of modern residential houses is one of the key pillars of the National Government as captured in the FY 2018/2019 Budget Policy Statement (BPS). During the FY 2018/ 2019, the County Government will work closely with both the National Government and the private sector to increase supply of affordable housing in the county.
- **Rehabilitation and Commissioning of Kunda Kindu Bus Park** – this Park is fast growing into a socio-economic hub, serving people travelling by road to nearly every part of the County. During the FY 2018/2019, the County Government plans to redesign and modernize the park area into an ultra-modern shopping kiosks, complete with a food court, salons, shops and entertainment joints.
- **Disaster Preparedness and Management** – disaster both natural and man-made are a common occurrence the world all over. During the FY 2018/2019, the County Government plans to;-
  - ❖ Train county government officials entrusted with the responsibility of disaster management on disaster preparedness, response and management.
  - ❖ Equip the County Fire response and emergency section.
  - ❖ Develop and table before the County Assembly a disaster management policy, bill and fully operationalize it.
- **Energy** – Kitui residents rely on firewood and charcoal for their energy needs. Going forward, the County Government and its people plan to use green energy such as solar lighting and biogas. Available technologies can transform solar energy for own use and for sale to the national grid. During the FY 2018/2019, the County Government plans to pay special attention on investments on solar energy production, mostly under joint venture arrangements. The programme will ensure easy connectivity of electricity for rural households and institutions.
- **Water and Irrigation** – rain-fed agriculture faces serious drawback due to unreliable rainfall resulting to cyclical drought and famine being the norm than the exception.

With increasing negative effects of climate change now being a reality in Kitui County, deliberate efforts will be made in the FY 2018/2019 to;

- ❖ Tap waters in Rivers Tana and Athi as well as other seasonal rivers.
- ❖ Construct sand dams
- ❖ Lay ground work for irrigated agriculture in conjunction with partners targeting irrigating one thousand hectares along various rivers.
- ❖ Expand existing water schemes to enhance access to clean water especially in learning institutions and health centres through affordable water harvesting techniques and storage tanks.
- ❖ Initiate and support micro-irrigation schemes along dams and river-line areas.

## **Land Development**

**Hon. Speaker,**

Land adjudication and titling issues in Kitui have not been resolved since independence. This has led to impoverished population due to lack of title deeds that can be used to access funds from financial institutions. During the FY 2018/19, the County Government proposes to;

- ❖ Put in a programme to fast-track issuance of title deeds and settlement of land adjudications.
- ❖ Undertake physical planning through proper engineering and design plans of Kwa Vonza, Kyusiani, Kabati, Mutomo, Zombe, Mwingi and Kyuso towns.
- ❖ Partner with key institutions of higher learning and roll out countywide spartial planning.
- ❖ Initiate and support housing development in major urban centers in the County.
- ❖ Improve services in Kitui and Mwingi towns, with the view to attaining dustless town status.

## Health & Sanitation

Hon. Speaker,

A healthy population is a pre-requisite for economic growth and development. For this reason, the Ministry's priority programs and project during the FY 2018/2019 include:-

- ❖ Rolling out of the proposed County Health Insurance Cover (CHIC).
- ❖ Staffing, equipping and stocking with adequate drugs all health facilities
- ❖ Purchase of ambulances for proper functioning of referral system.
- ❖ Automation of health services in all the health facilities.
- ❖ Scale up the on-going public health outreach services.
- ❖ Training/capacity development and exchange programmes of staff.
- ❖ Training and equipping community health volunteers.
- ❖ Construction and expansion of existing health facilities.

## Agriculture & Livestock

Hon. Speaker,

Agriculture is the back bone of many counties in Kenya, Kitui included. During the FY 2018/19, the County proposes to undertake the following:-

- ❖ Continue promoting the *Ndengu* Revolution and other drought resistant crops.
- ❖ Purchase more tractors to promote productivity and mechanization of farming activities.
- ❖ Purchase more water tanks to allow for increased water collection and storage during rainy seasons.
- ❖ Support livestock farmers and traders.

## **Education, ICT & Youth Development**

**Hon. Speaker,**

Human capital and skills development is strategic in ensuring that the envisaged growth for Kitui County is achieved. To this end, during the FY 2018/ 2019, deliberate efforts will be made with the view to partnering with the National Government to ensure that the recommended pupil–teacher ratio is attained. Additionally, during the FY 2018/2019, the County Government will establish and equip two centers of excellence for specialized skills development and applied research in Syongila and Kyuso. Also, the county government will partner with key strategic partners including but not limited to the National Industrial Training Authority (NITA), the National Youth Service (NYS), the National Government and specialized private sector skills development Institutions (both locally and internationally). Further, the County Government will also support the establishment of a Faith Based University, to further enhance skills development for amongst the youth.

## **Trade, Industry, Co-operatives, Investments & Marketing**

**Hon. Speaker,**

Wealth creation is one of the key pillars of the County Government of Kitui. In addition to promoting the various value chains, the County intends to lower the poverty index in the county through a myriad of projects geared towards wealth creation. To achieve this, the County in the FY 2018/2019 has planned to:-

- ❖ Establish an investment corporation to facilitate development and wealth creation for the benefit of county residents.
- ❖ Strengthen SACCOS through member’s skills development for easy access to credit and other financial facilities,
- ❖ Promote branding of Kitui County products and services.

- ❖ Increase credit availability and awareness through partnering with Financial Institutions such as micro finance institutions, Financial Services Associations (FSA), Youth and Women empowerment Fund.

To achieve the above, the county government will develop and submit to the County Assembly the following policies to catalyze faster social-economic development and wealth creation for the people of Kitui County.

- ❖ The County Industrialization and Wealth Creation Policy Framework.
- ❖ The Kitui County *Ndengu* Revolution Policy Framework.
- ❖ The County Medium and Small Micro Enterprises (MSME)/youth & women Policy Framework and Bill.
- ❖ The County Co-operatives Policy Framework and Bill.
- ❖ The County Special Economic Zones Policy Framework.
- ❖ The County Cottage Industry Policy Framework.
- ❖ The County Skills Development Policy Framework.

Further, during the FY 2018/2019, deliberate efforts will be made to inter-alia:

- Rebrand Kitui County
- Brand Kitui County Products mostly from the already mapped out value chains;
- Establish a Free Market and Conferences hub at Kanyonyoo;
- Organize /participate in local / regional and international trade fairs and food exhibitions;
- Initiate, support and profile the establishment of a sound framework for action towards the full realization of a County based Financial Services Provider;

## **Environment and Resource Management**

Hon. Speaker,

Environmental sustainability has become a global issue to curb negative climatic conditions. Consequently, Kitui government will ensure establishment of sustainable

waste management system through purchase of land for disposal of hazardous waste like asbestos, empower charcoal burners through introduction of sustainable alternative means of livelihood such as making of briquettes and instituting efficiency in burning trees; Invest in technology for maximum utilization of trees; and consolidate a report on available mineral ores in the County.

In addition, during the FY 2018/2019, the County Government will rationalize and table the amended Natural Resources Management Bill 2018 in the County Assembly.

## **Tourism**

**Hon. Speaker,**

In the FY 2018-2019, the County Government proposes to market Kitui County as a Tourist destination through:-

- ❖ Developing Kalundu Eco-Park as a first class status park in Kenya.
- ❖ Promote heritage sites as tourist attraction sites.
- ❖ Promote Nzambani Rock and Ikoo Valley as a Tourism attraction Centres.
- ❖ Rehabilitate South Kitui National Reserve and establish a Wildlife Conservancy at Kanyonyoo.
- ❖ Establish a reptile park and botanical gardens at Mutomo Plant Hill Sanctuary.
- ❖ Support community Ecotourism projects in Mutitu, Mumoni hills, and
- ❖ Conduct various tourism Promotion and Marketing activities.

## **Office of the Governor**

**Hon. Speaker,**

During the FY 2018/2019, deliberate efforts are going to be made in this office with the view to ensuring that:

- ❖ Innovative and sustainable pro-poor programmes and projects are started/enhanced;
- ❖ Partnerships, networks and collaborations are established with public primary and secondary schools with the view to inculcating a culture of hard work, mentorship and community service.
- ❖ Establish a scholarship programme to support bright students from disadvantaged backgrounds;
- ❖ Enhance the capacity of CLIDP for efficient delivery results;
- ❖ Ensure efficiency and responsive service delivery in the county
- ❖ Ensure monitoring of county programmes
- ❖ Ensure public participation and feedback is given

Further, there are plans to operationalize and properly equip with necessary tools the newly created Manifesto Implementation Unit (MIU), to ensure real time monitoring and continuous evaluation of planned programmes, projects and activities. Also the office intends to ensure proper functioning of an effective County Budget & Economic Forum (CBEF) and county audit committee. The county enforcement team will also be revamped as well as constructing residence for the Governor and Deputy Governor.

## **The County Treasury**

**Hon. Speaker,**

During the FY 2018 /2019, the Kitui County Treasury's priority focus is mainly to ensure that all the other Ministries are well facilitated. To achieve this, the County Treasury plans;-

- ❖ To ensure a conducive working environment for the County treasury staff,
- ❖ To automate revenue collection,
- ❖ To focus on asset management and budget implementation,
- ❖ To ensure prudent financial management systems and controls,

- ❖ To ensure timely reporting and accurate information will continuously be availed to the County Assembly and all the other relevant government institutions.

## Revenue Projections

Hon. Speaker,

The county resource envelop for the FY 2018/19 is based on a revenue projection of Kshs 10,299,277,222 (**see annex II**) up from Kshs 9,976,012,436 revenue for the FY 2017/18. This amount comprises of funds expected from the national government, development partners (grants) and the County Government of Kitui own resources generated locally. The County government projects to receive a transfer of Kshs. 9.799 billion from the National Government constituting an equitable share allocation of Kshs. 8.729 billion and conditional grants of Kshs 1.07 billion respectively.

The grants comprise of:-

- i. Compensation for user fee foregone of Kshs 22,499,906
- ii. Road maintenance fuel levy of Kshs 229,832,234.
- iii. Leasing of Medical Equipment Kshs 200,000,000
- iv. World bank loan to supplement financing of county health facilities Kshs 559,280,082
- v. Development of Youth polytechnics Kshs 58,465,000

The County's revenues have been growing sluggishly over the past financial years, but are expected to improve further in the FY 2018/19 with the enactment of the relevant laws and automation of revenue. For the 2018/19FY, the county projects own revenues of Kshs. 0.5 Billion tabulated per ministry as under:-

- ❖ Office of the Governor Kshs 86,947,453
- ❖ County Treasury Kshs 82,654,193
- ❖ Health and Sanitation Kshs 89,761,903

- ❖ Trade, Co-operatives and Investments Kshs 1,157,625
- ❖ Lands, Infrastructure and Urban Development Kshs 61,016,600
- ❖ Tourism Sports and Culture Kshs 1,389,150
- ❖ Agriculture, Water and Livestock Development Kshs 30,098,250
- ❖ Environment, Energy and Mineral Investment Development Kshs 1,157,625
- ❖ Kitui Town Administration Kshs 103,238,049
- ❖ Mwingi Town Administration Kshs 42,579,152

It is expected that the County Executive will present to the County Assembly, a more detailed structural measures to boost revenue generation through the Finance Bill, 2018, for consideration and enactment as required by the PFMA, 2012.

### **Expenditure Projections**

**Hon. Speaker,**

Priority for funding in the FY 2018/2019 has been given to projects/programmes that aim at scaling up levels of investment in economic and social infrastructure and creation of wealth & employment opportunities considering the limited resources and competing programmes for funding.

In this regard, total recurrent expenditure budget in the FY 2018/19 is estimated to be Kshs. 5.72 billion compared to Kshs. 6.28 billion in previous FY 2017/18 printed Budget estimates, thereby decreasing by an amount of 8.99 per cent.

The wage bill is projected at Kshs. 3.43 Billion in the FY 2018/19. This is an increase compared to previous year's wage bill of Kshs 3.218 Billion. The increase is as a result of recruitment of new medics and nurse's salary increment following the recent strike. Coupled with slight annual increments in salaries, it is expected that the wage bill will rise further once the doctors reach an agreement with the Government. This projection on wage bill is at 33% of the total county projected budget. This fulfills the legal requirement

of Public Finance Management (County Government) Regulations, 2015 that requires the wage bill to be maintained at not more than 35% of the budget.

In the FY 2018/19, the overall development expenditure is expected to be Kshs. 4.57 Billion. This accounts for 44 percent of the overall budget, which is in line with the fiscal responsibility requirement of allocating at least 30 percent of the budget to development expenditure.

**(d) Committees General Observations**

**Hon. Speaker,**

Regulation 26 (3) of the Public Finance Management (County Government) Regulations, 2015 requires that before tabling a report containing recommendations on the County Fiscal Strategy Paper for adoption by the County Assembly in accordance with section 117(6) of the Act, the relevant committee of the County Assembly shall seek the views of the County Executive Committee Member on its recommendations. In an endeavor to fulfil this legal requirement, the committee invited the CECM for County Treasury who sent the Deputy Director for Planning and Budgeting to represent her.

The committee has thus scrutinized the CFSP alongside the sectoral committee reports and the CECM submissions as well as the views of the Office of the Controller of Budget and after doing intensive consultations made the following observations:-

**Office of the Governor and the Ministry of Administration and Co-ordination of County Affairs.**

- i. The Committee observed with a lot of concern that the CLIDP program has been of positive impact to the citizenry of Kitui. The allocation proposed for this programme in the ADP of Kshs 385M is a full proof that the current government is not supportive of this noble programme. The idea by the Sectoral Committee to prioritize and enhance the Kitty was highly appreciated by the Committee and as such the committee will be making a recommendation on the same.

- ii. The Committee appreciates the continued implementation of pro poor program across the County. However, and as the sectoral committee recommended, the committee strongly supports the amendment of the pro-poor guidelines to include vocational training and ECDE as beneficiaries of the programme.
- iii. The committee observed that there was a proposed programme for refugee assistant yet there are no known documented refugees in Kitui. In the response the CECM for county treasury informed the committee that it is true there is no refugee programme in Kitui and it could be a typographical error.
- iv. On the implementation of HIV/AIDS control unit work plan, the committee observed that this is a misplaced programme which should be placed in the Ministry of Health and Sanitation.
- v. The County Government has for the past years accumulated so much unpaid bills which has tainted the county's image leading to high legal cost due to court cases. The committee applauds the effort the government has put in place to set aside some funds to pay for these debts. Moving forward, there will be need to set and adhere to strict timelines on payments to avoid unnecessary legal cost which could otherwise be channeled to other deserving sectors.
- vi. The village administrators walk for very long distances and the county has not provided them with any means of transport yet the CFSP does not seem to address the challenge.

### County Treasury

Kitui county has got high potential to generate own revenue enough to drive its economic agenda. However, the committee notes that over the years, the county has been relying heavily on revenues from national government which poses a major risk should disbursements be delayed. The low revenue generation can be attributed to:-

- (i) Failure to institute liquor licensing boards.
- (ii) Weak revenue collection systems which is a recipe for pilferage by revenue collectors.
- (iii) Continued use of former local authority staff who lack requisite skills in modern revenue collection techniques.

The committee is of the view that formation of the liquor licensing boards, automation of revenue collection and training of revenue collectors will act as a cure to improved revenue generation.

#### Ministry of Health and Sanitation

The Ministry of Health and Sanitation has been allocated 27% of the total budget in the proposed ceilings in this CFSP. While appreciating the importance of the sector to the citizenry of Kitui, the committee notes that, the ministry has prioritized a lot of construction works in various health facilities. Going by the previous experience, massive construction works cannot be completed within one financial year. **Mr. Speaker**, as the saying goes Rome was not built in a day, the committee was for the view that these constructions can be scaled down and be implemented in piece meal to release some of the funds to some other more equally deserving sectors in the county.

#### Ministry of Basic Education

- (i) The County Government plans to expand and upgrade two Vocational Training Centers as Centers of Excellence namely Syongila and Kyuso to equip the out of School youth with important technical skills outside the formal training programme. Upon interrogating the CECM for County Treasury on the same, the committee was informed that the two will be used as county flagship projects for the financial year under review and the same will be replicated to others in the subsequent years.
- (ii) The government has plans to introduce short courses that lasts not more than sixty days focusing on equipping the learners with necessary skills to empower them and increase their employability. The committee was for the view that, the sixty days course may not be adequate to produce youth with employability skills.
- (iii) ICT is a sector within the Ministry of Basic Education. Of interest to note is that very little emphasis has been placed on it yet the world has become a global village due to internet infrastructure development which is lacking in most parts of Kitui County. Upon interrogating the CECM for County Treasury on the same, the committee was

informed that internet connectivity in Kitui stands at 65%. The committee further observed that there are no plans in the CFSP for ICT security systems such as CCTV cameras not even in our two major towns posing a great security threat.

- (iv) There has been an educational curriculum change that has created two levels of preprimary education which falls under the mandate of the county governments. A scrutiny of the CFSP reveals that there is no allocation of a single ECDE classroom to cushion the ministry against the new demands for the new curriculum.
- (v) The CFSP has not addressed the burden parents of youths in the vocational training centres undergo to ensure their retention. This can clearly be demonstrated by the fact that no mention of a feasible strategy in the paper to clearly indicate the provision of tuition/fees subsidies.

#### Ministry of Trade, Cooperatives and Investment

- (i) The CFSP proposes purchase of vans for meat and milk distribution as well as five trucks for ferrying livestock aimed at livestock value addition. **Mr. Speaker**, the idea seems to be an ambitious strategy which is unlikely to be achieved since the proposed Kanyonyoo abattoir where livestock and meat will be transported to and from respectively is yet to be constructed.
- (ii) There lacks public rest rooms (toilets) and water services in most of our markets yet there is no mention of any intention to put these in place in the CFSP.
- (iii) The county seems to be more on procurement of machinery at the expense of delivering the real services to Musangis of this county. The county has over the years procured many vehicles and machinery in almost all the ministries and it is now the high time they should be utilized to provide services and not going on a buying spree.

#### Ministry of Lands, Infrastructure, Housing and Urban Development

- (i) The government **Mr. Speaker**, seems not to have any serious focus as regards ensuring that the county continue having passable road network. This is yet another ministry with ambitious plans of improving an estimated three thousand (3,000) kilometers of

road network through grading, murraming and tarmacking. This, as per committees observation, is unlikely to be achieved bearing in mind the meagre resources allocated to the ministry.

- (ii) The county intends to put up only twenty drifts in the entire county in the coming financial year which **Mr. Speaker**, is a drop in the ocean bearing in mind the continuing heavy rains being experienced in the county and the destruction associated with it.
- (iii) The county previously incurred costs in the improvement of Kora Game Reserve in Mwingi North. However, it is lamentable to note that no benefits have since accrued to the county out of this investment due to poor state of roads leading to the reserve.
- (iv) The defunct County Council of Mwingi offices which were gutted by fire have remained un-renovated for quite some time. It was the view of the committee that the offices needs to be renovated to create space for more offices and redesign the front grounds into a recreational park.

#### Ministry of Tourism, Sports and Culture

- (i) The CFSP lacks the strategies for culture and sports sectors. On interrogating the CECM for County Treasury, it was noted that this was an oversight which was also echoed by the Sectoral Committee.
- (ii) The county has listed quite a number of projects to be undertaken within the Nzambani Rock notwithstanding there is a legal tussle on the same.
- (iii) The county is planning to develop Kalundu Eco-Park and establish water sports tourism in the area. It was the view of the committee that there is no adequate land to accommodate such an investment. Further, it was noted that the county had previous acquired a four acre piece of land near Mwingi Town along Tyaa River which could adequately accommodate an investment of such magnitude.
- (iv) There are plans by the county to upgrade the Ithookwe Stadium to an ultra-modern stadium complex even after the county has sunk a substantial amount of money in upgrading Kitui Stadium which to date remain incomplete.

- (v) Despite the fact that the Kitui Public Park next to the Kitui Law Courts lacks essential services such as ablution block and water services, there is no mention in the CFSP of any plans to put up these facilities.

#### Ministry of Agriculture, Water and Irrigation

- (i) The committee notes that the government has put all her effort behind promoting *Ndengu* as the official cash crop for Kitui. However, it is worth noting that Kitui County portrays a unique ecological zones whereby some do not favour production of this crop. Failure to include other varieties of crops will mean, citizens in the ecological zones which do not favour production of *Ndengu* will not benefit from such government initiative.
- (ii) The government is entrenching a culture of giving handouts (free things) to its citizenry in all the items identified for value addition. There is likelihood of such tendency to inhibit the growth of the entrepreneurial skill amongst the citizenry of Kitui.
- (iii) The government is investing heavily on purchase and installation of water tanks which is a short term measure to water shortage in the county. Notwithstanding that Kitui borders two permanent rivers namely Tana and Athi, Kitui continues to suffer severe water shortage. Although there is a mention in the CFSP that deliberate efforts will be made to tap the vast waters of these two rivers, there is no feasible strategy that has been brought forth.
- (iv) Kitui Town and its environs has continued to experience persistent water shortage which would be a thing of the past if the stalled Umaa Dam was completed. Although the project was initiated by the national government, water services have since been devolved. There is need thus for the county government to look into ways of reviving its completion as well. There is also need for the county government to come up with plans of desilting the existing earth dams as well as constructing at least one mega dam in every ward.

### Ministry of Environment and Natural Resources.

- (i) The Ministry of Environment and Natural Resources has plans to purchase a water bowser to support tree planting. The county has a number of water bowsers lying idle which can be utilized for this purpose. **Mr. Speaker** as already mentioned in the report, it is a clear indication that the government is on a buying spree at the expense of service delivery.
- (ii) There are plans by the ministry to set aside 2% of the county budget to operationalize the Kitui County Climate Change Fund (KCCCF). The Fund will be aimed at funding climate adaptation and mitigation projects as well as diversification of livelihoods. Though a noble idea, the committee was for the view that policy guidelines should be developed first.
- (iii) The CFSP seems to have no plans to continue lighting our markets in the county as it lacks programmes and projects geared towards flood lights in these markets as well as extension of connection to the national grid.

### County Assembly Service Board

- (i) The CFSP has identified construction of a five storey building for MCAs and staff offices and the Speaker's residence as the major projects to be undertaken by the County Assembly Service Board (CASB) in the financial year 2018/2019. However, there is no mention of any plans to put up a recreational facility/cafeteria for members.
- (ii) The office furniture and equipment in the Ward offices are in dilapidated state that requires replacement yet there is no mention of such plans in the CFSP.
- (iii) The ward office assistants crisscross the entire ward as they endeavor to fulfill their official duties. In most parts of this county, getting means of transport is an uphill task. Further, MCAs are finding it difficult to drive themselves with all the fatigue gained in executing their mandate. It was the view of the committee that these two challenges can be overcome by providing the ward assistants with motor bikes and drivers for the MCAs.

(iv) The County Assembly ceiling as set in the CFSP contradicts that which was recommended to the Senate by the CRA as required under Section 107 (2A) of the PFMA, 2012.

(v) The CASB is mandated under Section 11 (1) (e) of the County Assembly Service Act to do such other things as may be necessary for the well-being of the members and staff of the County Assembly. Over the years, and even in this CFSP, the committee notes that the CASB has failed to come up with appropriate programmes/projects geared towards providing an enabling environment for the MCAs to discharge their duties effectively such as parking space for members, recreational facility/cafeteria, ward office operations, security measures such as armed guards, metal search detectors, exit gates etc.

**(e) Specific Committee Recommendations on the County Fiscal Strategy Paper 2018/2019**

To this end **Mr. Speaker**, the Committee hereby proposes the following recommendations to the House:-

**Office of the Governor and the Ministry of Administration and Co-ordination of County Affairs.**

- i. The Committee has noted that the CLIDP program which has been of positive impact to the citizenry of Kitui has been allocated Kshs 385M in the ADP which is far much below compared to the previous allocations. The committee recommends an additional Kshs 300M to the project so as to raise the allocation to Kshs 685M. This will guarantee projects worth Kshs 12M per ward after taking into account the 25% and 3% for inter-ward projects and administrative costs respectively as per the CLIDP guidelines. To achieve the above, the committee recommends scaling down of other programmes within the Office of the Governor such as:-
  - ❖ Enhancing the Capacity of Manifesto Implementation Unit through resourcing, equipping, personnel,
  - ❖ Establish and implement of the County Monitoring and Evaluation Framework

- ❖ Disaster Management and Emergency Response Program
- ❖ Establish mechanisms for Disseminating Governor's communication
- ❖ County Branding
- ❖ Implementation of HIV/AIDS Control Unit Work plan

Amongst other programmes.

- ii. The Committee appreciates the continued implementation of pro poor program across the County. However, and as the sectoral committee recommended, the committee strongly supports the amendment of the pro-poor guidelines to include vocational training and ECDE as beneficiaries of the Programme.
- iii. The committee observed that there was a proposed Programme for refugee assistant yet there are no known documented refugees in Kitui. For this reason, the committee recommends dropping of the entire Programme.
- iv. On the implementation of HIV/AIDS control unit work plan, the committee recommends the County Government to include Cancer in the Programme to sensitize the residents on the scourge. This will encourage early testing and diagnosis.
- v. The committee applauds the effort the government has put in place to set aside some funds to pay for pending bills. The committee recommends that moving forward, there will be need to set and adhere to strict timelines on payments to avoid unnecessary legal cost which could otherwise be channeled to other deserving sectors.
- vi. The village administrators walk for very long distances and the county has not provided them with any means of transport yet the CFSP does not seem to address this challenge. To address the above concern, the committee recommends that the department of County Administration and Coordination sets aside some funds to purchase motor cycles for all the ward and village administrators.

## County Treasury

- i. It was noted that year in year out, the executive provided the personnel cost budget estimates as a block figure without attaching to specific individual employees. This **Mr. Speaker** could pose a danger of harboring ghost workers in the county. To ensure openness and transparency, the committee recommends a breakdown of personnel cost elements per ministry based on the payroll summary to be provided alongside the FY 2018/2019 budget estimates.
- ii. The Committee noted the recommendation in the Annual Development Plan report to move the staff training and capacity development programme to the Human Resource Department to cater for staff in all Ministries. However, it is worth noting this is a conditional grant earmarked for training on specific areas within the County. In addition, there is normally a provision within the recurrent budget of all ministries for staff training. The Committee therefore recommends to retain the proposal as submitted.

## Ministry of Health and Sanitation

- i. The Ministry of Health has been allocated 27% of the total budget in the proposed ceilings in the CFSP. While appreciating the importance of this sector to the citizenry of Kitui, the committee notes that, the ministry has prioritized a lot of construction works in various health facilities. It is evident from previous experience that massive construction works cannot be completed within one financial year. It is for this reason therefore **Mr. Speaker**, the committee recommends slashing of Kshs 300M from the proposed ceiling of the Ministry of Health and Sanitation and transferring the same to the Ministry of Lands, Infrastructure, Housing and Urban Development.

## Ministry of Basic Education

- i. ICT is a sector within the Ministry of Basic Education, ICT and Youth Development. Of interest to note is that very little emphasis has been placed on it as highlighted above. This committee recommends, for security purposes within our major towns,

funds to be set aside for the installation of CCTV cameras in these two towns of Mwingi and Kitui.

- ii. There has been an educational curriculum change that has created two levels of preprimary education which squarely falls under the mandate of the County Governments. The CFSP seems not to pay attention to this fact as no allocation of a single ECDE classroom has been proposed. To cushion the ministry against the new demands for the new curriculum, the committee proposes an additional allocation of Kshs 94M to the ceiling proposal for the Ministry of Basic Education, ICT and Youth Development. The amount will be raised through:-
  - ❖ Slashing Kshs 50M from the Ministry of Environment and Natural Resources.
  - ❖ Slashing Kshs 35M and Kshs 9M from Kitui and Mwingi Town Administration respectively.
- iii. The CFSP fails to appreciate the burden parents of youths in the vocational training centers undergo to ensure retention in these centers. To address the concern, the committee recommends the Ministry to set aside some funds for tuition/fees subsidies.

#### Ministry of Trade, Cooperatives and Investment

- i. The CFSP proposes purchase of vans for meat and milk distribution as well as five trucks for ferrying livestock aimed at livestock value addition. Mr. Speaker, noting that the Kanyonyoo abattoir where livestock and meat will be transported to and from respectively is yet to be constructed, the committee recommends suspension of purchasing the meat vans and trucks until such a time the abattoir will be functional.
- ii. There lacks public rest rooms (toilets) and water services in most of our markets yet there is no mention of any intention to put these in place in the CFSP. The committee recommends the savings achieved by withholding purchase of the above

mentioned vehicles be utilized to put up rest rooms (toilets), water services in our markets as well as fencing of existing livestock sale yards.

#### Ministry of Lands, Infrastructure, Housing and Urban Development

- i. As earlier mentioned in this report **Mr. Speaker**, the government seems to be lacking serious focus as regards ensuring that the county continue having passable road network. The Ministry seems to have plans of improving an estimated three thousand kilometers of road network yet the amount allocated in the ceilings is not commensurate to these plans. It is for this reason therefore the committee proposes an additional Kshs 300M as indicated above. The committee further recommends that out of the additional allocation, the ministry should;
  - i. Construct at least two drifts/several culverts per ward,
  - ii. Grade and murrum at least 100 kilometres of existing roads per ward,
  - iii. Open of at least 50 kilometres of new roads per ward,
  - iv. Tarmac ward headquarters,
  - v. Upgrade through murraming of roads leading to Kora Game Reserve.
- ii. The defunct County Council of Mwingi offices which were gutted by fire have remained un-renovated for quite some time. The committee recommends the Ministry of Lands, Infrastructure, Housing and Urban Development to set aside some funds to renovate the building and redesign the front grounds into a recreational park.

#### Ministry of Tourism, Sports and Culture

- i. The county has listed quite a number of projects to be undertaken within Nzambani Rock notwithstanding there is a legal tussle on the same. It was the feeling of the committee that there is no need for the county to sink money in a project embroiled in court cases. For this reason, the committee recommends that the Ministry of Tourism, Sports and Culture should drop all the activities earmarked for the rock.

- ii. The county is planning to develop Kalundu Eco-Park and establish water sports tourism in the area. It was the view of the committee that there is no adequate land to accommodate such an investment. The committee recommends that the proposed investment be undertaken along Tyaa River in Mwingi Town where the county government had previously acquired a four acre piece of land which could adequately accommodate an investment of such magnitude.
- iii. Despite the fact that the Kitui Public Park next to the Kitui Law Courts lacks essential facilities such as ablution block, water services and security lights, there is no mention in the CFSP of any plans to put up the same. Arising from this concern, the committee recommends construction of an lko-toilet, installation of water services as well as lighting the park in readiness for use.
- iv. There are plans by the county to upgrade the Ithookwe Stadium to an ultra-modern stadium complex even after the county has sunk a substantial amount of money in upgrading Kitui Stadium which to date remain incomplete. The Committee buys the idea of the Sectoral Committee and recommends that Ithookwe should remain as a show ground while Kitui Stadium be completed to international standards and operationalized.
- v. To nurture and develop sports talent in the county, the committee recommends upgrading of at least one sports facility per ward by utilizing the savings arising from the dropping of projects related to Nzambani Rock.
- vi. The proposed projects in the ADP within the Ministry are far above the proposed ceilings thus unachievable within a financial year. The recommends a scale down of the same and prioritize completion of the already started projects within the Ministry.

#### Ministry of Agriculture, Water and Irrigation

- i. The committee notes that the government has put all her effort behind promoting *Ndengu* as the official cash crop for Kitui. However, it is worth noting that Kitui County portrays a unique ecological zones whereby some do not favour production of the crop. Failure to include other varieties of crops will mean, citizens in the

- ecological zones which do not favour production of *Ndengu* will not benefit from such government initiative. The committee thus recommends inclusion into the value chain of other crop varieties to supplement for the different ecological zones.
- ii. The government is entrenching a culture of giving handouts (free things) to its citizenry in all the items identified for value addition. There is likelihood of such tendency to inhibit the growth of the entrepreneurial skills amongst the citizenry of Kitui. For this reason **Mr. Speaker**, the committee recommends channeling of these goods and services through the already established cooperative societies and SACCOS as loans to the beneficiaries.
  - iii. The government is investing heavily on purchase and installation of water tanks which is a short term measure to water shortage in the county. Notwithstanding that Kitui borders two permanent rivers namely Tana and Athi, Kitui continues to suffer severe water shortage. Although there is a mention in the CFSP that deliberate efforts will be made to tap the vast waters of these two rivers, there is no feasible strategy that has been brought forth. To this extent, and in an endeavour to completely cure the perennial water shortage in the county, the committee recommends the following:-
    - ❖ The government should come up with clear strategies on how to tap the fast waters of the two permanent rivers as well as other seasonal rivers in the county.
    - ❖ The government to jump start the completion and commissioning of the stalled Umaa Dam.
    - ❖ Desilting of the existing earth dams as well as constructing at least one mega dam in every ward.
  - iv. The Committee upholds the decision to drop the following broad strategic priorities as they are considered non priority in the financial year 2018/2019:-
    - ❖ Purchase of Dairy Cows and Goats
    - ❖ Construction of Poultry Houses
    - ❖ Procurement and Distribution of Semen and Liquid Nitrogen.

### Ministry of Environment and Natural Resources.

- i. The Ministry of Environment and Natural Resources has plans to purchase a water bowser to support tree planting. The county has a number of water bowsers which have not been properly utilized. For this reason **Mr. Speaker**, the committee recommends suspension of such purchase and urge the ministry to utilize the already available bowsers.
- ii. There are plans by the Ministry of Environment and Natural Resources to set aside 2% of the county budget to operationalize the Kitui County Climate Change Fund (KCCCF). This is aimed at funding climate adaptation and mitigation projects as well as diversification of livelihoods. Though a noble idea, the committee was for the view that policy guidelines must be developed first and thus recommends the plan to be shelved until such a time the policy guideline will be in place.
- iii. The Ministry of Environment and Natural Resources lacks appropriate strategy to continue lighting our markets in the county as the CFSP lacks any projects geared towards flood lights in these markets. The committee recommends that the savings from the shelved KCCCF under the ministry be utilized for installation of solar powered flood lights. The County Government should embrace development of a maintenance policy to ensure the existing solar flood as well as the street lights are maintained and in a working condition.

### County Assembly Service Board

- i. The CFSP has identified construction of a five storey building for MCAs as well as staff offices and the Speaker's residence as the major projects to be undertaken by the County Assembly Service Board (CASB) in the financial year 2018/2019. As already mentioned elsewhere in this report, the CASB is mandated under Section 11 (1) (e) of the County Assembly Service Act to do such other things as may be necessary for the well-being of the members and staff of the County Assembly. However, there is no mention of any plans geared towards providing an enabling environment for the MCAs to discharge their duties effectively. Such plans would

include but not limited to putting up a recreational facility/cafeteria for members. For effective and efficient discharge of the mandate conferred to the MCA by the Constitution, the committee recommends that within the County Assembly ceiling, the CASB should consider setting aside some funds for the following:-

- ❖ Putting up a recreational facility/cafeteria for members.
  - ❖ Purchase of furniture and equipment for the Ward offices to replace the dilapidated ones
  - ❖ Purchase motor cycles for the Ward Office assistants
  - ❖ Recruit drivers for MCAs
- ii. The County Assembly ceiling as set in the CFSP contradicts that which was recommended to the Senate by the CRA as required under Section 107 (2A) of the PFMA, 2012. The committee recommends for reinstatement of the recurrent budget ceiling to Kshs 772,964,046 as per CRA recommendation to the Senate and a further Kshs 130M for the construction of Speakers residence and five storey building for offices. This will lead to a deficit of Kshs 376,549 which the committee proposes to be sourced from the Ministry of Trade, Co-operatives and Investments.

**Hon. Speaker,**

The recommendations made above across all the Ministries seeks to amend the CFSP 2018/2019 once adopted by the Assembly. Other proposals in CFSP not amended by this report are hereby recommended as submitted.

**(f) Conclusion**

**Hon. Speaker,**

The committee proposes to retain the county resource envelop for the FY 2018/2019 as proposed in the CFSP at Kshs 10,299,277,222 as contained in **annex II**. To avoid deficits that have no clear plan on how they will be financed, the committee proposes to allocate resources to spending entities as shown in the attached **annex III** which is commensurate to the revenues expected in the FY 2018/2019.

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

**Hon. Speaker,**

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

***The Report was compiled by:***

*Charles Nyaga*

*Senior Fiscal Analyst I*

*Mulandi Kavali*

*First Clerk Assistant*

Annex I

**ADOPTION OF THE REPORT**

We Honorable Members of the Committee on Budget and Appropriations have pursuant to Standing Order 205 (5) and (6) adopted this report on the Consideration of the Kitui County Fiscal Strategy Paper for the Financial Year 2018/2019 and affix our signatures to affirm approval, confirmation, accuracy, validity and authenticity of the report.

<u>NAME</u>	<u>DESIGNATION</u>	<u>SIGN.</u>
1. Hon Boniface K. Kasina	Chairperson	.....
2. Hon Baridi F. D. Mbevo	V/Chairman	.....
3. Hon Phillip Nguli	Member	.....
4. Hon Esther Ndile	Member	.....
5. Hon Mary K. Phillip	Member	.....
6. Hon Nicholas N. Mwalali	Member	.....
7. Hon Annastacia M. Mutunga	Member	.....
8. Hon James M. Munuve	Member	.....
9. Hon Mary P. Ndumbu	Member	.....

## ANNEX II

**COUNTY GOVERNMENT OF KITUI**  
**RESOURCE ENVELOP FOR FY 2018/2019**

S/No	Source	Revenue Estimates	Actual Revenue	Revenue Estimates	Actual Revenue Estimates	Revenue Estimates	Projected Estimates	
		2015/16 (Kshs)	2015/16 (Kshs)	2016/17 (Kshs)	2016/17 (Kshs)	2017/18 (Kshs)	2018/19 (Kshs)	2019/20 (Kshs)
1	<b>Equitable share</b>	7,267,273,063	7,267,273,063	7,841,480,359	7,841,480,359	8,652,300,000	8,729,200,000	9,427,536,000
2	<b>Grants</b>			-	-	-		-
	Free Maternal Healthcare	63,610,400	50,790,000	54,367,434	70,080,000	-		-
	Compensation for User Fees Foregone	23,606,211	23,606,211	23,144,997	23,144,996	22,499,906	22,499,906	24,299,898
	Road Maintenance Fuel Levy	92,318,534	92,318,534	120,484,293	120,484,292	309,636,150	229,832,234	248,218,813
	Grants from UNDP	20,000,000	-	-	-	-		-
	Grants from World Bank (KDSP)	-	-	34,721,395	-	53,665,066		-
	World Bank (Universal Health)	-	-	-	-	103,430,429		-
	World Bank (Agriculture - Rural Growth)	-	-	-	-	50,000,000		-
	HSSP/HSPS - (DANIDA/IDA)	83,985,266	83,985,266	208,619,262	150,020,244	20,982,159		-

	Leasing of Medical Equipment						200,000,000	216,000,000
	World Bank loan to Supplement financing of County Health Facilities	-	-	-	-	58,210,000	559,280,082	604,022,489
	Conditional Grant (Others)					58,554,018		-
	Development of Youth Polytechnics	-	-	-	-	67,576,636	58,465,000	63,142,200
	Other GOK Grants (Doctors & Nurses Allowance)	-	-	65,238,000	88,992,000			-
	<b>Total Grants</b>	<b>283,520,411</b>	<b>250,700,011</b>	<b>506,575,381</b>	<b>452,721,532</b>	<b>744,554,364</b>	<b>1,070,077,222</b>	<b>1,155,683,400</b>
	<b>Total Transfers from National Government</b>	<b>7,550,793,474</b>	<b>7,517,973,074</b>	<b>8,348,055,740</b>	<b>8,294,201,891</b>	<b>9,396,854,364</b>	<b>9,799,277,222</b>	<b>10,583,219,400</b>
3	<b>Own Revenue</b>			-	-	-		-
	Office of the Governor	128,666,410	19,217,455	135,099,731	16,392,240	101,854,717	86,947,453	93,903,249
	Ministry of Administration and Coordination	-	-	-	-	-	-	-
	The County Treasury	123,661,974	185,061,443	129,845,073	106,022,233	126,337,326	82,654,193	89,266,528
	Ministry of Health and Sanitation	131,000,000	109,883,587	167,550,000	72,740,757	121,788,455	89,761,903	96,942,855
	Ministry of Basic Education, ICT and Youth Development		-			-	-	-
	Ministry of Trade, Cooperatives and Investments	1,000,000	1,130,475	1,050,000	425,671	1,102,500	1,157,625	1,250,235
	Ministry of Land Infrastructure and Urban Development	57,243,581	20,620,263	60,105,760	24,958,150	58,111,048	61,016,600	65,897,928

Ministry of Tourism, Sports and Culture	1,200,000	1,133,475	1,260,000	-	1,323,000	1,389,150	1,500,282
Ministry of Agriculture water and Livestock Development	26,000,000	33,406,650	27,300,000	17,167,612	28,665,000	30,098,250	32,506,110
Ministry of Environment, Energy and Minerals Investment Development	1,000,000	1,317,800	1,050,000	6,785,460	1,102,500	1,157,625	1,250,235
Kitui Town Administration	97,111,415	29,439,954	101,966,986	45,252,270	98,321,952	103,238,049	111,497,093
Mwingi Town Administration	41,316,620	14,977,626	43,382,451	25,602,970	40,551,574	42,579,152	45,985,484
<b>Total Own Revenue</b>	<b>608,200,000</b>	<b>416,188,728</b>	<b>668,610,001</b>	<b>315,347,363</b>	<b>579,158,072</b>	<b>500,000,000</b>	<b>539,999,999</b>
<b>Grand Total Revenues</b>	<b>8,158,993,474</b>	<b>7,934,161,802</b>	<b>9,016,665,741</b>	<b>8,609,549,254</b>	<b>9,976,012,436</b>	<b>10,299,277,222</b>	<b>11,123,219,399</b>
% of Equitable Share	89	92	87	91	87	85	85
% of Own Resources	7	5	7	4	6	5	5
% of Grants	3	3	6	5	7	10	10
	<b>100</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Revote from previous budget</b>	<b>1,955,355,891</b>		<b>1,953,740,274</b>	<b>-</b>	<b>1,318,085,375</b>		
<b>Total Resource Envelope</b>	<b>10,114,349,365</b>	<b>7,934,161,802</b>	<b>10,970,406,014</b>	<b>8,609,549,254</b>	<b>11,294,097,811</b>	<b>10,299,277,222</b>	<b>11,123,219,400</b>

**COUNTY GOVERNMENT OF KITUI**  
**PROPOSED COUNTY SPENDING ENTITIES BUDGETARY ALLOCATIONS CEILINGS**  
**FOR FY 2018/2019**

<b>S. No.</b>	<b>Vote No.</b>	<b>Spending Entity</b>	<b>Revised Estimates 2017/18</b>	<b>Estimates 2018/19</b>	<b>Projected Estimates 2019/20</b>	<b>Projected Estimates 2020/2021</b>
1	3711	Office of the Governor	1,544,480,398	1,408,437,580	1,478,859,459	1,552,802,432
2	3712	Administration & Coordination of County Affairs	394,958,461	360,169,245	378,177,707	397,086,592
3	3713	County Treasury	591,048,554	538,987,089	565,936,444	594,233,266
4	3714	Health and Sanitation	3,076,208,935	2,505,246,523	2,945,508,849	3,092,784,292
5	3715	Basic Education, ICT & Youth Development	739,478,850	768,343,166	708,060,325	743,463,341
6	3716	Trade, Investment and Co-operatives	461,342,459	420,329,377	441,741,222	463,828,283
7	3717	Lands, Infrastructure, Housing and Urban Development	834,576,584	1,061,064,385	799,117,604	839,073,484
8	3718	Tourism, Sports and Culture	287,972,479	262,606,933	275,737,280	289,524,144
9	3719	Agriculture, Water & Livestock Development	1,527,745,524	1,393,176,767	1,462,835,606	1,535,977,386
10	3720	Environment & Natural Resources	303,213,740	226,505,695	290,330,980	304,847,529
11	3721	County Public Service Board	88,171,505	80,405,074	84,425,328	88,646,594
12	3722	County Assembly Service Board	989,769,598	902,964,046	947,716,872	995,102,716
13	3723	Kitui Town Administration	301,702,408	240,127,486	288,883,860	303,328,053
14	3724	Mwingi Town Administration	153,428,317	130,913,856	146,909,548	154,255,026
		<b>Total Expenditure Projections</b>	<b>11,294,097,812</b>	<b>10,299,277,222</b>	<b>10,814,241,084</b>	<b>11,354,953,138</b>